

**MINUTES OF MEETING
HERITAGE HARBOUR MARKET PLACE
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Board Meeting of the Heritage Harbour Market Place Community Development District's Board of Supervisors was held on Thursday, April 2, 2015 at 2:15 p.m., at the River Strand Golf & Country Club (Clubhouse), 7155 Grand Estuary Trail, Bradenton, Florida 34212.

Present and constituting a quorum were:

William Riley	Vice Chairman
Terry Kirschner	Assistant Secretary
Matthew Morris	Assistant Secretary
David Negip	Assistant Secretary

Also present were:

James P. Ward	District Manager
Kenza Van Assenderp	District Counsel (Telephonic)
Shane Cooper	Banks Engineering
Cindy Calvert	Auditor, Keefe McCullough & Co.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order and stated it is 3:00 p.m., and the record will reflect that all members of the Board are present at roll call with the exception of Supervisor Edwards.

SECOND ORDER OF BUSINESS

Acceptance of the resignation of Mr. Anthony Burdett from the Board of Supervisors , and consideration of a replacement member.

Mr. Ward stated I have enclosed a copy of his resignation later in the agenda. It is effective as of the date of the letter, which was October 10th, 2014. I'll ask that you just accept if for purposes of inclusion in the record only.

On MOTION by Mr. Kirschner and seconded by Mr. Morris, with all in favor of accepting the resignation of Mr. Anthony Burdett from the Board of Supervisors.

Mr. Ward stated the way the statute works is the balance of the Board can appoint someone to fill the unexpired term of Mr. Burdett, so I would ask that you simply discuss and then by motion and second, an affirmative vote, you appoint a replacement member.

Mr. Kirschner stated Mr. Negip. Any objections? I nominate Mr. Negip.

Mr. Ward stated your motion is for Mr. Negip to fill the unexpired term of office of Mr. Burdett.

On MOTION by Mr. Kirschner and seconded by Mr. Riley, with all in favor Mr. David Negip is appointed to fill the unexpired seat vacated by Anthony Burdett.

Mr. Ward stated, for the record, I'm a notary for the State of Florida and authorized to administer this oath, and I'm going to take a moment to do that, and I'll ask that you please repeat after me. I, and state your name. Mr. Ward administered the Oath of Office to David Negip, accordingly. I'll ask that you sign your oath, print your name at the top, and below your signature return it to me. I will notarize it and make it a part of the permanent record for you. I know you sit on other CDD boards, so you know you've got to file your Form-1, which I'll obviously now add to my list of things to send you.

Mr. Negip stated okay.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2015-1 re-designating the officers of the District.

Mr. Ward stated, your chairmanship is currently vacant. Mr. Riley sits as your Vice Chairman, Mr. Kirschner and the balance of the Board sits as assistant secretaries. I would ask that you go ahead and just discuss it, and then we'll fill in who sits on this Board.

Mr. Kirschner stated well, you want us to do it as we did in the other Board?

Mr. Negip stated yes, with you as Chairman.

Mr. Kirschner stated with me as Chairman? Okay. The motion is Kirschner to be Chairman, Mr. Riley Vice Chairman, Mr. Negip, Mr. Morris and Mr. Edwards to remain assistant secretaries.

Mr. Ward asked is there a second to that motion?

On MOTION by Mr. Kirschner and seconded by Mr. Morris, with all in favor of approving Resolution 2015-1, with the officers appointed as stated above.

Mr. Ward stated I do want to make one correction for the record. I said at roll call that all members of the Board are present at roll call, and the record will reflect that Mr. Edwards is absent at roll call.

FOURTH ORDER OF BUSINESS

Consideration of Minutes

a) August 7, 2014, Regular Meeting

Mr. Ward stated you've all been previously distributed a copy. If there are any additions, corrections or deletions, it would be appropriate at this time to so indicate. Otherwise, a motion for their approval would be in order.

On MOTION by Mr. Kirschner and seconded by Mr. Mr. Negip, with all in favor of approving the August 7, 2014, Regular Meeting minutes.

FIFTH ORDER OF BUSINESS

Consideration of acceptance of the Audited Financial Statements for the Fiscal Year ended September 30, 2014.

Mr. Ward stated Cindy Calvert with the firm of Keefe, McCullough is on the phone with us, and she will take some time and go through the audited financial statements with you, and I'll ask Cindy to go ahead and do that, and afterwards we'll answer any questions you may have.

Ms. Calvert stated my name is Cindy Calvert, and I was the partner in charge of your audit this year. Now there is some required communications to those charged with governance that I'd like to go over with you just very briefly. First of all, your significant accounting policies are described in Note 2 in the financial statements. No new accounting policies were adopted, and the applications of existing policies was not changed during the fiscal year. We noted no transactions for the year for which there is a lack of authoritative

guidance. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an important part of your financial statements, and the most sensitive estimate affecting the District was the depreciation expense. Management informed us that they used all relevant facts available to them at the time of acquisition to make the best judgment about the depreciation method, and the estimated useful life of those assets. We encountered no difficulties in dealing with management, and they did not deny us access to any information that we requested.

Finally, there were no uncorrected mistakes. Those are what we are required to go over with you, so I'm going to jump over to the financial statements and just point out a few things to you. On page two is the Independent Auditor's Report, and this is an unmodified opinion, and this is the highest level of assurance that we can give you that your financial statements are presented fairly in accordance with GASB. On page nine is your balance sheet, and that pretty much is consistent with last year. There was very little change in your assets or your liabilities. Your fund balance did go down about \$14,000, and if you jump over to page 11, you'll see what caused that change in fund balance.

Your total revenues were about \$1.2 million; that went down about \$9,000, and your expenditures were about \$1.2 million and, again, those were up about \$17,000. Overall, the change in fund balance was a decrease of about \$14,000 to \$15,000. On page 13 is your budget to actual for the General Fund, and on that one, your actual versus budget had an overall negative variance of only \$134, so you must be doing a good job on your budgeting, because you're very close. Finally, I just wanted to point out on page 24 is our report on internal control and compliance, and we noted no material weaknesses or significant deficiencies, and I there were no instances of noncompliance.

That's just a very brief overview of the audit and, like I said, our required communications. If there's any questions that you have, I'll be happy to answer them for you.

Mr. Ward asked any questions from the Board? Hearing none, a motion to accept the Audit would be in order.

On MOTION by Mr. Morris and seconded by Mr. Kirschner with all in favor of accepting the Audited Financial Statements for the Fiscal Year ended September 30, 2014.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2015-2, approving the Proposed Budget for Fiscal Year 2016 and setting a public hearing for September 3, 2015, on the Proposed Budget at the River Strand Country Club.

Mr. Ward stated before we get started on the budget, there is one issue that I would like to discuss that has a significant impact with respect to the Budget. There are two parcels in Heritage Harbor Market Place, parcels 19 and 20, which are currently owned by Starwood or one of their companies. Starwood has not paid their tax bills on parcels 19 and 20, and I have been advised by their attorney that they are not going to pay their tax bills on parcels 19 and 20. That essentially means that the Series 2006 Bonds that we issued for Heritage Harbour Market Place will go into default on May 1st of this year. With respect to that issue, I have advised the bondholders, the underwriter general counsel, and we have been requested by the bondholder's to retain the firm Greenberg Traurig to represent the District in any litigation that may occur as a result of this pending default. There is nothing that we can do at this time with respect to the default that's occurring. It is on the tax rolls, so the property will go to a tax sale certificate, hopefully June 1. The total taxes on that property are well over \$1 million a year. I really have no clue whether anybody will pick up that tax certificate or not, but we will see if they do or don't, as the case may be.

If they do pick up the tax certificate, the funds will be remitted to us. We'll make the debt service payment. The bond issue will come out of default. I wouldn't say that was a likely event. The more likely event is the sale will not happen on that property, and it will sit out there for however many years it sits out there. So, with that, that's the premise to some of what you're going to see in this budget today, because it seriously affects what we will be doing.

If you look at page one of your proposed budget that I gave you, there are two issues we have ongoing here, and they're all related to parcel 19 and 20. Parcel 19 and 20 pay roughly 70 percent of the debt service assessment and the operating assessments on the District. What's going to happen in the current fiscal year is not only the debt service fund

will go into default, but it is unlikely we will have the funds necessary to pay the remaining operating costs of the District through the balance of this fiscal year. But let's assume for one minute that we do have that ability. What I have done in Fiscal Year 2016, because I know that won't happen, I basically increased the General Fund budget for 2016 by roughly \$250,000 in order to pay the litigation costs that may result from parcel 19 and 20, but alternatively to catch up the operating costs for 2015. The remaining parcels would end up, basically, picking up the cost of the operation for 2016, assuming parcels 19 and 20 do not pay the operating assessments.

Just to give you the flavor of those numbers. Of a 2016 Budget of \$329,000, even at that, \$224,000 of it comes from the Starwood parcels, and we know we won't get that. Basically, what I'm doing is saying the net number that you will get, because I know parcel 19 and 20 aren't going to pay, is enough to carry to the District for the balance of this year and next year, not really dealing with litigation, although I put it in here as litigation costs. My assumption is that when a bond issue goes into default, generally, the legal fees relative to that comes from the trust accounts, assuming the bondholder agrees to pay them. If the bondholder doesn't agree to pay those litigation costs, then, in fact, I don't know what will happen, but I suspect the bondholders probably will do that.

I have asked the bondholders whether they are going to or not. I didn't get a response. I don't expect a response until it's probably, absolutely necessary that they make the decision. With respect to the actual Debt Service Fund budget itself, that will remain consistent. We'll levy the assessments as we have in the past, as if we are not in default on the assessments. The only thing that I did differently for next year is parcel 19 and 20, instead of putting the assessments on the tax roll from the county, we'll keep it on the District's roll, and we will bill it directly. That way, if they do not pay, then we will be able to foreclosure quicker.

Now the one effect that will have will be probably to the balance of the parcels that are off roll. In the past years, I think Brownstar and, basically, Lennar are the two primary owners. What has happened in the past is I have billed the assessments as they came due, basically, for the November 1st payment and the May 1st payment. You're not going to be able to do that this coming year. What is going to have to happen is that we're going to have to bill it basically, November 1st, everybody will have to pay by the 30th of November, and

then those who don't pay, then we will be able to start a foreclosure proceeding on those particular parcels, which, obviously, I think that Brown Star will pay late, because they pay late to everything. Parcel 19 and 20 won't pay.

Lennar is going to have to recognize, and I will communicate this to those at Lennar that that amount of money is going to have to be paid before November 30, or they're going to get caught up in that foreclosure proceeding that we're going to have to do on the parcel 19 and 20 properties.

Mr. Negip asked how much is it?

Mr. Ward stated \$250,000 from Lennar. That in sum and substance is this actually awful budget that I've had to prepare and present to you today. If you don't have any questions on it, to be frank with you, I really don't know what else can be done on this one. I've thought about this for quite a bit. I've talked to Ken about it a lot. There's not a lot of options that we have here with respect to this. This is a major issue, and the District has to do what's necessary to protect that bond issue, so the assessment proceeding, there's not much I can do about this. If there are no other questions with respect to it, I'll ask that you adopt Resolution 2015-2 for purposes of setting your public hearing.

<p>On MOTION by Mr. Kirschner and seconded by Mr. Negip, with all in favor of approving Resolution 2015-2.</p>

SEVENTH ORDER OF BUSINESS

Consideration of setting July 2, 2015, at 2:15 p.m. at the River Strand Country Club, 7155 Grand Estuary Trail, Bradenton, Florida 34212, as the date, time and location for the Heritage Harbour Market Place Community Development District Landowners' Meeting, along with approving the sample ballot, proxy and instructions.

Mr. Ward stated we are out of sync on landowners' meetings, so what we're going to do is a landowners; meeting in July. We're going to be doing another landowners' meeting November, and then between those two meetings, we'll have the Board back on their correct schedule again. With that enclosed in your agenda packages, also the required sample

ballot, proxy, and instructions for that landowners' meeting. if you have any questions, I'll be glad to answer them. Otherwise, a motion to set that date, time and location, as I mentioned, would be in order.

On MOTION by Mr. Riley and seconded by Mr. Negip, with all in favor of approving the setting of July 2, 2015, at 2:15 p.m. at the River Strand Country Club, 7155 Grand Estuary Trail, Bradenton, Florida 34212, as the date, time and location for the Heritage Harbour Market Place Community Development District Landowners' Meeting, along with approving the sample ballot, proxy and instructions.

EIGHTH ORDER OF BUSINESS

Staff Reports

- a. Attorney

No report.

- b. Engineer

No report.

- c. Manager

- l. Financial Statements for the month ended February 28, 2015.

No discussion.

NINTH ORDER OF BUSINESS

Supervisors' Requests and Audience Comments

Mr. Ward asked anything from the Board?

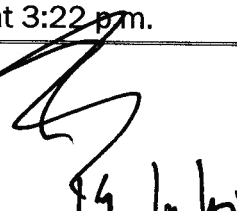
TENTH ORDER OF BUSINESS

Adjournment

Mr. Ward stated a motion to adjourn would be in order.

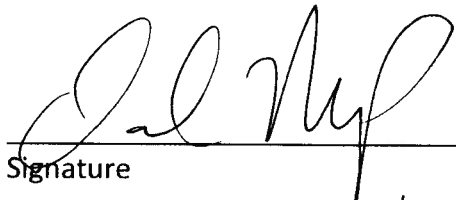
On MOTION by Mr. Morris and seconded by Mr. Negip with all in favor the meeting was adjourned at 3:22 p.m.


James P. Ward, District Manager


Terry Kirschner, Chairman


OATH OR AFFIRMATION OF OFFICE


I, DAVID NEGIP, a citizen of the State of Florida and of the United States of America, and being an officer of the **Heritage Harbour Market Place Community Development District** and a recipient of public funds as such officer, do hereby solemnly swear or affirm that I will support the Constitution of the United States and of the State of Florida, and will faithfully, honestly and impartially discharge the duties devolving upon me as a member of the Board of Supervisors of the **Heritage Harbour Market Place Community Development District**, Manatee County, Florida.


Signature
Printed Name: DAVID NEGIP

STATE OF FLORIDA
COUNTY OF MANATEE

Sworn to (or affirmed) before me this 21st day of April, 2015, by DAVID NEGIP, whose signature appears hereinabove, who is personally known to me or who produced _____ as identification.


NOTARY PUBLIC
STATE OF FLORIDA

Print Name: 
My Commission Expires: _____