

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

The Regular Meeting of the Heritage Harbour Market Place Community Development District's Board of Supervisors was held on Thursday, **March 1, 2018**, 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:**

Terry Kirschner	Chairman
William Riley	Vice Chairman
Russell Smith (by phone)	Assistant Secretary
Matthew Morris	Assistant Secretary

**Absent was:**

David Negip	Assistant Secretary
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**Also present were:**

James P. Ward	District Manager
Jere Earlywine (by phone)	District Counsel

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Ward called the meeting to order at 2:20 p.m., and roll call determined that all members of the Board were present with the exception of Supervisor Negip.

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes**

Mr. Ward asked if there were any additions, corrections or deletions to the minutes of the October 5, 2017, meeting. Hearing none, he called for a motion to approve them.

**MOTION was made by Mr. Riley and seconded by Mr. Morris to approve the minutes of the October 5, 2017, meeting, and with all in favor, the motion was approved.**

**THIRD ORDER OF BUSINESS****Consideration of Setting the Date,  
Time, and Location of the  
Landowners' Meeting**

Mr. Ward said this Landowners' meeting was to fill Seat 1, Seat 3, and Seat 4 for the District and was scheduled for Thursday, June 7, 2018, at 2:15 p.m. at the River Strand Golf & Country Club (Clubhouse), 7155 Grand Estuary Trail, Bradenton, Florida 34212. He added he had enclosed in the agenda package the form of proxy, the ballot, and the instructions for the ballot as required pursuant to statute. He called for questions and a motion.

**MOTION was made by Mr. Kirschner and seconded by Mr. Riley to set the Landowners' Meeting for June 7, 2018, at 2:15 p.m. at the River Strand Golf & Country Club (Clubhouse), 7155 Grand Estuary Trail, Bradenton, Florida 34212, and with all in favor, the motion was approved.**

**FOURTH ORDER OF BUSINESS****Consideration of Ranking of Audit  
Proposals**

Mr. Ward stated the next item on the agenda was the consideration of the ranking of the Audit Proposals to serve as the auditor for the Fiscal Years 2017 – 2021. He said the statute required the District to advertise a Request for Proposals, which had been done. He said auditors had submitted proposals along with their fee schedule. He said he had ranked them for the Board, which they could use or change.

Mr. Ward informed the Board that three firms had submitted proposals. They were Keefe McCullough, Grau & Associates, and Berger Toombs. He said all of the firms had provided audit services for districts for many years, and he was intimately familiar with all three of them. He stated when he considered them, it came down to price, and Grau & Associates for the five years was \$28,500; Berger Toombs was \$32,350; Keefe McCullough was \$35,000. He suggested the Board rank them in that order, and they would enter into an agreement with Grau & Associates. The Board agreed.

**MOTION was made by Mr. Kirschner and seconded by Mr. Morris to rank the Audit Proposals as described above and to enter into agreement with Grau & Associates, and with all in favor, the motion was approved.**

## **FIFTH ORDER OF BUSINESS**

### **Consideration of Resolutions 2018 - 2,3,4,5**

Mr. Ward stated Resolutions 2018- 2, 3, 4, 5 deal with Parcels 19 and 20, which have been in default on the payment of their special assessments since 2016. As such, the District has been in default on its bond issue since May of 2017. He said that parcel of land had been recently sold a few months ago to a new property owner, who had been working with the staff towards a solution to the payment of the special assessments that have not been paid and to a resolution with respect to bringing the District's bond issue out of a default condition. He said to do that, there were a number of resolutions on the agenda to be considered.

He said he and Mr. Earlywine, the District's attorney, had been closely involved in the negotiations with respect to this settlement agreement. He asked Mr. Earlywine to go through the resolutions with the Board.

Mr. Earlywine began with Resolution 2018-2. He said this resolution approved the settlement agreement that would resolve the outstanding and longstanding litigation with Parcels 19, 20 landowner. He said as part of that settlement agreement, the landowner agreed to pay \$1.8 million dollars in debt investments. He added this money together with the money that was in the trust estate would then be used to pay bondholders and would bring everybody current through November of 2017. In summary, he said it brought their debt assessments and bonds back into good standing.

Mr. Earlywine continued there was also an O&M settlement payment of \$286,000 which would also be paid. He said this payment represented essentially a payment to take care of the landowners who for the last two years had been putting extra money into the District. He said this would allow the District to pay back some of the money through an assessment refund and also cover some of the costs of the litigation.

Mr. Earlywine said in connection with this, the Parcel 19, 20 landowner would actually use a Declaration of Consent to debt assessments, whereby the landowner would actually agree the assessments were valid, even though there had been a foreclosure. This would put it back in good standing.

Mr. Earlywine stated the agreement further authorized an amendment to the indenture, which would reduce the 2005 reserve account requirement to about \$200,000. He said the excess money would be released into the revenue account and pay some past

money owed to bondholders. He said additionally as part of the indenture amendment, cost money would be directly deferred to be paid to offset the cost of foreclosure. He said the final thing the indenture amendment did was reset annuity dates for when bond redemptions were done.

Mr. Earlywine said the resolution called for the Board to adopt some budget resolutions to move the payment dates for the current fiscal year to give the landowners more time to make those payments for 2018, and it contemplated that the budget would be amended, which was what the next resolutions were concerning, to authorize the O&M settlement and amend the budget.

In exchange, he pointed out the Board would dismiss the foreclosure action. He said all of this would be done pursuant to a bondholder direction and consent. He added that he was comfortable recommending the Board move forward with this resolution and asked if there were any questions. He called for a motion.

Mr. Ward asked that he continue with an explanation for 2018 - 3, 4, and 5.

Mr. Earlywine stated 2018-3 was the first budget amendment resolution, which made an adjustment to the budget and changed the appropriations and canceled some prior owner assessments. He said the reason for this was foreclosure expenses had been included in the budget, which would not be incurred.

Mr. Earlywine explained that 2018-4 was similar to 2018-3 as it also had a budget amendment which provided for additional preparations to cover some District costs for putting together the settlement agreement. He said this provided an amount of \$266,000 for the O&M assessment refund, which would go back to the landowners. He added Section 1 was the resolution; Section 2 adjusted the appropriations; Section 3 authorized the District to proceed with the O&M assessment refund.

Mr. Earlywine said the final Resolution 2018-5 accepted the certificate, declared the project complete, and authorized the deferred cost release with Lennar.

Mr. Earlywine called for questions.

Mr. Smith said he agreed that these resolutions were all in the best interest of the District, and said he did not see any issues with adjusting the budget, which seemed consistent with the first resolution.

Mr. Ward asked for further questions. Hearing none, he called for separate motions for each resolution.

**MOTION was made by Mr. Morris and seconded by Mr. Riley to adopt Resolution 2018-2 as described above, and with all in favor, the motion was approved.**

**MOTION was made by Mr. Riley and seconded by Mr. Kirschner to adopt Resolution 2018-3 as described above, and with all in favor, the motion was approved.**

**MOTION was made by Mr. Morris and seconded by Mr. Riley to adopt Resolution 2018-4 as described above, and with all in favor, the motion was approved.**

**MOTION was made by Mr. Morris and seconded by Mr. Riley to adopt Resolution 2018-5 as described above, and with all in favor, the motion was approved.**

Mr. Ward stated this was a good thing and concluded the litigation with Parcels 19, 20. He said it brought the District's bond issue out of default, authorized a refund to the owners, and also provided a mechanism for ongoing payments of the bonds.

The Board thanked Mr. Ward and Mr. Earlywine for their good work in this matter.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

- a) Attorney – No report was given.
- b) Engineer – No report was given.
- c) Manager – No report was given.

**SEVENTH ORDER OF BUSINESS**

**Supervisor's Requests and Audience Comments**

Mr. Ward asked if there were any comments from the Board or the audience. Hearing none, he called for a motion to adjourn.

TENTH ORDER OF BUSINESS

Adjournment

MOTION was made by Mr. Morris and seconded by Mr. Riley, and with all in favor, motion to adjourn the meeting was approved.

The meeting was adjourned at 3:05 p.m.

Heritage Harbour Market Place  
Community Development District

  
James P. Ward, Secretary

  
  
Terry Kirschner, Chairperson

# Heritage Harbour Market Place Community Development District

## Analysis of Auditor Proposals

Firm Names:

ROBERTA GRAY BURGER

**1. Mandatory Elements**

- a. The audit firm is independent and licensed to practice in Florida.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the District.
- c. The firm adheres to the instructions in the Request for Proposal on preparing and submitting the proposal.
- d. The firm submitted a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. The firm provides information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years, as well as, an explanation of all pending litigation (including all accounts of Federal indictments)

YES	YES	YES			
YES	YES	YES			
YES	YES	YES			
YES	YES	YES			
YES	YES	YES			

Legend for Mandatory Elements:  
 Y = Meets Criteria  
 N = Does Not Meet Criteria

**2. Technical Qualifications:**

**a. Expertise and Experience**

- (1) The firm's past experience and performance on comparable government engagements.
- (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
- (3) The firm provides information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years, as well as, an explanation of all pending litigation (including all accounts of Federal indictments)

**Point Range**

1-5	5	5	5		
1-5	5	5	5		
1-5	5	5	5		

**b. Audit Approach**

- (1) Adequacy of proposed staffing plan for various segments of the engagement
- (2) Adequacy of sampling techniques
- (3) Adequacy of analytical procedures

1-5	5	5	5		
1-5	5	5	5		
1-5	5	5	5		

**Sub-Total: Technical  
 Total Points: Technical**

30	30	30			
631,000	28,000	32,350			

**3. Price:**

1-5	3	5	4		
<b>Total Points: Price</b>	<b>3</b>	<b>5</b>	<b>4</b>		

**Total Points: Technical/Price:**

33	36	34			
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