MINUTES OF MEETING
HERITAGE HARBOUR NORTH
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of the Tern Bay Community Development District was held on Thursday, February 5, 2026 at the Sanctuary Clubhouse (Community Room), 6835 Willowshire Way, Bradenton, Florida 34212. It began at 1:00 p.m. and was presided over by Ms. Nancy Lyons, Chairperson, and James P. Ward as Secretary.

Present and constituting a quorum:

Nancy Lyons	Chairperson
John Wisz	Vice Chairperson
Pauline Tasler	Assistant Secretary
Michael Fisher	Assistant Secretary
Louise Buckley	Assistant Secretary

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Counsel
Matt Morris	Morris Engineering

Audience:

All residents' names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes. Portions of these minutes may be transcribed in verbatim.

FIRST ORDER OF BUSINESS **Call to Order/Roll Call**

Mr. Ward called the meeting to order at approximately 1:00 p.m. He called roll and all Members of the Board were present, constituting a quorum.

SECOND ORDER OF BUSINESS **Consideration of Minutes**

November 6, 2025 – Regular Meeting Minutes

Mr. Ward asked if there were any additions, corrections, or deletions to the Minutes; hearing none, he called for a motion.

On MOTION made by Michael Fisher, seconded by Louise Buckley, and with all in favor, the November 6, 2025 Regular Meeting Minutes were approved.

THIRD ORDER OF BUSINESS **Consideration of Audited Financial Statements**

Consideration and Acceptance of the Audited Financial Statements for the Fiscal Year 2025

Mr. Ward introduced Ben Steets with Grau and Associates who would discuss the audited financial statements for Fiscal Year 2025 ending September 30, 2025.

Mr. Ben Steets with Grau and Associates declared the auditor's opinion was clean, which meant Grau and Associates believed the financial statements were fairly presented in accordance with generally accepted accounting principles (GAP). He indicated the Opinion Letter was on pages 1 and 2. He stated pages 3-6 were the Management's Discussion and Analysis providing a summary overview of the year's financial activity. He reported pages 7-12 were basic financial statements including government wide financial statements, fund level financial statements, the fund level balance sheet, and the fund level income statement. He stated pages 13-21 were the notes to the financial statements. He reported notes 1 through 4 were standard for government entities in Florida; note 5 was capital assets (infrastructure improvements); note 6 was long term liabilities (bonds outstanding); the remaining notes were fairly standard. He indicated page 22 was the comparison of the general fund activity for the year to the budget; page 24 contained data elements required by the State of Florida; pages 25-26 contained the auditor's report on internal controls; page 27 was the Florida Statute dealing with investments; and pages 28-29 contained the Management Letter. He stated there were no instances of noncompliance with Florida Statutes and there were no findings. He concluded the District was in compliance and Grau issued a clean opinion.

On MOTION made by Michael Fisher, seconded by John Wisz, and with all in favor, the Audited Financial Statements for Fiscal Year ending September 30, 2025 were accepted.

FOURTH ORDER OF BUSINESS Discussion

Discussion on the Re-Use Irrigation Infrastructure Report prepared by Morris Engineering & Consulting

Mr. Ward: Items 4 and 5 are tied together, but we are going to do the engineering side of this first. Matt Morris is on video with us today and will go through the analysis of the requirements that are needed in order to connect our system to the County reuse system, and the process we will go through to do that. The second part of that is, I will go through the budget with you how we have incorporated all of that into your fiscal year 2027 budget, how we will finance it and what the assessment rates will be. He welcomed Mr. Matt Morris.

Mr. Morris said he was glad to be present. He indicated this would be a fairly robust process, permitting through the County and connecting to the County's reuse main on State Road 64. *I think you may have already seen some work being done out there over the past week and a half. We have had two different survey crews on site, surveying within the corridor on River Heritage Blvd, so that's effectively the first step. It was a SUE survey of the underground utilities in the area and then a regular survey picking up things the SUE survey marked, as well as regular topographic information, so we can start identifying what existing features are* *already in the corridor where we are going to need to run the pipes. We can then use these to develop plans and make sure we are addressing any sort of conflicts that there may be and make sure we know the routes the pipes have to take physically in the field. Hopefully that is welcome news for everybody. We expect to have the final results of the survey in the next week or so. Once we get the design on paper we will have initial meetings with the County to go through the design and make sure there will not be any big changes we will need to make, then we will submit it for construction plan approval with Manatee County.*

Ms. Lyons: Is that the white tubes we have been seeing alongside the road?

Mr. Morris: Yes. Those are from the SUE survey. He discussed the SUE survey process. He indicated while the construction plan process was going on, he would meet with Jim Ward and Greg Urbancic and work to get the reuse agreements put together and signed. He noted the agreement process would take several months. He explained there would be times when it appeared like nothing was happening, but at those times the County would be reviewing the plans and other things would be going on in the background. He said once everyone was comfortable with the plans, he would work with Mr. Ward to get the project out to bid, get a contractor on board, and agreements signed by the contractor, so that once everything was permitted and approved the actual construction could take place.

Ms. Tasler asked about the timeline.

Mr. Morris stated he was working to ensure this was as quick as possible, but it would be about a six month long process for design and permitting alone.

Mr. Ward stated he wanted to go over the financial impact. He directed the Board to the budget. *We are going to try to do a financing for the cost of the reuse system which was close to $2 million dollars. Hopefully, we can get a short term, three-year, bank finance at a reasonable rate. I have reached out to the bank we use for our general depository which is Truist and got good feedback. I will start that process after this meeting and see what kind of time schedule we will need. It usually takes 3 months or so to get that kind of financing into place. Then based on Matt's timeline we will gauge when to close the loan. You have $2.2 million dollars in financing that is going to be needed to deal with the construction. We will clearly need to have the funds in place before we start any construction activities, pretty much by the time we go to bid. The other part of the process is what do we think is going to happen in the context of litigation, so I also included in your budget $250,000 dollars. I cannot fund litigation through debt, so it goes in the part of the budget and will have to be funded up front, and to the extent that we get into any litigation it's fine. If we don't we will probably be able to use it to pay the loan off a little earlier or something. There are other opportunities for which we may be able to use it. From a capital and financial perspective, that's the thought process of what we will go through for the next couple of months. As Matt said, in the latter part of this year we should be in a position to have most of this done. I know Matt and I are pushing to get this done as quickly as possible. One of the parts of the system that I want to mention is, I've asked Matt to also permit a well with South Florida Water Management District to be able to have excess water in the event there is no reuse water available from the County. At the moment, Manatee County has plenty of reuse water, but you need a backup system just in case.*

Mr. Wisz: Do the current owners of our system know we are doing this?

Mr. Ward: I have no clue.

Ms. Lyons: I have tried millions of times to get a hold of them and with 14 different lawyers and we don't have any documentation as to who they are, what rights they have, what documents they have, if any.

Mr. Ward: So, we are going to move the process along and at some point they are going to figure it out and we will end up in litigation over it.

Mr. Greg Urbancic: That's my concern too. Somebody may wake up and say, we have an agreement that we are the exclusive provider of irrigation water and irrigation water is defined broadly to be anything that is not potable. We might get into that situation. That's the concern.

Mr. Wisz: Well, we are paying them through the HOA right? Who are we sending the checks to?

Ms. Lyons: I have asked that question and sat in Joe Rasser's (ph) office and said, "I'm not going to move until you tell me;" and they wouldn't tell me.

Mr. Ward: The way the agreement is structured they have the use of our distribution system and that's the agreement that we have with them. That agreement ends in something like 12 or 20 years. The agreement for reuse is actually with the Master HOA, and that's where all the billing goes, that's who pays the bills, that's who then bills your sub associations. That's my understanding of the structure of the billing process.

Mr. Wisz: Are the houses outside the gate included?

Ms. Lyons: No, they are not.

Mr. Fisher: So, Stoneybrook, for example, is not included in anything we are doing here?

Mr. Ward: No, this is solely for the Heritage Harbour North CDD. I think Greg said it eloquently, and I'll say it less elegantly, I think it's going to get nasty at some point, but we will deal with it when we get there.

Ms. Lyons: Have the attorneys advised you that there is anything they can do in the meantime to research the issue and see what is possible at this point? As far as notices or anything else that can be done.

Mr. Ward: We have not explored any options at this point. The goal right now is to get the system in place and functioning for you as quickly as possible. The litigation will happen at some point in time, and we will deal with it then.

Mr. Morris: Like Jim said, he and I stay in pretty constant communication on this. The reuse well portion of it, that could potentially be a point where some notices will get sent out from the Water Management District or we would need to get some things from the current permit *holder out there, and I believe the irrigation company is the permit holder. So, Jim and I and Greg will have to stay in contact on that and yes, we will be working on the reuse well portion of it, but concentrating on the construction of the line, doing the agreements with the County is the first order of business. Then we will have to time out the well portion of it.*

Ms. Lyons: The current company, Aquaterra, and or the successor, is not furnishing reuse water, right? It is for nonperforming purposes we are seeking to do this right? Because we are not getting what we need right? So, we do have evidence we are not getting what we need, and we would then with these plans and the projected results of these plans, we would be getting what we need. So, we then have a case for performance.

Mr. Urbancic: I think from a legal standpoint, and maybe the HOA can help here, if Aquaterra's successor is not performing, I think we need to give them notices of that, so we can document that. I think that's going to become imperative to our legal standing, that they are not performing and documenting that over time. I don't know how we can do that, but that would be my recommendation, that we start hitting them with notices.

Mr. Ward: I think the problem is the HOA is not doing anything to let Aquaterra know they are not performing. I think they are working with them to figure out whatever solutions they think are important, so I don't know that this CDD has any performance standards. One of the important things to remember is the agreement expires in 10 or 11 years or more.

Mr. Urbancic: It expires in 2036.

Mr. Ward: So, it's 10 years out. So, at the end of the day, no matter what the litigation is, from a long-term perspective, we still have to give them notice in order to terminate the agreement. I think it's 3 years in advance if my memory serves me correctly. We still have that obligation to do so. So, the next seven years is going to be difficult with whatever the litigation is. But you have set yourself up long term, longer than the terms of the existing agreement, to be able to provide a good solid source of irrigation water through the County reuse system.

Ms. Lyons: But we have that agreement with the CDD North from 2016.

Mr. Ward: I understand that. I'm going to bifurcate that, because that agreement is that agreement, and all the agreement does is allow them to use our infrastructure to supply water to the community. I don't think we are abdicating our responsibility under that agreement for the next seven years. We are building a separate reuse line to connect to the County system to be able to provide long term better services to this community. Will we get sued? Yes. We will get sued over this issue. But at the end of the day, even if the litigation takes three years or more, you have still set yourself up long term to be able to provide reuse water for this community irrespective of what Aquaterra says, does, or doesn't do, or whatever their name is. It doesn't matter to us right now. The agreement for use is really with the Master Association. We are not abdicating our responsibility to allow them to use our lines going forward. All we are doing is adding a reuse line to provide water long term for this community. Aquaterra will sue us, but this is a step that is important for us to take.

Discussion ensued regarding what the CDD could be sued for; whether the CDD could be prevented from using the County reuse water until the agreement ended; putting the system in place now regardless so even if the CDD was prevented from using it, it would be in place and ready to go when the agreement ended; and it only becoming more expensive in the future to put this system in place.

FIFTH ORDER OF BUSINESS Consideration of Resolution 2026-2

Consideration of Resolution 2026-2, a Resolution of the Board of Supervisors Approving the Proposed Fiscal Year 2027 Budget and setting a Public Hearing for Thursday, April 2, 2026, at 1:00 p.m. at the Sanctuary Clubhouse (Community Room), 6835 Willowshire Way, Bradenton, Florida 34212

Mr. Ward stated the current assessment rate was $144 dollars a year; after adding $250,000 dollars for legal services, the assessment went up to $309 dollars. He stated the estimated annual assessment rate for the reuse system was $535 dollars, so the total assessment would go up to $844.84 per year. He noted this would drop down to a more normal rate once the loan was paid off. He stated this budget would require a public hearing and mailed notice to the residents. He noted he expected many residents would attend the public hearing. He said Matt Morris would attend to explain the reuse system to the residents, and he (Mr. Ward) would go through the rates. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Louise Buckley, seconded by John Wisz, and with all in favor, Resolution 2026-2 was adopted, and the Chair was authorized to sign.

SIXTH ORDER OF BUSINESS Consideration of Resolution 2026-3

Consideration of Resolution 2026-3, a Resolution of the Board of Supervisors Authorizing the Adoption of the Statewide Mutual Aid Agreement and Providing for an Effective Date

Mr. Ward noted Resolution 2026-3 authorized adoption of the Statewide Mutual Aid Agreement and provided for the effective date. He explained the State of Florida had a program in effect by the Division of Emergency Management which allowed CDDs to request additional funding in the event of a hurricane or other natural disaster. He noted the program was not really useful unless you had hundreds of thousands of dollars' worth of damage, but it was a good idea to put the agreement in place just in case. He noted also, this was a gated community, and the rules were a bit different for a gated community, but it was still a good idea to put the agreement in place. He asked if there were any questions.

Discussion ensued regarding the termination clause in the agreement; the agreement would enable the CDD to ask the State for assistance in an emergency situation.

On MOTION made by Pauline Tasler, seconded by Nancy Lyons, and with all in favor, Resolution 2026-3 was adopted, and the Chair was authorized to sign.

SEVENTH ORDER OF BUSINESS Staff Reports

I. District Attorney

Mr. Greg Urbancic: The Legislative Session is rolling, but I won't have a full report until it's done and can make sure there is nothing that affects us. I will update you at the next meeting once we have some certainty. Otherwise, new year, new ethics training, that's not going away. You will have to do that again this year.

II. District Engineer

No report.

III. District Manager

a) Important Board Meeting Dates for Balance of Fiscal Year 2026
– April 2, 2026 – Public Hearings: Proposed Fiscal Year 2027 Budget
b) Financial Statement for period ending October 31, 2025 (unaudited)
c) Financial Statement for period ending November 30, 2025 (unaudited)
d) Financial Statement for period ending December 31, 2025 (unaudited)

No report.

EIGHTH ORDER OF BUSINESS Supervisor's Requests

Mr. Ward asked if there were any Supervisor's Requests; there were none.

NINTH ORDER OF BUSINESS Public Comments

Mr. Ward asked if there were any public questions or comments; there were none. There were no members of the public present.

TENTH ORDER OF BUSINESS Adjournment

Mr. Ward adjourned the meeting at approximately 1:35 p.m.

On MOTION made by Michael Fisher, seconded by Nancy Lyons, and with all in favor, the Meeting was adjourned.

Heritage Harbour North
Community Development District

James P. Ward
James P. Ward (Apr 15, 2026 07:31:50 EDT)
James P. Ward, Secretary

Nancy Lyons
Nancy Lyons (Apr 13, 2026 13:57:51 EDT)
Nancy Lyons, Chairperson