

**MINUTES OF MEETING
MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

An Emergency Meeting of the Miromar Lakes Community Development District's Board of Supervisors was held on Monday, August 17, 2015, at 8:00 a.m., at the Beach Clubhouse, 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Present and constituting a quorum were:

Mike Hendershot	Chairman
David Herring	Assistant Secretary
Alan Refkin	Assistant Secretary
Doug Ballinger	Assistant Secretary (Telephonic)

Staff present:

James Ward	District Manager
Greg Urbancic	District Counsel
Charlie Krebs	District Engineer
Glenn Smith	Special Counsel

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order at 8:00 a.m.. The record should reflect that all members of the Board were present with the exception of Supervisors Donoho.

SECOND ORDER OF BUSINESS

Consideration of Resolution 2015-

Mr. Ward stated the agenda would be taken out of order, as Mr. Urbancic prepared a resolution for the Board to approve, Resolution 2015-___, noting the blank would be filled in at a later time.

Mr. Urbancic read the title of the resolution into the record as follows:

The Resolution of the Board of Supervisors of Miromar Lakes Community Development District, confirming the finding of an emergency and ratifying the action of the District Manager to call an emergency meeting of the Board of Supervisors; ratifying the action of the District Manager to provide notice of the emergency meeting, providing a severability clause, and providing for conflict, and providing for an effective date.

He stated in this resolution, there are a series of whereas recital clauses, which basically say how we got here today. As you all know, the final hearing is supposed to commence today at 9:00 a.m. on our petition for an administrative hearing, together with the others. There have been discussions over a matter of weeks, and they really heated up over the last day or so of last week, and the prospects for a settlement of the case really became hot on Friday, and we wanted to bring it forward to you, so that you can consider this prior to the administrative hearing.

Starting on page one, because of some conditions that were put on us by Alico, in terms of getting a settlement agreement, if we were going to do it. As you know, we always have to meet in the Sunshine, and we weren't able to go through our normal procedures, but there's a section of Chapter 189 Florida Statutes, which allows us to conduct an emergency meeting to the extent we find a bona fide emergency exists. We can only take up what is that emergency action, and then we would have to ratify it at your next meeting. This resolution isn't asking you to make a decision, it's only for you to essentially accept the fact that we found an emergency existed, and that we needed to meet here today to discuss the agenda item, which we'll get to as the next item.

If anyone has any questions on the resolution, I think it's good to recognize, so that we could move forward.

On MOTION by Mr. Hendershot and seconded by Mr. Refkin, with all in favor of approving Resolution 2015-

THIRD ORDER OF BUSINESS

Consideration of Settlement Agreement related to the matter of Miromar Lakes Community Development District, Petitioner, vs Alico West Fund, LLC, and South Florida Water Management District, Respondents; Case No. 15-1501, State of Florida, Division of Administrative Hearings.

Mr. Ward stated Glenn Smith is with us today. I'm going to ask him to take the time to go through the agreement with you in detail, and answer any questions you have at the end of the discussion, and staff will certainly ask for a motion for your consideration of the settlement agreement.

Mr. Smith stated good morning. This is pretty much what we discussed at the prior meeting, this agreement, and I'll go through it in general terms. Really, the operative sections are on part two on page two. The first is Alico agrees to build their water management system on their property to avoid what is called the 2B soils. If you recall, the soils that were in the areas that had been mined and then refilled are categorized by Alico's experts as 2A or 2B. They're both bad, but 2B are the worst ones, and provide the least stability for ponds and lake banks, and things like that.

They have agreed to avoid building in 2B soils. However, there will be areas where they're so mixed together that 2B soils would be part of the areas that they're going to construct in, and they're going to build under certain restrictions which were in 2A; 1) they use flatter slopes, so the fines are more stable; 2) they'll excavate the bad part, the 2B soils and replace it with proper fill; 3) they will use fabric mats to hold the materials in place; 4) use a soil stabilization mat as may be appropriate; 5) other soil stabilization techniques, which the contractor may come up with. All of this has to be approved by the engineer of record, which is Barraco & Associates, which are well-known and well-qualified engineers.

We will be allowed, if we want to have an observer out occasionally onsite to look at the areas, just kind of keep an eye on things. That's totally up to you. It's not required, but you have that right. You're not going to be involved in design or things; if you have a concern, you raise it with them. They have approved this initially, your representative being either Charlie or Jim. That's number one.

Part B, one of our main concerns has been the connections. The ponds on the Alico property, you have these conveyance swales that convey the water over to lake five. Those swales are in the worst of the worst, those areas are. There's been concerns on the part of Charlie Krebs and Tom McClain that the problems would happen there, that the water going through there would stir up these fines. Alico has agreed, subject to approval by the South Florida Water Management District (SFWMD) that they put riprap groins across the entrance with openings protected by turbidity fabric to help, in the event the turbidity gets in that area, to control that.

Then there's monitoring and emergency plans, this is Part C. Basically, this is an agreement that Alico will plan for, buy and have onsite turbidity curtains to be placed at the end of those two swale areas in the event of something happening on their site, and

turbidity coming through, or if a storm hits, for safety, you put it there. You, the CDD, will purchase turbidity curtains to place at the interconnects between lake five and lake six. You will store those, you will provide a place to store them, so they're under your control, and in an appropriate emergency situation, you will deploy them and keep them as long as it's appropriate.

An issue that has been raised by Miromar Lakes to me, and I'll comment on them later, but it's not really pertinent. If you're going to put turbidity curtains that interconnect, are boats going to be able to get through, so I said the way this is set up is our engineer will get their engineer to come up with proper turbidity curtain, so that's one of the considerations. Charlie will discuss with the other engineers to try to provide for the least affect on the boating as possible. Now there are other times when these curtains might go up; for instance there's an algae bloom in one of the lakes or something in one lake, an oil spill or something in one lake or another, you might put them up at those times too, and you maintain them till the problem goes away.

Dr. Herring asked do we have storage facilities?

Mr. Ward stated we don't at the moment. Conceptually I think what we're going to have to do is probably work out some sort of an agreement with Lake Masters who handles our lake management, and get them to store it for us.

Mr. Refkin asked how big are we talking about here? What storage? I mean I don't have any idea of size.

Mr. Ward asked Charlie do you?

Mr. Krebs stated you've seen the booms out there on the lake right now, where they do the construction. Well, as far as thickness, there'll be something similar. You'll have a float on the top, and it will drape all the way down to the bottom. But those channels are 100 plus feet, so you're going to have to have some storage to fold one of those up in a manner that you can grab it and take it out to the site and place. It's not going to fit into a normal storage locker that you would rent in any of the surrounding areas. They're going to have to have a building and put it somewhere in that building.

Mr. Refkin asked do these things have a life to them? Do they wear out?

Mr. Krebs stated if they were exposed to the sun, they'll wear out more, but there was a life to them. They will have to be replaced every once in a while. But I don't know what storage life is.

Mr. Refkin stated well I'm not concerned about storage life. I mean if they have a finite life to them, which I guess they do. I mean is there any obligation on the parties to replace them at a certain point?

Mr. Smith stated the agreement is that this will continue ad infinitum. This is not just for if a hurricane hits. Any number of events hit that they would be pulled out and utilized.

Dr. Herring asked and the CDD is responsible, versus the developer being responsible, either developer being responsible for doing that. For these barriers.

Mr. Smith stated for the interconnect, just for the interconnect, not the ones up on the end of Alico's swale. The interconnect, yes, that is correct. That's the deal.

Dr. Herring stated just so I understand the locations of these things. Is this on that stretch? I know the big one would be underneath the bridge, correct?

Mr. Krebs stated correct.

Dr. Herring asked the other one is where that dirt bridge was removed by the developer, correct?

Mr. Krebs stated it could be anywhere in there, anywhere on that channel.

Dr. Herring asked if that dirt bridge was still there, we wouldn't need that, would we? Then it would have been a physical barrier?

Mr. Krebs stated it would have been a physical barrier to the weir, but I still think you'd want to have it to protect those channels. If there's something that happened to get in the channels as well, you'd want to minimize that.

Mr. Hendershot stated just south of the ski course.

Mr. Krebs stated I don't know where the ski course is.

Mr. Smith stated the requirement here is only for the two interconnects. What else you do is totally up to you, and that's your discretion.

Dr. Herring asked do we have any idea how much this is going to cost?

Mr. Ward stated no, we actually have not gotten to that. As Greg said, this settlement agreement has been negotiated in like the last 24 hours, so Charlie's job in the next few

weeks will be to cost this out before us. I'm suspecting, it will probably be hundreds of thousands of dollars, I would think.

Mr. Krebs stated no, they're not that expensive. I mean I'll get with Bill Kurth; I'm sure he's ordered them in the past. He should have a good contact.

Dr. Herring asked do they rent the ones that they're using over at the construction site?

Mr. Krebs stated no, when they're done, those things get thrown in the landfill. Because, generally, what happens at the end of the day, they're so beat up from construction activities, there's not a whole lot left to maintain.

Mr. Hendershot asked are you going to get into the new construction?

Mr. Smith asked the new construction? No. Maybe I don't understand the question.

Mr. Hendershot stated I mean how do we address turbidity from new construction on the lake. Those lots, the big lots.

Mr. Krebs asked are you talking within the CDD or over on Center Place?

Mr. Hendershot stated no, within the CDD.

Mr. Krebs stated I think that just goes under what would be the developers.

Mr. Hendershot stated I mean we have all these permits, supposedly, now where we're supposed to maintain that the slope is four to one on all of these, so how are we going to address this to make sure it's done as far as Miromar is concerned?

Mr. Ward stated well, you bring up a larger issue. Clearly, one of the things that we've thought about as part of this issue, and you see in one of these letters that was attached to this agreement, is these plethora of SFWMD permits that exist. I've asked Glen's office to put together an analysis of and do a search of all of the SFWMD permits for us, and determine what our requirements are. Then get with Charlie and we'll have to put in place an operating protocol to make sure we comply with all of that, including the particular provision that you just mentioned. I think there's a broader issue here. I think we have a lot more obligations than just that one to deal with.

Mr. Smith stated right, just briefly, your obligations, as operating entity under these various permits, they certainly exceed what you think your obligation is. You are required, after the operations are turned over to you, to be responsible for compliance with all special and general conditions on the permit, and we're working on a list. For instance, one of the

general conditions of the later permits is street sweeping, which you have absolutely no control over. That's the most egregious one, but things like that are of concern. That's issues that I believe over the next few months need to be worked out with Miromar Lakes, aside from Alico. That's different.

Now, as far as under this agreement, you've best agreed, acting as a board, and acting under your power, to take reasonable actions to maintain and restore the lakes, littoral plantings, etc. and stuff like that. That is not encumbered by anything other than you agree that you will give notice to Alico of your meetings where you're going to consider things like that.

Mr. Hendershot stated yes, I saw that. It's considered rather than action taken.

Mr. Smith stated you can listen to them, and consider their input in taking actions. Now the basis for all of this is that the more we talk, the three of us, and Charlie, the four of us talk, something has got to be set up, so that you guys: you, Miromar Lakes, and Alico. For instance, you own little slivers of lake five, the north lake. Alico owns 99.9 percent of it, but anything that happens in that lake affects the two of you, so you're going to have to communicate. There's a part in here about doing an inter local agreement with Alico to be assigned to whatever entity you end up with. It needs to be a homeowners association (HOA) to agree on how to operate and do things here, to make sure lake five is done to your satisfaction.

Mr. Hendershot stated there already is an inter local lake use agreement that doesn't necessarily address some of the issues that we've got here, which would require it to be amended. The nice thing about that agreement, I thought, was that it made the lakes exclusive, a private lake.

Mr. Smith stated right.

Mr. Hendershot, and in the hearing, the counsel for Alico basically said that it really wasn't private anymore.

Mr. Smith stated I don't remember that. Was that maybe an issue to be addressed? We're supposed to do this inter local agreement over the next 60 days, so we're not going to let it sit. It needs to be tried to be dealt with.

Dr. Herring asked how can we do it in 60 days. Do they have an HOA? Do they have a CDD?

Mr. Smith stated no, the negotiations will be with Alico, and the agreement will be with Alico with the anticipation that they will sign their duties at some point to a HOA.

Mr. Urbancic stated it is a little bit strange in that respect.

Mr. Hendershot stated yes, you just recognize that it's transferable at a later date.

Mr. Urbancic stated right, that's the only way we can do it.

Dr. Herring asked so they own 99 percent of the lake.

Mr. Krebs stated the north lake.

Dr. Herring stated and we're responsible for 100 percent of the maintenance of that lake?

Mr. Smith stated no. You own only a little sliver. You have obligations. Certainly the property you own, and to the residents there, but you don't have any jurisdiction over that lake. It's not owned by you, and it's not within the District. That's why there needs to be an agreement, working with your neighbors to deal with that, that particular lake. You own 99 percent of the lake on the south lake, so there you own it, so you have the control of that lake. But, once again, if you're going to be good neighbors, if they have comments on what you're going to doing, you will listen to them and consider them, and I think they will be presented in a professional manner. I don't anticipate that it's going to be aggressive, as combative, but it remains to be seen.

Dr. Herring stated I mean the only things that we do with those lakes is improve the quality of those lakes. It's not like we construct barges or do anything that would be onerous. I mean I guess that's the point that I just don't understand is, with all the money that we've spent to maintain the "purity" of that lake, something that we don't even own.

Mr. Smith stated understood.

Mr. Hendershot stated it helps Miromar sell houses.

Dr. Herring stated I understand that, so how solid is the agreement that we have access to that 99 percent that we don't own.

Mr. Hendershot stated well the inter local agreement binds the other people that own the remaining part.

Mr. Smith stated right. Now they probably have concerns. For instance, if you wanted to put more carp in the lake, that would be a concern to them.

Mr. Hendershot stated yes, it would.

Mr. Smith stated as with everybody. My understanding is you wouldn't do that again, but that would be something they would want to comment upon or have some say on, as you might expect.

Dr. Herring stated well, I mean I have no problem with that whole concept of them being able to comment on it, they own it. It's just that I don't see that that's a gigantic big deal, because we don't do things on that lake that harm it at all. The only things we've ever done since I've been here is try and improve it.

Mr. Smith stated right, so you may put in this inter local agreement that you'll have bimonthly joint meetings, maybe it's quarterly. I don't know, something like that, so that there's communication going back and forth.

Dr. Herring stated they can come to our public meetings. There's nothing that keeps them from doing that, right?

Mr. Smith stated they could always do that, but we're going to make that it's a definitive, required thing that you get together and talk. If you get together and just drink coffee, that's fine. I would think you would be able to arrange it, so they come here, you use the same board meeting times and dates. Anyway, we're working on that. Another aspect of the agreement is that this lawsuit is dismissed with prejudice; each party would bear its own cost in attorney's fees. There's a release going back and forth of any issues involved in this case.

It also releases you from claims by Alico stemming from the May 18, 2015, where they sent the letter to the SFWMD, and sent it to the State Attorney General and threatened to sue you. They have released you from any claims stemming from that based upon whatever that letter said or inferred.

Dr. Herring asked any claims by them.

Mr. Smith stated right, the State Attorney is not involved in this agreement, nor is SFWMD, so if something comes from them, that's not released here, but it is by Alico. Now in that regard, I've had many conversations with the attorney for SFWMD where he basically said they've been out here and looked at these violations, and he says, yes, there's some technical violations, but but for this letter, they would not have had any problem, because they said is probably one of the better ones that they deal with. Everybody has violations, but this is one of the better systems they've seen, and they wouldn't even waste their time

here. You're probably going to get a letter saying, here's some violations, and we'll work it out with SFWMD. I don't anticipate any major problems there at all.

Now some of the things that turned up in the inspection done by Alico and its consultants were things like residents installing their own drains out to the lake, and it's coming straight off their roofs or their grass and going out to the lake. They don't have the gutters around the roofs like they're supposed to. Apparently every house is going to have full gutter, and some are not, and things like that. Places where the water is running directly into the lake, instead of going forward to the normal system. So those issues are going to show up, I'm assuming mostly against Miromar, but there'll be some, they already told me there's some coming to us.

Mr. Hendershot asked but is it a technical violation for us if it runs into the lake?

Mr. Smith stated it may be. For these guys, you'd probably turn around to Miromar and say, "This is your baby, take care of it." I think we're going to get a letter. I don't anticipate it to be bad. It's going to be a pain in the butt, but I think we can deal with it, and I don't think that SFWMD is going to be hard assed about it, because they were just doing it because they're worried about Alico suing them. Alico has turned into the 800-pound gorilla.

Mr. Hendershot stated yes.

Mr. Smith stated those are the hot points of the agreement. I don't think I've left anything out. If you have any questions.

Mr. Ward stated the only thing I wanted to talk to you about just for a second is, since numbers are obviously a big issue for us, as a part of this, not a part of the agreement itself, we have spent as of, essentially, the end of June, roughly \$165,000 in legal fees and engineering costs on this litigation, and that doesn't include the July billing, plus what we need to do for the next few months. That's both paid and unpaid bills. I'm sorry, as of the end of July, \$165,000. I haven't received the billing yet for July for either Glen or Charlie or Greg, so we still have a long ways to go with respect to this issue, but we also need to deal with the turbidity barriers on a going forward basis.

We obviously have to deal with the balance of the legal fees we need to pay in order to get through this inter local agreement that we'll need to do, plus any ongoing fees that we'll have. For next year, we've budgeted \$350,000 for the Center Place litigation. I have a

distinct feeling, once I get the turbidity barrier numbers from Charlie, we'll probably need to keep that in our budget.

Mr. Hendershot stated yes, I was going to say we'll just keep that cat going for it.

Mr. Ward stated right, because we had talked about some idea of maybe lowering it at some point. I don't really see that happening going into next year with what we need to do with all of the open items we still have, even once we complete this settlement agreement at this point. Those are my only additional financial comments.

Dr. Herring stated I'll save my financial comments for the next meeting on Thursday.

Mr. Hendershot stated the mutual releases are for any liability arising out of this litigation only? I mean if we had another claim against them for, I don't know what we would sue them for, say there was a noise that violated the county noise, I don't know that we would sue them or the county would, but it doesn't include a claim like that?

Mr. Smith stated that's correct. This release releases any claim that was made or could have been made; that's an administrative proceeding where the jurisdiction is very limited, as you know. So if there's other violations of other ordinances or nuisances, it's not covered. It also releases any claim that's made or could be made concerning that letter, the May 18th letter, and the alleged violation between Alico and us.

Dr. Herring stated it doesn't keep us from writing a similar letter in the future about them on other issues.

Mr. Smith stated that is correct.

Mr. Hendershot asked so what do we need to do with the agreement?

Mr. Ward stated if there are no other questions, just a motion to approve the proposed settlement agreement, as described the attorney, would be in order.

On MOTION by Mr. Refkin and seconded by Mr. Hendershot, with all in favor of approving the Settlement Agreement related to the matter of Miromar Lakes Community Development District, Petitioner, vs Alico West Fund, LLC, and South Florida Water Management District, Respondents; Case No. 15-1501, State of Florida, Division of Administrative Hearings.

Mr. Ward stated that's all we had for you today. This will also be on your agenda for Thursday for ratification.

Mr. Hendershot asked do you need me to sign?

Mr. Ward stated I do.

FOURTH ORDER OF BUSINESS

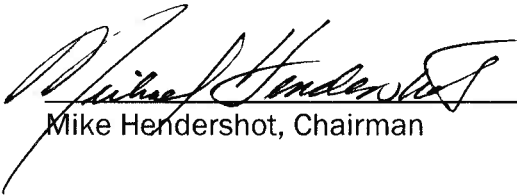
Adjournment

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

On MOTION by Mr. Refkin, seconded by Dr. Herring, with all in favor of adjourning the meeting at 8:30 a.m.



James P. Ward, Secretary



Mike Hendershot, Chairman