MINUTES OF MEETING
MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Miromar Lakes Community Development District's Board of Supervisors was held on Thursday, November 14, 2013, at 2:00 p.m., at the Beach Clubhouse, 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Present and constituting a quorum were:

Mike Hendershot	Chairman
David Herring	Vice Chairman
Burnett Donoho	Assistant Secretary (left early)
Alan Refkin	Assistant Secretary
Doug Ballinger	Assistant Secretary

Also present were:

Jim Ward	JP Ward & Associates
Greg Urbancic	District Counsel
George Keller	Calvin Giordano & Associates
Paul Gusmano	Calvin Giordano & Associates
Alice Carlson	AJC Associates

FIRST ORDER OF BUSINESS — Call to Order/Roll Call

Mr. Ward called the meeting to order at 2:00 p.m. and the record reflected all members of the Board were present at roll call.

SECOND ORDER OF BUSINESS — Consideration of Minutes

a. September 12, 2013, Regular Meeting

> On MOTION by Mr. Herring and seconded by Mr. Refkin, with all in favor of approving the September 12, 2013, Regular Meeting minutes.

b. October 10, 2013, Regular Meeting

Mr. Hendershot stated on page two, third paragraph, he believed it should say Verona Lago rather than Morano Largo.

> On MOTION by Mr. Ballinger and seconded by Mr. Hendershot, with all in favor of approving the October 10, 2013, Regular Meeting minutes as amended.

THIRD ORDER OF BUSINESS — Presentation by AJC Associates, Inc., (Alice Carlson) regarding the designation of undeveloped land to a category in the assessment methodology for the Bonds issued by the District

This item was deferred until later in the meeting.

FOURTH ORDER OF BUSINESS — Consideration of Resolution 2014-1, amending the Adopted Budget for Fiscal Year 2013 for the General Fund

Mr. Ward stated the subject resolution lined up the existing adopted budget to the District's projected actuals for 9/30/2014. Overall, the total expenditures were coming in at about $690,000, and the adopted budget was $735,000. He suspected the District would still have some audit adjustments that would occur after November, but the statute required the proposed action take place before the audit was concluded by November 30 of each year. The biggest change would likely be a few outstanding bills from Estate Landscaping that would probably be accrued into last year.

Mr. Hendershot asked if it still fell below the projected actual 2013, not the actual, but the actual projected budget amount.

Mr. Ward stated he recently received two bills from Estate Landscaping that might actually put the District over that number, though he was unsure of the amount of the two bills. He could do nothing at present, as this was the last time the budget could be amended. If it went over the $735,000, it would probably result in a note in the District's audit, but there was sufficient surplus.

Mr. Hendershot inquired about the landscape issue, and whether it was something unexpected.

Mr. Ward stated no, it was a matter concerning bills that the vendor failed to send to him that he had been unaware of.

On MOTION by Dr. Herring and seconded by Mr. Hendershot, with all in favor of approving Resolution 2014-1.

FIFTH ORDER OF BUSINESS **Staff Reports**

a. Attorney

Mr. Urbancic stated the District was still waiting on the NPDES inter local agreement, as all parties' signed copies were in, and he was waiting for a copy to come back to him. The county had yet to process the document.

b. Engineer

Mr. Cusmano stated Mr. Krebs was out of town and had sent him his drawings and disks, so he was still putting the information together, though he continued to go through the data with Mr. Krebs, to ensure they were up-to-date on everything. Overall, the District's projects were in acceptable condition, and MRI was 90 percent finished cleaning the debris out of the drains at Verona Lago. He noted they would pump through the drains to ensure they were clear.

He said the landscape irrigation was satisfactory, and he recently me with Estate to examine a few areas that were brown, and pine straws were 90 percent down, and they were finishing the back end of the project, where it looked good and they cleaned up well. The ponds were well maintained.

Mr. Hendershot asked for the Board's feedback on the format of the written report on the accumulation of hours.

Mr. Ballinger found it satisfactory and understandable.

Mr. Hendershot mentioned the written portion, as he wondered whether the Board wanted or needed more detail in the written summary than was being provided at present, as Mr. Krebs normally attended meetings.

Mr. Ward stated he had aimed for the reports to address matters at a higher level. However, it was appropriate for the Board to request more detail, but he asked, overtime, for them to change the report into providing information on where the District was going and needed to be, and what the programs should be for the ensuing year. The aim was for the Board to utilize the information to be more proactive in determining the District's future, as opposed to being reactive.

Dr. Herring stated it would be more useful to have a little more detail in the report, rather than a summary of the issues arose and how they were addressed, though it was possible to track some of the actions through the recorded hours.

Mr. Hendershot concurred more details would give the report more substance.

Mr. Ward stated staff would marry the two items, as it was a process, as they were new to the District, and they were transitioning and learning as they proceeded. The District staff would endeavor to continuously improve on the reports over time.

Mr. Ballinger believed one of the main purposes of the subject report was for the Board to keep track of the hours to ensure they were kept proportionate for the amount of work done.

Dr. Herring stated the report was more detailed than before, as most of the information the Board received was delivered verbally.

Mr. Ward explained he desired the Board to get the information ahead of meeting in their agenda packages, allowing the Board members time to gain a better understanding of what transpired, so they could provide feedback on those happenings.

Mr. Hendershot stated there was prior discussion on sending the residents a letter, as many were upset about drainage issues. The District was being proactive about the drainage, going in and clearing them out, and the residents should be kept informed of such actions, and give residents some guidelines on how to maintain the drains better, such as not washing landscape debris into the drains.

Mr. Donoho thought sending out a letter on how residents could help maintain the drainage was useful. This was important to do in such communities as Verano Lago, where they were most damaged by the flood.

Mr. Hendershot said other communities suffered flood damage.

Mr. Refkin agreed with sending the letter, as people tended to assume the worst if they heard no news, as they assumed nothing was being done, so by communicating with the residents in the letter, it would show them that the District was taking action.

Dr. Herring stated it should be possible to include such information in the newsletter, *The Wave*.

Mr. Ward stated the placement of District information in *The Wave* was vetoed by Miromar.

Mr. Hendershot thought it would be better for the District to disseminate the information to residents as an independent body, and the communication could be in the form of a letter, email, a public hearing or education seminar for residents on the CDD, etc.

Mr. Donoho was unsure of using a public hearing forum, and thought using email was good, as most people had email addresses today.

Mr. Ward believed having residents attending public hearings for such matters might not be the best, feeling disseminating the information via emails and the website when it was up and running was best. Sending letters was expensive, as it cost close to $2,000, between the printing, mailing and postage.

Mr. Donoho suggested using Miromar's public television channel 195, and an email could be sent out to residents to watch the channel for information.

Mr. Ballinger believed the public television channel access could not be used for the same reason *The Wave* newsletter was not being used.

Mr. Ward clarified the Miromar Lakes development considered such information as marketing material, which they did not want in their newsletter.

Mr. Ballinger questioned if anyone had the residents' email addresses.

Mr. Ward stated the District could do a eBlast or send out emails if the staff had access to the information. He commented email addresses that were in a public record of a CDD are a public record, so he could not deny anyone requesting an email address from the CDD's database as a matter of law. Thus, he did not maintain large databases of residents' email addresses. The Board needed to think about this as a course for the Miromar Lakes community and whether it might become problematic.

Mr. Hendershot thought the Board might be able to persuade the Miormar Lakes HOA to include the drainage maintenance information, as it was to supply residents with proper guidelines.

Mr. Ward asked if the public access channel was internal to the Miromar Lakes community.

Mr. Hendershot thought the access was limited to the Comcast hookup the community had.

Mr. Ward thought it might be possible to disseminate the information in this manner.

Mr. Donoho thought it would be the community's benefit, as when the flood damage occurred, the residents did not blame the CDD, they blamed Miromar, so it seemed that they would go along with providing information to educate the residents.

Dr. Herring reiterated using emails was best.

Mr. Ward concurred.

Dr. Herring stated the Board had to be careful about social media communicating, such as Facebook.

Mr. Urbancic agreed the Board had to be very careful about its email and Facebook communications.

Mr. Ward stated the Board members could have Facebook dialog with community members but not fellow Board members.

Mr. Cusmano stated he would draft a letter listing the issues and how they were being addressed. He was in the process of putting together a maintenance schedule and the cost, as he wanted to identify the issue and the solution, along with its cost, before he drafted a letter to the residents, as there were times when an issue had a number of possible resolutions.

Mr. Donoho mentioned that Vivian Dawson was the person that did Miromar Lakes' eBlasts, so she might be a source for residents' email addresses.

The third order of business was taken up at this point in the meeting.

THIRD ORDER OF BUSINESS

Presentation by AJC Associates, Inc., (Alice Carlson) regarding the designation of undeveloped land to a category in the assessment methodology for the Bonds issued by the District

Ms. Carlson stated referred to the summary she distributed to the Board, stating the bond issue was the easiest way to explain how the process began, as when there was a bond issue, the District Manager, Engineer, Attorney and the financial advisor worked closely with the developer to facilitate the process. The first step was the developer prepared a site plan that identified product type and units within that product type, and it identified main roads and water management issues, the latter pertaining to large lakes on the property. She said the site plan had considerable detail, and after the master plan was approved, it was sent to the engineer to use the information to come up with his/her report, a detail of the dollars necessary to build out the project.

Once the dollar were identified and the decision was made on the product to be built, the engineer's report was sent to the financial advisor to know what was to be built, what benefit each property would have, and they had to know the cost. The dollar amounts had to be grossed up, adding capitalized interest, if necessary, a debt service amount, based on what was required, and then add the cost to issue the bonds. She noted all these factors were totaled to come up with the bond amount, and the financial advisor allocated this out to the product types, and this was the assessment methodology.

She indicated the last few pages of the summary detailed the original lien roll, which was usually short, as with the first bond issue, the parcels were not platted, so it was just a group of parcels by acres. The methodology stated the debt would be allocated on a per acre basis to begin with, because at that stage it was unknown how the property would be developed. She said as properties were platted, there would be individual tax bills, resulting in the platted parcels being on the roll, while the unplatted parcels remained off roll, and the latter were taken directly to the developer to be placed on the tax roll on a per acre basis.

On the questions of why the tax and lien roll were modified, and how was the CDD notified about the action and how would it occur, she responded the lien roll would be modified annually based on ownership. It was modified for the outstanding balance, as principle payments were made. She explained the bigger issue about modification was related to per acre parcels becoming individual lots, which occurs with a plat, a site plan approval, or when a property was sold to a builder. The District was notified of the change from per acre parcels to individual lots in a number of ways: the developer informs the CDD, the county provided an annual, updated list of all the parcel ID numbers within the boundaries of the District by June 1st. She stated this was a state statute requirement for the District to be provided with the information, so it could update the assessment roll and place the assessments on the tax roll.

Ms. Carlson stated the District's information would be sent to her electronically as the consulting agent for the Miromar Lakes CDD, and she read the information into the custom programs she used. The data compared last year's list's to this year's lists, generating two reports, one on all new parcels, and the other being the list of missing parcels or parcels the county deleted from the District's roll. She added deleted parcels usually resulted when one bulk parcel was turned into 100 new lots, so the county got rid of the older parcels, since it would no longer assess them. She worked with the developer to double check exactly what the product was to be, verifying where it fit in the methodology and the amount of assessment it would be for the unit on the tax roll. These assessments were added to the on-roll assessments for debt service, and operations and maintenance, and they were then deleted from the off-roll or direct bill to the developer during the budget process. She indicated this happened moving forward for the next budget cycle.

She remarked that they added two single-family neighborhoods to the tax roll in the previous year, so those units came off the direct bill to the developer and were added to the on-roll and the real estate taxes. The process was done by neighborhood not individual lots. She mentioned other revisions to the lien roll were when the developer modified the master plan and went through the process of looking at the proposed product type and unit count, and notify the district they would make a change. The way a district would discover this action was when the developer requested a meeting with the district's consultant to discuss

the fact that they were contemplating making changes to their plan, and this was usually done due to market conditions.

The assessment methodology that was approved by the Board had a "true up test", whereby District staff went through a process to identify debt or excess debt, where there was no land to put it on or no units proposed for construction. At certain thresholds in the development of the land and the bond series, for example, at 2003, at 25 percent, 50 percent, 75 percent, 90 percent of development within that area, the District was required to formally do this process. She said if there was excess debt, the District had to developer for a density reduction payment or true up payment. Thus, there was never leftover debt. She provided the service to work with the developer, so the District knew what was being done.

The developer could voluntarily make a density reduction payment prior to the abovementioned thresholds, and in October, the developer contacted District staff to say they would be making revisions to their plan. Though they had not reached the 25 percent threshold within the 2003 Series Bond, they wished to make a density reduction payment, and they sent her the new plan, and they indicated the payment would be made before the next call date of March 15, 2014. The developer decreased their multifamily product by 109 units, and increased their estate single-family units by 14, and the density reduction payment was estimated at $1,109,910.

Mr. Hendershot asked to whom the payment would be made.

Mr. Ward replied the payment would be made directly to the District, and the monies would be forwarded to the trustee for a reduction in bonds. When the Board looked at the District's financial statements in June for the period ending May 30, they showed that there was a large prepayment of about $1,910,000 in par debt, and that would be reduced in the 2003 bonds. Next, at year end, there would be a reduction in the actual interest expense versus budgeted interest expense, due to the six-months of interest that was budgeted for would not be collected by the District at that time. He said a budget amendment may be done in late 2014 to reflect those changes.

Mr. Hendershot asked if there was a legal obligation to reduce the debt with those funds, or could the CDD hold the monies. He questioned if the District had cash flow

sufficient to pay the debt and interest off over time, would it be advantageous for the District to have the benefit of the float.

Mr. Urbancic replied the District's trust and interest was very specific and where those funds had to be applied.

Ms. Carlson pointed out there would be no debt service going forward, as the developer would pay that off.

Mr. Hendershot asked if the District had to true up every year.

Ms. Carlson answered no, it was done based on reaching the thresholds. She discussed the impact to operations and maintenance, and in the District, there was a total number of units on which the general fund budget, the operations and maintenance in 2013. There was no change in the grand total number of units of 2,321 on and off roll. The two new neighborhoods brought online as on roll, so off roll went down, but the grand total remained the same. In the current year, they would be bringing to the Board an operation maintenance budget with 95 less units that there were no plans to build. The operations and maintenance number that had an effect, was a decrease on all the property owners.

She noted if she took the present year's budget and used the lowered number, the assessment would increase by $15 from $343 to $358, assuming the budget remained unchanged. The total number of units included a factor for commercial properties.

Mr. Hendershot asked if this included the University Village.

Mr. Ward replied it did not.

Ms. Carlson stated there were commercial parcels in there that had a factor based on the old, original methodology.

Mr. Ward stated 2,321 was the number he worked with.

Mr. Hendershot wondered, since the methodology was established early on by the developers, now that the residents took over the CDD Board, and with the developer still involved in the build out, was it possible to make any changes to the assessment methodology.

Mr. Urbancic responded when the District goes through the assessment process, there was a hearing process that resulted in certain findings, and the assessment methodology was adopted as the basis for funding and allocating the benefit by the engineer's report. The assessment methodology was saying the assessment was per acre,

but there was a methodology pertaining to what benefit the types of homes were receiving. It would be difficult to go back and undo what the CDD originally found and validated at one point to the courts to make it something different. He felt this opened the District up to a potential challenge.

Mr. Urbancic questioned how to determine the methodology on the two new residential neighborhoods Ms. Carlson mentioned.

Ms. Carlson responded the process was already included in the present methodology, as the latter talks about future development.

Mr. Ward stated also the methodology was an assessment, so it was never based on the value of the home, rather it was based upon the benefit received from the improvements provided to the lot itself.

Mr. Hendershot asked if the site plan was updated annually.

Ms. Carlson replied whenever major changes were desired.

Mr. Cusmano explained the process was: site plan, master plan, site plan, T-plat, final plat; between the T-plat and the final plat, a plat revision was necessary to make a change.

Ms. Carlson concurred, stating for specific plats, major changes that called for a density reduction was a planning event that took place every few years whenever they were working on the parcel.

A male speaker added three hearings were held for site plans to change.

Mr. Donoho asked if there was any way to determine the criteria for the allocation.

Ms. Carlson commented the District's first bond issue was the 2001 series, and with the engineer's report they devised a value for the bond issue. The assessment methodology allocated that value across the different product types, and the intent was to build single-family, multifamily and the commercial/golf club. The developer later stated that, due to marketing conditions, if they were to sell property, they wished to only leave behind debt that equaled $1,200 in annual debt service for single-family units, and $1,000 for a villa, and $800 for a multi-family. irrespective of the lot size.

Thus, the allocation was not just on acres, as with the commercial property, methodology allocated by trips. She indicated when they did the calculations, it showed there would be $10 million in what could be left behind, and $5 million in what would be paid off, and this equaled the $15 million of the whole assessment methodology. Whenever

the developer sold a lot to an end user, they would pay an amount to bring the allocation down to $1,200 per year, and the same for other product parcels. She said the new bond issue had an estate single-family category, and all the Series B bonds were paid off, and the methodology said that the estate single-family category would be higher.

Mr. Refkin continued to find it confusing how to explain to a resident the different between a single family and a villa.

Ms. Carlson reiterated in the first bond issue there was no separation, it was only in the second bond issue when a modification was made.

Mr. Ward stated for the record that Supervisor Donoho left the meeting.

Mr. Refkin agreed the explanation was very confusing.

Dr. Herring felt the application of the methodology seemed arbitrary.

Mr. Refkin concurred.

Mr. Ward sought clarification that the Board members were referring to the designation for single family, single family II, Villa, in the old 2000 bond series, or were they referring to the new bond series. In looking at the old series and the new series of bonds, the designations might be the same but the assessments were different.

Ms. Carlson proceeded to explain the difference in assessments by referring to the information she provided to the Board, for example, a single family assessment was say $25,000.00 per lot, but the developer only wanted that to be $18,000.00 because they said they could not sell property unless they paid the assessment down some, but the methodology said we were going to put $25,000.00 on that lot, so the buydown was a voluntary thing by the developer. They did that for some of the neighborhoods, but when they developed further into the project, they said and it is subjective on the developer part, they did not want to make the voluntary prepayment any more because the market conditions permitted the developer to pass on more than the $18,000.00, and so they did that, and that is how you have the same product line with differing assessment levels, it's due solely to the voluntary buydowns occurring.

Dr. Herring commented, based on Ms. Carlson's explanation, it was the developer that arbitrarily decided on the assessment, and there was no statute requiring it to be a specific amount.

Ms. Carlson affirmed there was nothing that said one product type crossed the line into another, and there were other communities with over ten categories for methodologies.

Mr. Hendershot inquired if debt service payments were being made on the commercial properties, such as the Beach Club, the Beach Grill.

Ms. Carlson answered yes, as well as the golf course, and there was future undeveloped commercial land for which payments were made on a regular, per acre basis.

Mr. Hendershot asked if the developer were to sell the development before the plan was completed, would some other entity finish the plan, such as the buyer, making any true up payments, or did the developer make those payments prior to leaving.

Ms. Carlson replied those arrangements were between the buyer and seller.

Mr. Urbancic stated we would have to look and see if there are successor's and assigns in the agreements.

Mr. Ward stated even if the assignments in the plan were not permitted, if the new developer did not do that, whatever the product line they chose to build, they would still be assessed for the units.

Ms. Carlson concurred, stating the debt ran with the land.

Mr. Ward stated that process was very complicated.

Mr. Hendershot questioned when a developer made changes in the master/site plan, driving the true-up payments or affected the debt service in any way, should they communicate more with the Board members to let them know what was going on. It seemed odd to be hearing it from Ms. Carlson.

Mr. Ward responded he had no strong opinion on how the process should be, and if the Board members desired that level of information, it could easily be provided, thought it was not normal such information, as the Board could do nothing about it. Any such changes would be reflected in the District's budget in the form of the unit count changes and the debt service changes. He said the information was usually supplied after the fact, and a developer's decision today could alter in the next two months.

Mr. Hendershot asked if the developer made any other density reduction payments historically.

Mr. Ward replied on the 2000 series bonds, the developer made numerous density reduction payments by product line, depending on what they were. The 2003 series bonds, this would be the first density reduction payment, if it happens.

The Board returned to the fifth order of business - Staff Reports

c. **Asset Manager**

Covered under Engineer's Report.

d. **Manager**

I. **Financial Statement – September 30, 2013**

Mr. Ward stated he did an updated schedule, but he forgot to include in the Board's agenda package. He apologized and assured the Board it would be included in their next agenda package. The District's audit had begun, so the figures in the statement were interim 9/30 financials, and he was sure they would change once the audit was completed.

SIXTH ORDER OF BUSINESS **Supervisor's Requests/Audience Comments**

A male speaker asked Mr. Ward to send Ms. Carlson a note of thank you on behalf of the Board for her presentation.

SEVENTH ORDER OF BUSINESS **Adjournment**

On MOTION by Mr. Refkin, seconded by Mr. Ballinger, with all in favor of adjourning at 3:10 p.m.

James P. Ward, Secretary

Mike Hendershot, Chairman