

**THE MINUTES OF MEETING
TERN BAY
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Board Meeting of the Tern Bay Community Development District's Board of Supervisors was held on Tuesday, May 12, 2015, at 10:00 a.m., at the Offices of Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Murdock Circle, Suite C, Port Charlotte, Florida 33948.

Present and constituting a quorum were:

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| Neale Montgomery | Chairperson |
| Richard Brylanski | Vice Chairperson |
| Mark Card | Assistant Secretary |
| Mike Dady | Assistant Secretary |

Also present were:

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| James Ward | District Manager |
| Scott Clark | District Counsel |
| Rob Berntsson | |
| Matthew Morris | Development Manager |
| Bill Riley | CAS Asset Management |
| Steven Riggs | Auditor, Carr Riggs & Ingram (Telephonic) |

Audience

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| Ceil Fillenworth | Bill Karlen |
| Tom Fillenworth | Kathy Karlen |

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order at 10:00 a.m. and noted, upon roll call, all members of the Board were present with the exception of Supervisor Gillis.

SECOND ORDER OF BUSINESS

Consideration of Minutes

a) November 11, 2014 – Landowners Meeting

Mr. Ward stated I'll ask that you accept those for purposes of inclusion in the record. I'll note a spelling change of Mr. Karlen's last name. It's K-A-R-L-E-N, not I-N.

A MOTION by Mr. Brylanski and seconded by Ms. Montgomery, with all in favor, the regular meeting minutes of November 11, 2014, was approved as amended.

b) November 11, 2014 – Regular Meeting

Mr. Ward stated again, the same spelling change, and a note to include Mr. Smith in the audience section of the minutes.

Mr. Dady stated comment on the minutes. I don't see our almost verbatim, like there's a lot of chitchat about procedure, etc. Is that your typical?

Mr. Ward stated my typical, yes.

Mr. Dady stated every single word that's uttered.

Mr. Ward stated no, that would not be a good thing. Most every single word that's uttered. Expletives and jokes are usually left out. Any further questions?

On MOTION by Mr. Brylanski and seconded by Mr. Card, with all in favor, the regular meeting minutes of November 11, 2014, was approved as amended.

THIRD ORDER OF BUSINESS

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

Mr. Ward stated your auditor, Carr Riggs & Ingram, Mr. Steven Riggs is on the phone with us today. The audit was finished in December 2014. It's been filed with the appropriate state agencies as a matter of law. I'll ask Steven to go through those with you, and at the end of the presentation, if you have any questions, please feel free to ask, and then a motion to accept the audit for inclusion in the record would be in order.

Mr. Riggs stated in front of you you should have the audited financial statements, and I'm not going to go over every single page, I'm going to go over the highlights, what I deem as important and what the Board should be aware of. If you'll turn to your to your first page, you'll see that the first and second page are the Independent Auditor's Report. In this report, we lay out our responsibility, what we do, and whether there are any things that we should let you know about. We can give different types of opinions. This is a clean opinion, we're not qualifying you for anything.

However on the second page, we do have an extra paragraph that is not in every auditor's report, and it's called (unintelligible 3:16) paragraph and in there we discuss -- if someone were to pick up these financials, what would we want them to know? We would want to that because of the difficulties with the lack of developer, it had a material adverse effect on the District and made it very difficult. Beginning on page three, we start with Management Discussion and Analysis, and that goes through page seven. I'm going to skip over that section, because I'm going to address all the highlights that I'd rather look at in the financials.

If you've never looked at governmental financials before, on pages eight and nine, and then pages ten and 12, we have two different sets of financial statements. Now on the first set of financial statements, it's similar to if you owned a stock in a company, and you went and looked at their financials is a full accrual basis of accounting. The second set of financials beginning on page ten, this is the traditional governmental model, which we call a modified tax basis, so it has a lot of things, but it doesn't have fixed assets or debt on it. Starting on page ten, this is very similar to the format that you get on a monthly basis from Jim. If we start on page ten, you can see we go over our assets, and the General Fund, there's not a whole lot there, same thing with the Debt Service Fund.

In the Capital Projects Fund, we do have a big inter fund advance, and if you look below in the liability section, there's a big inter fund advance from the General Fund in the Capital Projects Fund. If you go down about half way through that page, you'll see \$3,433,082; that amount is the exact amount on the Capital Projects Fund up in assets, so because of the lack of developer support, you've been regulated to using the Capital Projects Fund to fund the operations of the District. The second major note on here, if you do go down to the liabilities section in the middle portion, under the debt service column, you'll see an accrued interest payable of \$16 million, and then you'll see a debt service liability for \$3 million.

What this represents is these are actual interest payments missed, that they've not been able to make. In the debt service liability, these are principle payments that you have missed, that have already come due. Now this differs from the liabilities you'll see back on page eight in our nonrecurring liabilities section where we had the full amount of the debt, and then the accrued interest payable. On your more governmental side, on page ten, this is

just stuff that has already become due, and that's the difference between those liabilities. If we go down to page 12, this is your Profit & Loss Statement, as you know, we don't have very much revenue coming in. On the expenditure side in the debt service column, we have to accrue for, again, the principal payment, and the interest payments you have missed.

Now if I were to talk to you about the three major issues with this District, it is going to be: the lack of assessments, the inability to pay the debt, and the impairment of certain assets within the District. Beginning on pages 20 and 21, we know in a normal district, you have a lot of repairs and maintenance, and a lot of upkeep. In Tern Bay, because of the lack of funds, you haven't been able to upkeep it, like a normal district would, where you have a number of houses and everything else. You've constructed around \$45 million in assets, and we have not written those assets down or management has not written those down yet, and Jim and I'll probably have some further discussions on this, but the question becomes when do we write those assets down? When we write them down, how much is it going to be.

We're just trying to say, let's say you have a 1,000-acre district, and 3,000 acres, the District says, I'm just not going to even mess with that anymore, I'm going to let it go back and I'm not, in the foreseeable future, ever going to do anything with it. Then we discuss and say how much do we construct for those, and then maybe we need to take a current period write down of those assets. Even though there's \$45 million on the books, we know the value is obviously a lot less than that.

Mr. Dady asked why do we know that? Has there been an engineering report or any third party confirmation of degradation of facilities?

Mr. Riggs stated I would say we know that, because some roads have not been checked or maybe washed out, and some of the storm water system. I mean, traditionally, those things, when they fill up, it tends to have an adverse effect on the roads.

Mr. Dady stated I mean I look at your statement on page four where you talk about the operations of the District being, I guess you're hinting at, in poor health, but really what you're talking about is the debt and assessment process in poor health. The operations of the District have been quite fine, actually, because, as you pointed out in the audit, we have been tapping the construction fund to access the District's operational funds. I'm wondering what maintenance item was so grossly missed that you think that there, at this time, has

been road washouts or failure of storm water facilities. I have not heard that. I'm a relatively new Board member, and maybe I missed that memo.

Mr. Riggs stated I'll ask this question. If you were to drive the entire District, do you think there would be certain things that may need to be --

Mr. Dady stated I have driven the entire District. I didn't see in the paved road area. Now certainly in the back of the semi-developed, more unfinished infrastructure area, you can clearly see evidence of washout, but I've not seen any evidence of washout in a paved area. District Engineer, have you noted any washouts of paved, built roads?

Mr. Morris stated no, nothing in the pavement we've really noticed. I mean there are some weeds and things growing up in some of the cracks. I haven't really noticed anything, as far as a major degradation of any roadways out there at all.

Mr. Dady stated I mean I appreciate the auditor's comment about looking at depreciation, because that's a real financial mechanism, but this District has actually gone out of its way in a dead market to ensure that operations and maintenance did not falter, so I wonder about such a statement on the public record that looks like we were severely deficient, when I have not heard evidence to the contrary.

Mr. Riggs stated I'm not saying the Board has done anything wrong or has been deficient in their duties on dealing with the District. Throughout the time we've been doing Tern Bay, and just reading, and in our prior history with the District, when you have a district this large, and your maintenance and operations for the current year were around \$15,000, typically what we've seen is when someone comes in to get the District ready or say you have a new developer come in, there would be some amount of money spent to, again, address storm water issues or lift stations or clean drains, and that type thing.

Mr. Dady stated sure, but that sounds like housecleaning, versus a description that you seem to be leaning towards of some failure. I just want to be sure that the record is clear that if there is a depreciation taken in the future, it's on that general maintenance component that, to the best of this Board's knowledge, there has been no failure of storm water facilities or roadways that have been completed.

Mr. Riggs stated that's great to know. It's part of the process here is discuss it, because no charge has been taken. I have not even addressed this with Jim. Again, if anything happens, it's going to be your call as a board to say: hey, look, we may want to look

at this issue. I think it's a valuable exercise just to kind of talk about it to see whether there are some issues with the District. If there are not any issues with the infrastructure that has been constructed, then there would be no charge taken.

Ms. Montgomery stated I mean depreciation of assets is sort of a normal thing of normal of wear and tear sort of thing, and then there is the major depreciation based on damage. I mean are you recommending one or the other?

Mr. Riggs stated I'm sorry, was the question am I recommending taking a one-time hit versus regular depreciation, was that the question?

Mr. Ward stated pretty much. Yes, sir, that was the question.

Mr. Riggs asked Jim, was that the question?

Mr. Ward stated that was the question, yes, sir.

Mr. Riggs stated yes. Those are two separate issues. Again, we will start the regular depreciation, and that's normal process. The other item of the current period charge is something that's outside of the ordinary course of business, whether you're still constructing assets, or whether you're depreciating them. Whether you take the current period charge is out of that process. Really, for this purpose, I'm just discussing it to kind of gauge your thoughts on the issue, and whether you did think there may be some degradation of the infrastructure. Again, from what I'm hearing so far, is not really. We may have some common repairs and maintenance items, but as far as the infrastructure goes, that it's intact and pretty solid.

Mr. Ward stated just for the Board's information, when I assumed the role as your Manage of this District, clearly the first issue from a financial perspective that I looked at as it relates to this audit, was the impairment of the assets. There is a relatively stringent standard of how you go about doing that, and how to do the breakdown, etc. I made the determination a few years ago, as it relates to the audit, that we did not need to take any impairment charge against these audited financial statements at the time, simply because of what we were doing. We were maintaining the assets, we were spending the money to keep them up. Bill was doing a great job in terms of insuring that across the plethora of all of the assets that the District owns and maintains.

I didn't really see that as a major issue then, and I still don't see that as a major issue today. At some point, probably when we get closer to having another developer, then

somebody is going to have to through an engineering analysis and determine what those assets' values are. At that point, there may be a write down, but there was clearly no reason to spend those kind of dollars at that point in time, or even today to decide that. As to the depreciation issue, the primary reason that I really never, as the Manager, pursued that issue at the moment is simply because some of these assets, like the water and sewer facilities, for example, will eventually be turned over to the County. There was really no need to start depreciating an asset that I knew, at some point, would be turned over to another agency, and would have to come off our books anyway.

Ms. Montgomery stated and before we do that, we'll have to have the inspection, and they'll have to do whatever the review the viewer sewer and all that kind of stuff we have to do.

Mr. Ward stated there was just a lot of other things out there. The other issue is, quite frankly, the asset records probably need to be gone through, and we have to have a larger determination of how we're going to depreciate, what we're going to depreciate, when it was built, all of those other things. In a district like this that was in such a dire financial straight, there was really no reason to spend the money to do all of that. I'm sure that will happen in the next year or so, but it's just something that we will, that certainly as the Manager, that I know needs to be done at some point in the future.

Ms. Montgomery asked but we're not there yet?

Mr. Ward stated we're not even close to there yet. I think as far as the impairment issue is concerned, Bill has done, I think, a phenomenal job in keeping this project up, and the assets are in good shape at the moment. I really don't see any issues. As your Manager, I can tell you when I took over as the manager, that was something I took at, was the first thing when you've got \$45 million worth of assets out there, it's like what do these things look like; so it's in good shape, so I think we're fine for the moment.

Mr. Riggs stated and Jim, correct me if I'm wrong. When you originally took it over, there were some issues, and I think you were working to correct that that first and second year you were there?

Mr. Ward stated I think Bill has done, yes, just to reiterate, I think Bill has done a great job. We work closely to ensure the project is in good shape, and I think if you look at

what it was then to what it is today, it's in better shape today than it was then. I think that's a relatively reasonable analysis of that problem.

Mr. Riggs stated if we were work through the rest of the notes, note five on page 21, it's page 21 and 22, goes over your bonds payable, and all that does is give you additional detail into the type of bonds, when they were issued, the terms, and then it also, on page 22, we give you the breakdown of the long-term debt service schedule. Again, with there not being a whole lot happening right now, with that in terms of being paid, as everything has come due, they keep getting accrued every year. On page 23, note seven, we already talked about inter fund balances. On Note nine, we have a concentration footnote, and basically all this is trying to tell the reader is: hey, look, we had problems with the developer, and because so much dependency was on that developer, there was a high concentration of risk with them. Again, in more standard. Explicit language, trying to go through that, and that honestly has not changed in quite a while.

Mr. Card stated I would just note that this is as of September. Of course, District Attorney will be going over -- in December we had quite a significant change. Your statement that the properties is owned by various entities has been solved, and so I would imagine there could be some foreshadowing of that during this audit of 2014 as the action occurred. Virtually a month and a half after the audit was closed, we had a consolidation of property ownership into a special purpose entity.

Ms. Montgomery asked so are you suggesting that you don't agree with the next census, more importantly, the lack of involvement by the developer and current landowners of the properties has had an adverse impact on the District's operation?

Mr. Dady stated no, I think that is accurate. I was talking about the developer's abandoned it, and the majority of the property is now owned by various entities. The District is underway with a foreclosure action to consolidate ownership, something like that. It was a major legal cost of the District, and a major procedure that was successful.

Mr. Card stated the end of note nine, the last sentence, "notice of sale has been scheduled for December 22nd, 2014." which was after the audit period, but when they reached out to me for a final confirmation, I said -- it said, yes, we've got sale scheduled now, so he did include that information.

Mr. Riggs stated in all of the facts and circumstances at the time we issued the audit report on December 11th. Because some of those things are not happening, they didn't make it a subsequent event footnote, and those will be, again, in the following year, specifically details of how you can see exactly what happened during that period. On page 24, we have our contingency footnote, and we were just giving some of the facts and circumstances around the Ryan Golf Corporation litigation issue. Again, it's very similar to the one that had been there over the last few years.

Then this is a little bit of limited use, but on page 25, we have our budget to actual comparison schedule. Again, because we don't have that collectability of assessment function, the assessments, obviously, look very off, but they're not. In expenditures, normally you budget for your revenue based on your expenditures, and the District did a pretty good job of keeping things below your actual budget on the expenditure side, but, again, the revenue side is eschewed, because of the lack of collectability. Pages 26 and 27, we are required to issue really three additional reports. On 26 and 27, this is our report on internal control. Everything was fine in terms of internal control. We found no problem with Jim's carrying system. On page 27, we're also required to say: look, are there any other compliance matters that the District is dealing with?

Again, this regurgitating from 2009 when we first issued this comment, that the District has had financial difficulties, and has not made their debt service payments. Page 28 through 30. The State of Florida and the AG require us to issue this report, and it's based on various statute and Florida Administrative Code, and there are very specific things they want us to look at, so this is actually their form letter, and we go in and fill in, whether there's anything there that we should discuss. Again, under the financial condition portion on page 29, we've already talked about it. They want certain language in their reports, they can go look at their report, read it, and get whatever information may want out of it.

Again, it juts discusses the operations of the District. The last page on page 31, this is a new report for governments this year, and we're required to discuss whether you are in compliance with Florida Statutes in terms of your adherence to the investment policies, and whether you're investing in investments that are allowed by Statue, and everything is fine here. There's nothing in there that we need to go about because you were doing everything

perfect. With that, I'll turn it back over to you all to see if there are any additional questions or comments.

Mr. Ward asked any other questions from the Board?

Ms. Montgomery asked did counsel or management have any comments on this?

Mr. Ward stated I obviously don't have any comments, since I was integral in the process for the process for the preparation of these audited financial statements, so any questions I had have been addressed.

Mr. Dady stated as well, I read the draft of the statement and made a couple comments, and they have been addressed.

Mr. Dady stated my only comment is, again, the general tone of the report seems to talk about a material adverse effect of the District operations, and I supposed from a financial point of view, that's obviously true. When I think of operations, I think of operations and maintenance, that the District is functioning and we're doing our job, which, as you noted, everything is on par in terms of procedures and so forth. I supposed it's just an element of style that I'm complaining about.

Mr. Wards stated it's an audit.

Mr. Dady stated it's an audit, right.

Mr. Riggs stated really in the audit, there's so much emphasis on the financial condition, and this is pretty similar comments across nearly all government districts dealing with this issue. Because we're not really catch what's going into the accuracy of the operations and the daily keeping the District going type of thing, and really just try to key in on, through no fault of your own, you haven't been able to make the debt service payments, and that doesn't say anything bad about management or the Board, it just is part of the process with this District.

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

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| On MOTION made by Mr. Brylanski and seconded by Mr. Card, with all in favor, the Audited Financial Statements for the Fiscal Year ended September 30, 2014, were accepted. |
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FOURTH ORDER OF BUSINESS

Consideration of requests for proposals from auditing firms to perform the audits for the District for the upcoming year ended of September 30, 2014 through September 30, 2017, a five (5) year audit period.

Ms. Montgomery stated I noticed that they didn't submit, so I'm curious about that.

Mr. Dady stated that's why I was giving him a hard time.

Mr. Ward asked is that why you were giving him a hard time?

Mr. Dady stated yes.

Mr. Ward stated ok

Mr. Dady stated you've got two guys. It's like he leaves us with a goodbye letter that's less than flattering, and we all know the state of the District is without a developer.

Mr. Brylanski stated he was talking like he was getting ready for the next audit.

Mr. Dady stated "Yes, don't worry. I'll clear it up next time."

Mr. Brylanski stated and there won't be one.

Mr. Dady asked what was his reasoning for not submitting?

Mr. Ward stated actually he didn't respond to my email that asked why he didn't submit, so I really don't know why he didn't submit. It could have been, and I gave auditors two weeks to do the response. One of them told me that it was just too short of a period of time; one has told me before a month and a half is too short a period of time.

Ms. Montgomery stated it's a lot of fluff stuff in the beginning, both of these.

Mr. Ward stated this is all can't materials.

Ms. Montgomery stated that is what it looked like to me, which is why I asked you, initially, since it all looked like something, I could look at five of them that they gave to other people, and they'd look the same.

Mr. Ward stated it would be exactly -- can absolutely assure these are --

A male speaker asked at what places do you go look to find out what's unique?

Mr. Ward stated yes, they're all exactly the same, every audit RFP that I've done in the last couple of years, this is whatever they submit.

Ms. Montgomery stated I felt really stupid looking at them, because it's like, okay, this is going to look like ten others, so I don't know how to evaluate it.

Mr. Ward stated right.

Ms. Montgomery stated so I'm looking for help from you guys.

Mr. Ward stated my personal opinion is I was disappointed that Carl Riggs did not submit, because Steven is actually a good auditor, very thorough, understands these districts that have these kind of financial problems that we have ongoing . If you look at the other two, Stroemer has no experience in this realm. The Grau auditors, although I've worked with them for 30 years, they're just difficult people to work with. I tend to like this firm and another firm that did not submit.

Ms. Montgomery stated I wasn't that thrilled about Grau, just given their fluff stuff, so here's a question. Do we do another RFP, or do we have to pick one right now?

Mr. Ward stated we don't have to pick one right now. The audit is for the period ending 9/30/15, so we have a few more months. We have until in October before I normally start bids.

Ms. Montgomery stated unless you're going to tell me you like one of these and you're okay.

Mr. Ward stated I'm not telling you that. As I thought about it, I would like you to reject them and let's rebid this process, and I'll give them more time and see what we can do at this point.

Mr. Brylanski asked do we have to bid this process? The amount is only \$6.000 we're talking about.

Mr. Ward stated yes, unfortunately, this is the Auditors Full Employment Act. Just like the CCNA.

Ms. Montgomery stated yes, for engineers 287, you have to.

Mr. Brylanski stated there's thresholds dollar amounts; I wasn't sure if it includes this as well.

Mr. Ward stated there isn't in this.

Ms. Montgomery stated yes, the level one, two and three things in the statute.

Mr. Brylanski stated you have services or construction amounts.

Ms. Montgomery stated yes, but they have levels in the statute.

Mr. Ward stated right, there is no level for an auditor.

Mr. Clark stated this has got its own process, and governments have to follow it, but we can reject these and go back out.

Mr. Brylanski asked so Carl Riggs was selected in a formal process before by the Board?

Mr. Ward stated yes, they were here when I got here, when I was on the Board, so they've been here for quite some time. As I said, Steven has done audits for some of my other clients before, and I think on a District like this, he really does, even though Mike made sure he answered the questions correctly, he does do a good job with these audit.

Mr. Brylanski stated and just one more question. Then there's no alternative, being that they were selected before, did theirs expire in 2014?

Mr. Ward stated yes, it expired at the end of the 2014 audit, and we did extend that one time a few years ago.

Mr. Brylanski stated that was my question, so we don't have an option of extending if we wanted to?

Mr. Ward stated I don't think we do at this point. I think if we did, and the Auditor General (AG) does ask us sometimes, "Have you gone through this process, and show me the documents." I think they've been here for more than six years at this point.

Mr. Dady stated I tell you I like Neale's suggestion, because this group is not qualified; Grau certainly is qualified, they've been doing this forever, and I've used them in dozens of districts, but that's only one proposal. I think you need more than one.

Mr. Ward stated that's why I said I'm comfortable with rejecting all of the bids and rebidding.

Ms. Montgomery stated I'm going to make a motion to reject the bids and put it out for another RFP, and give people more time, whatever time you think is reasonable and appropriate to get a broader response.

Mr. Dady stated I'll second that, and make the comment that you personally reach out to Carr, who you say has done a good job, and he didn't take umbrage at me needing him.

Mr. Ward stated I don't think he takes any of this personally. I've known him for a long time.

On MOTION made by Ms. Montgomery and seconded by Mr. Dady, with all in favor, the requests for proposals from auditing firms to perform the audits for the District for the upcoming year ended of September 30, 2014 through September 30, 2017, a five (5) year audit period were rejected.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2015-3, approving the proposed budget for Fiscal Year 2016 and setting a public hearing for Tuesday, September 8, 2015, at 9:00 a.m. at the offices of .Berntsson, Ittersagen, Gunderson & Wideikis, LLP, 18401 Murdock Circle, Suite C, Port Charlotte, Florida 33948.

Mr. Ward stated what I'm going to do is just take some time and go through the budget with you. At the end of the process, when we're done discussing it, I'll ask you for a motion to approve the budget for purposes of setting the public hearing. Just in a way of some background, the approval of the budget doesn't bind you to any of the cost that are included in the budget, any of the programs contained therein, and it merely starts the process, such that, by September, you will be asked to adopt the budget and set in place the assessment rates for Fiscal Year (FY) 2016.

Ms. Montgomery asked so if the audit turns out to be more expensive, then we can make that adjustment?

Mr. Ward stated yes. The two pages that I just handed out to you, it's the summary of the General Fund of the budget for FY 2016. If you look on page three of that budget, your total budget for 2016 is \$1.614,535. It was \$535,308 in the current year. The major change to this budget is in the second page at the top, which is called the special purpose entity, and that is the entity that the District has established in order to take the ownership of the foreclosed land, and then an estimate of the cost that's necessary to proceed with that SPE for the next year. Most of the cost that are included in there are relatively reasonable and not particularly difficult to deal with. Other than the one issue in there, which is related to the property taxes that are now owned by the SPE, they own all the foreclosed land.

The spreadsheet that I just handed to you, Scott was kind enough to prepare for us. For purposes of the budget, I used \$1 million in back taxes that are due on all of the properties, but if you look on this spreadsheet, that number is roughly \$2,353,000 in total back taxes, most of which is related to the Tract "C", 797 acres worth of the development. Whatever number we put in here for purposes of the budget is simply a number with respect to these taxes. One of the important things to remember as we go through this budget is the District would not be able to pay the \$2.3 million in taxes on this property without extinguishing every single dollar that we have left in the bank in order to do this. At some point during the year next year or the following year, the District will have to evaluate which taxes need to be paid and why they need to be paid and, hopefully, come up with a financial plan with respect to that. I don't think that will happen between now and September this year. I'll let Scott chime in on that.

Mr. Clark stated yes, let me say a couple things. There are some missing lines on the chart. We started this project probably more than three weeks ago to try to get an updated number on taxes. There were about 51 of the platted lots that the Tax Collector's site said, "No information available, please call." We called and they said we can't give that to you over the phone. I've hired a title company locally to try to complete the chart and get the District some information. There are platted lots, and they generally fall within the parameters of the other platted lots, which are between about \$1,000 on the low end, and \$2,300, \$2,400 on the high end, just depending on how many years.

One of the difficulties with the platted lots is that Tarpon IV, you recall, had tax deeds to all of the platted lots that we foreclosed upon, about 200 on one of them in 2010, and then we subsequently foreclosed, and they quit paying taxes. They were subsequent tax deeds on some of the ones that they bought, and we've now foreclosed on all of that, and there is going to be a bit of a mess to be cleaned up on that. I've already received some belligerent emails from a couple of people saying, "Why is Tern Bay CDD Acquisitions listed as owning title to mine?" and we explained that, and we'll see how they accept that. We'll have to clean up some of those things, and we'll have to clean up the taxes.

There are some of the taxes on here that we plan to dispute and have some conversations, and we'll be going further in the process to do that. I can't really say much more than that right now. Probably at the September meeting when we talk about taxes and

talk about the figure, I'll have better numbers, and I'll elaborate more on what we think is outstanding.

Ms. Montgomery stated well on page two, there's a Ryan Golf judgment, and I thought the judgment was more than that. I know it's on appeal, but.

Mr. Clark stated the appeal has been ended, the judgment was reversed and reduced, and that is the number with interest added on it. It's not been reduced to another judgment, because Ryan Golf hasn't really pushed the issue back to the lower court. That's the number that we think will be within a few thousand dollars of the numbers. Here's the reason it's in the budget. Part of the appeal and the opinions in my lengthy package, which I apologize for. There were two issues that we prevailed on in the appeal. One is the amount of the judgment, which was reduced from five something to one something.

The other is that Judge Foster entered a judgment, saying that they could execute on the District assets, and our statute says that they can't, although that proposition has never been tested, and the District Court agreed and said, no, they can't levy on the assets. What they can and will do is go to the judge and ask for a writ of mandamus, which is an order telling this Board to budget for, collect, and pay the taxes. Since they've been slow going back to court, I thought of not doing it till next year, but I think a better position for us when they get around to going before the judge, is to say, "Judge, we've done the responsible thing, we've put it in our budget. Can't help it if it doesn't get paid, but there it is."

Mr. Ward stated I want to talk in broad, broad strokes with respect to this General Fund. At the end of this year, we will have approximately \$1,755,000 in cash left in any of the bank accounts that the District has, so that's all that will be remaining to cover this District through whatever period of time it is. As you can see, when you look at the half a million dollars a year expenditures, that gives you a few more years out, but now that we have the taxes issue to deal with, we have the judgment of Ryan Golf to deal with. We have the costs related to getting the property ready for development again. That's not a lot of money left in the bank account.

It would be prudent and wise that we pay attention to that over time during the coming year, in order to ensure that we have some money left to deal with this issue. I think it will be most important for Mike, as he represents (unintelligible 46:26), as they move forward with respect this project. The balance of the cost with respect to this General Fund,

if you go through them, I'll pass it over to go through them, we've reduced those relatively significantly from last year to this year. Mostly, it relates to just the fact of two things: one is some of these cost more, being incurred, and secondarily, that we now need to be much more cognizant of the amount of money that's left in the bank, and try to ensure that we save money anywhere we possibly can.

You'll see line items that have changed during the year in this budget that have been decreased to deal with those kind of changes. That's really it with respect to the General Fund. The Debt Service Funds that are contained in this budget haven't changed for years. They're basically all the same. We collect a certain amount of money from residents on a yearly basis, and that number is approximately \$92,000 a year. That goes in. We obviously do not pay the principle and interest that is basically used to fund the General Fund operations of the District. That's how the bondholder has wanted us do that. The balance of the assessments, which are shown in here, which we call off roll, which are \$2.1 million. In my discussions with Scott, we decided to include them in this budget, and we will levy it against the CDD lands. Obviously, it's not going to be paid for next year either.

That's in sum and substance the budget. As I said, it's not really a huge change in terms of how it's presented to you. The SPE, the back taxes, the Ryan litigation has just caused us to take calls, and make sure that we take a look at this on a going forward basis, based on cash availability.

Ms. Montgomery asked under Other General Government Services, under the NOPC fees, we have nothing, but we still, under Special Purpose Entities, have, I think, NOPC fees. Environmental consultant, NOPC planning, transportation, consulting, and land use. Which are fine if we're going to do something next year. Are we going to do something next year?

Mr. Ward stated there were two intents. One is to move them out of the District and to put them into the cost centers for the SPEs, so that is why they are there. Yes, there is an intent that we get insurance for the SPE, that we have the necessary consultant budgets available to us to move forward in the event that we need to do anything. I don't think the District has made, at least from staff perspective, made a determination yet as to whether or not to do it.

Ms. Montgomery stated the reason why I asked is because when we last looked at this, based on the traffic analysis at that time, that was going to result in us having to write

significant million dollar check for transportation. As a matter of fact, we don't really have any money. Are we really going to embark on that?

Mr. Dady stated I think if I could respond to that, that the plan is to reformat that previously submitted NOPC with an eye towards a reduction of that, and to do something.

Ms. Montgomery asked and by reducing the number of units or something or a different mix of use?

Mr. Dady stated there are only a limited levers that you can pull. That is the correct, that is the conversation that's taking place between the bondholder and the SPE as to what mechanisms can be looked at for that change to be successful.

Mr. Brylanski asked what happens on that day when the funds are gone, we're exceeding the budget, sometime in the not too distant future? What are the options then other than selling land or assets for the SPE or whatever?

Mr. Clark stated I think when we get to that point, and I'm sure the bondholders hope that we don't get to that point, that there is a sale of the property or some plan that's implemented before that. When we get to that point, then I think we, as the District, will look at the bondholder and say, "Okay, you have to figure out how to fund us, or we're going to need to do something ourselves to accelerate this process."

Mr. Brylanski stated that's the only logical conclusion, have the bondholder fund us or find funds.

Mr. Clarke stated I think they're well aware of the ticking of the clock, and I'm sure they're extremely interested in not writing checks from separate funds for this, and that's going to play into the decision that they make about the reformatting and marketing of the property.

Mr. Ward stated I have no additional comments with respect to your proposed budget. The assessment rates are not particularly inconsistent with what we've done in the past, if you'll look at the very last page of this budget, just page 14, the assessment rate is \$174 per unit per year. The foreclosed units is an additional \$706.07, because of the cost with respect to the SPE, so the total works out to be \$880 per unit per year. If you look to the far right, you'll see the assessment roll of that \$1.6 million in total budget, only \$12,000 of it comes from existing residential base, existing units that are not within the constraints of

the foreclosure. This budget is really simply funded by the bondholders for purposes of this budget.

Any questions from the Board?

Mr. Dady stated my comments are primarily as we look towards the community and the District moving forward in a positive manner. Legal steps have been taken to consolidate ownership. SPE now controls that property, and now regulatory and management steps are going forward to ensure that the project is viable, so the cost cutting that you've laid to bare on some of the individual items are thoughtful, and I think of an appropriate level. My only concern on the budget is the potential for co-mingling the SPE future development costs, as you noted, being funded by bondholders with the limited number of residents that are existing and their assessment level.

As you budget, you really have two income streams, and two maintenance projects now. You have the maintenance of the master infrastructure of the District with the existing development on the ground, and then you have the future areas that are primarily SPE owned. It may be appropriate to fully separate the SPE budget, typically from a management technique, the decisions that are greatly affecting the District, such as million dollar plus payment of taxes are ones that the bondholder makes, in conjunction with District Counsel, of course. Those large financial decisions are structured with the management company and will be doing so in preparing a budget for the trustee on behalf of the management company. It's still a District-owned entity and, as such, has to fit within the context, and we don't want to interfere with your maintenance and operations program, but there are some specific costs.

For a holding pattern, this is fine to plug in some costs that are close in a general aspect, but some of these specific fees are quite a business decision, and perhaps best left to that relationship that I just described.

Ms. Montgomery stated I'm having a blind moment. What do you really want?

Mr. Dady stated with the SPE budget out, and I'm going to submit, on behalf of the management company of the SPE, a separate budget that will go to the SPE. It's not a District General Fund budget any longer.

Ms. Montgomery stated well, I like that, so the District doesn't have pay for it? Somebody else pays for it?

Mr. Dady stated it's six of one and half a dozen of the other.

Ms. Montgomery stated I know.

Mr. Dady stated, as I've just explained, the bondholders are funding the District, it's just the SPE goal is to see a white knight come in, and we are marketing the property, and the entitlement effort is to see it sold. The payment and the taxes and the litigation that go towards that is a business decision. What you've been doing aptly as a board on which is the best application of those funds, but now we're at some very big numbers, and some very big decisions, so that's my comment.

Ms. Montgomery asked what do you guys think about that?

Mr. Ward stated from the Manager's perspective, I don't care. At the end of the day, the bondholders are paying for it. Taking it out or just completely removing it, that's sufficient to do that, that's fine. It does change the assessment levels; it will reduce them. If you look at the SPE, you'll see on the far right column that I've got budget items charged to foreclosure units only, and you'll see that that's all the SPE numbers. If we remove it in its entirety, what it's going to do is just change that assessment level on the foreclosure units, and get rid most of the cost that are included there anyway.

Mr. Clark stated it leaves everybody else the same.

Mr. Ward stated yes, it's not going to change everybody else, because it's not included in their assessment levels. The only question will be, Scott, as to the Ryan Golf judgment, that's in the SPE, and only charged to the foreclosed units.

Mr. Dady stated and that was my one comment. I felt that that, since it was a macro legacy, it should probably remain in the general budget. Again, it's six of one, half dozen of another.

Mr. Clark stated it is a general item that relates to all property that, if it's put in the general budget, it has a small implication for each property. You have to run it through the methodology and figure that out. The 109 plus interest literally represents a change order that the Board, at the time, approved and then withdrew approval from Ryan Golf, which was some additional irrigation system features that they did not build before they closed the contract. Then they said, "Oops, we missed this." The District at the time, said, "I'm sorry, you closed the contract and you released us." The court found a waiver, I think,

(unintelligible 59:04), but they said, "Well, you kind of approved it, so why don't you go ahead and pay it."

Mr. Ward stated the impact of that is \$164,000, which turns out to be \$175,000; with the discounts, collections over 1,900 units is \$92 a unit more.

Mr. Brylanski asked so, Mike, you making a recommendation to pass the budget with that change or what are you doing here?

Mr. Dady stated yes, that would be my recommendation, that with the changes I described, the budget is, I think, in concert with the level of service that the community needs. I certainly want to keep that good job that has been occurring out there. I'm not suggesting any major change, just some belt tightening.

Mr. Brylanski stated well, since we have that tri-party agreement coming up that basically gives Michael and his bond advisors the power to work on this SPE, it doesn't seem like it's that big of a deal moving the financials from one obligation to another.

Mr. Clark stated it's just an accounting function that I would defer to Jim, because he has to keep track of the numbers.

Mr. Ward stated much easier not to keep track of it.

Mr. Clark stated if you're satisfied with that, then it's fine with me.

Mr. Brylanski stated I'll second the motion to pass that. I looked through the budget and I thought everything seemed reasonable. I'm glad that there was cost cutting measures all across the board. Bill and Matt did a good job on taking a look at their items.

Mr. Dady stated in actuality, I apologize. I made the motion, but perhaps this is a matter where it would be better for someone else to make the motion or not.

Mr. Ward stated you're on the Board.

Mr. Clark stated you're sitting here as a board member and, while you're employed with the manager of the SPE, you're not spending your money, you're spending the bondholder's money, so I don't believe that you have a conflict when you were making a motion or voting.

Mr. Dady stated well I renew my motion. This is the procedure that we operate under in about a dozen districts throughout Florida, where we are the SPE manager, and we prepare the budget and submit it to the trustee and work with the bondholders on those levels of spending. Having reviewed this budget, I think it's appropriate.

Mr. Ward asked any audience comments on the proposed budget. Mr. Karlen?

Mr. Karlen stated yes, because I'm unaware of the intricacies of what you're discussing, you guys all talk about it from a standpoint of a knowledge base, and I don't have that. In separating this SPE from whatever is left, does that in any way cause the owners of the properties, basically the Lennar properties and the few of us individual owners to have to take on specific costs of things that might have generally fall underneath the broader umbrella? Suddenly they're on our backs take on, and we, as five, individual homeowners and Lennar with 40 or 50 homes, really can't afford.

Mr. Ward stated in my personal opinion, the answer is no. If you just look at this budget, \$536,000 is your current budget that you have for operations; 95 percent of that is paid by the bondholders. The five home owners and Lennar pick up roughly \$11,000 or \$12,000 of that total, and that has been true since 2007, so removing this doesn't adversely affect you in any way, shape or form. The bondholders are continuing to pay.

Mr. Clark stated it actually does the opposite. It would not be right. There are taxes to be paid on the foreclosed properties, it would not be right or morally or legally to ask you to share in that expense, because you're paying the taxes on your properties. Land use changes and things like that, you don't need a land use change for your lot, so those are expenses that should go on those properties. Totally appropriate.

Mr. Karlen stated thank you.

Mr. Ward asked any other questions?

On MOTION made by Mr. Dady and seconded by Mr. Brylanski, with all in favor, Resolution 2015-32 was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

- A. District Attorney
- I. Ryan Golf Litigation
- II. Foreclosure
- III. Other

Mr. Clark stated I have a lengthy report, and I put in a PDF and sent it to all of you, and I'm sure that you've read every page of it, and you're full of questions and information.

I'll try to not repeat it all, but go through the items. As we mentioned, we did foreclose the O&M assessments. The capital assessments on the SPE properties remain outstanding, and that's done strategically at the direction of the bondholder, because those assessments could be useful to a potential buyer to come in and assume those, so they're out there. They can either be assumed in the future or directed. We can go back and complete the foreclosure and do those, but now the SPE owns everything, except for a few individual properties that were sold at the outset, and that's where we needed to be. That's the first step in trying to get our arms around the development and figure out how to make it what it needs to be, and to market it, and to have it renew itself.

I'll do it order. There are some things that arise from that, which are in section number there here, but we talked about the Ryan Golf litigation, and I think I explained in the comments on the budge what had happened. I was pleased with it, I wanted a zero number, but after oral argument didn't really expect a zero number, but the mid hundreds number was a good result, since we started at \$2.3 million.

Mr. Dady stated I thought that was a good job.

Mr. Clark stated the taking of the property, Tern Bay Acquisitions, triggers a number of things, and many of these things we did already, we approved already in June of 2010. I didn't really remember it very well, so I assumed that you wouldn't either. For that reason, included a lengthy section of the minutes from the June 30, 2010, meeting. At that meeting, we approved of the assignment of the foreclosure judgment to the SPE, Tern Bay CDD Acquisitions, LLC. We approved the form of the operating agreement, we approved the form of the tri-party agreement that had been vetted by the bondholders at that time, so I've included that.

The operating agreement and the tri-party agreement have been updated in very minor fashion. They're, in essence, the same document that we approved accepting the effective day of the tri-party agreement is not the date the SPE took title, which is January 13th of this year. The bondholder has requested that the SPE, that Lerner Real Estate Advisors, LLC, act as the manager. That's a structure that they've used in other districts and they're happy with and familiar with. Our initial SPE model had Matt Morris as the manager. Matt has executed a resignation, and so I'm asking that the Board approve of the appointment of Lerner Real Estate Advisors, LLC, as the manager of the SPE, as reflected in

the new operating agreement. Then I'm asking that the Board ratify in the updated form what I call Exhibits "5" and "6" to my memo, which are the operating agreement and the tri-party agreement.

Those are just to tidy the records and make sure that everything is legally official. I would ask the Board to take those actions today.

Mr. Ward asked is there a motion?

Mr. Brylanski stated well, I approve the provisions to the tri-party agreement that was drafted originally that changes Matt to Lerner Real Estate Advisors, LLC, as manager of the SPE, so I'll make that motion on that agreement.

Mr. Clark stated we'll take them one at a time. This is really a ratification tri-party agreement.

Mr. Brylanski stated with the changes that Scott presented.

On MOTION made by Mr. Brylanski and seconded by Mr. Card, with all in favor, the ratification of the Tri-party with the above changes noted by Mr. Clark was approved.

Mr. Clark stated we'll take secondly a ratification of the operating agreement in the form presented

Mr. Brylanski asked was that in the meeting minutes that we talked about that or where was that?

Mr. Clark stated in the June 30, 2010, in the minutes we did a bunch of things, one was the approval of the tri-party agreement, one was the approval of the form of operating agreement, and one was the approval of the judgment rights being assigned to the SPE.

Mr. Brylanski asked so what are we looking at now, Scott?

Mr. Clark stated the operating agreement simply changes the management structure from Matt Morris as manager to Lerner Real Estate Advisors, LLC, as manager.

Mr. Brylanski asked that's separate from the tri-party agreement?

Mr. Clark stated separate from the tri-party agreement, yes.

Mr. Brylanski asked what's the distinction between the two, because it seems like it's the same thing?

Mr. Clark stated the operating agreement is the legal document that's essential to the bylaws of a limited liability company. In a corporation you have bylaws. The operating agreement is the management structure that says who's got authority to act, essentially, the bylaws of the LLC.

Mr. Brylanski stated okay. Well, I didn't have any problems with the tri-party agreement, and I don't have any problems with the operating agreement as well as the changes taking Matt out of that or his resignation, and adding Michael and his LLC to the operating agreement.

Mr. Clark stated it sounds like a motion.

Mr. Brylanski stated I'll make that motion with Scott's changes.

Ms. Montgomery asked can you vote on that or no? I know I shouldn't ask that question for you.

Mr. Clark stated I've had this question with Lerner before in another district, and the position I've taken is that they are operating in a fiduciary capacity. They don't have a personal financial stake in the funds.

Ms. Montgomery stated so if he votes, we won't get overturned later, okay. I'll second it.

Mr. Clark stated you can abstain if you're uncomfortable with that. I'm just telling you what I think about it. If you do that, then you get to do a voting conflict memo.

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| On MOTION made by Mr. Brylanski and seconded by Mr. Montgomery, with all in favor, the Operating Agreement was ratified with the changes noted by Mr. Clark. |
|--|

Mr. Clark stated I am going to assume that the approval of the revised operating agreement includes the approval of the appointment of the manager, which is a separate document. I need to have that signed separately today, just to keep the entities records in good shape, but I think that's been approved as well.

Ms. Montgomery asked was that your intent in your motion?

Mr. Brylanski stated yes, absolutely.

Mr. Ward stated he did actually approve that in his motion.

Mr. Clark asked he did?

Mr. Ward stated yes.

Mr. Clark stated the last item I had and Mike talked about a little bit would be some tasks which the SPE asked me to be engaged in. We also talked about these extensively on June the 30th, but there's a lot of cleanup that needs to be done. If you recall, we didn't get an easement for the roadway when the land was platted, we didn't get the easements for storm water areas, and things like that. A great deal of work was done around 2010/2011 to try to identify where easements needed to be created. There are documents which have been drafted which Mike and I and the professional staff will be reviewing to go through the process of trying to get things fixed from a legal standpoint, so the property could be marketed without someone raising a lot issues that don't need to be raised, so that process will be ongoing.

The other thing, and I'm going to ask Mike to weigh in on this, is that I believe that some of the contracts that the CDD has with professionals need to be assigned to the SPE, and I know the FTE traffic is one of those. I suspect that the land use attorney's engagement is one of those. Matt Morris, the engineer, will probably be doing some work for the SPE, but he is still our District Engineer, so it would not be appropriate to assign his contract. The SPE should contract separately. Mike, would you agree that those are the two.

Mr. Dady stated I do agree, and that goes to my opening remarks that the audience mentioned as well, of trying to keep separate the go forward, undeveloped property of the SPE and the existing development to the project. Those consultants associated with the work at the go forward undeveloped property with the SPE should be assigned to the SPE. I understand, in talking to the consultants, that they were entered into originally with the District some time ago during the original effort for the NOPC, and most of those fees have been utilized. The remainder of those contracts we'll ask that they null and void, and start afresh with new contracts, or they can be assigned, whichever is less paperwork for Jim.

Mr. Clark asked what do you prefer, because the action, I either need to do an assignment or have the Board take action to terminate contracts.

Mr. Ward stated I agree with Mike, I think the contracts can sit there, it doesn't matter; they've done the work pursuant to the terms of the contract, so the contract has effectively ended.

Mr. Dady stated there's such a residual amount that, perhaps, an assignment would be fine, that way a change order is done with the new entity, and we keep a consistent engagement, for lack of a better word.

Mr. Clark stated then a motion would be in order for the District to assign its rights, under the FTE traffic contract and Rob Berntsson's, the Big W contract, we'll call it.

On MOTION made by Ms. Montgomery and seconded by Mr. Brylanski, with all in favor, the reassignment of contracts as discussed above was approved.

Mr. Brylanski stated I do have a question on cleaning up all the easements and all the dedications that were done properly. Since the SPE is basically the CDD's land, I mean all these lands are under the control of the CDD, do you really have to spend the effort of trying to clean that stuff up if there's new costs involved? I understand that a lot of that stuff was already done and sitting on the shelf with dust on it, that it might be easy to go and record and fix all these inaccuracies.

Mr. Clark stated the work that's been done will not be wasted. It will be used. There will be more to be done that we don't know yet, because the undeveloped property is probably going to be reformatted as we called it. As we go forward with that, we will need to make sure the District reserves roadway access, to the extent appropriate, storm water areas that are back there in tract C. All that work has not been done yet, because it was inappropriate to spend money on that, knowing that may all change. The work in the existing developed area, the Phase I, if you will, is essentially done; it may need to be tweaked a little bit when Mike and his people look at it, but a lot of it is done. That's all I have.

B. District Engineer

Mr. Morris stated nothing major. We're continuing to get the water use permits issue resolved and anticipate making a resubmittal on that in the next week to week and a half or so to finalize that and get it all finished up with the District to simply renew what we've got. They did have a lot of questions as far as water hasn't been withdrawn from the wells in a number of years; how come we need to keep providing you with the rights to this water,

things like that that we've had to contend with. I think we're getting over that hurdle now, and we'll be making one more resubmittal and getting that permit renewed for us.

Other than that, we're working with Mike and the rest of the group on the undeveloped areas, and we'll continue to do so.

C. District Manager

I. Field Management Report

None

II. Report on the number of registered voters residing in the District.

Mr. Ward stated anything I had for you is the standard report on the number of registered voters in the District. As of April 15, 2015, there are 75. As I say every single year, it becomes significant when you have two thresholds: one is six years from the date of establishment, which you have it, and two is 250 registered voters is when you begin the process to transition the District from a landowner election to a qualified elector-based election. There's no action required of the Board. It will become significant when you hit those two dates. Any questions?

Mr. Brylanski asked has that gone up much?

Mr. Ward stated actually it has. It's gone up a lot in the last couple years, because of the renters that are within the District itself. It used to be like two or four, now it's 79. That's all I have for you.

III. Financial Statements for the period ending March 31, 2015

None

SEVENTH ORDER OF BUSINESS

**Supervisor's Requests and
Audience Comments**

Mr. Ward asked anything from the Board? Any questions from the audience? Yes, Mr. Karlen.

Mr. Karlen stated there was a paper handed out, showing us some new dispersement schedules for, say, Bill's work, trying to cut corners and keep things down a little bit. I don't think we received a copy of that, and I'm wondering if it has to be mailed to us.

Mr. Ward stated I have some extras. I'll give you some more too.

Ms. Montgomery asked do you want this one too?

Mr. Karlen stated yes, that would be great, thank you. You talked about additional easements. Will any of those easements affect current landowners? Will there be an easements put on our properties that we don't already have?

Mr. Clark stated no. The work will benefit you to the extent that it will establish an easement for the road that you come in and out of every day. The easements were areas between ponds, a lot of areas across the golf course, where pipes were put in, that easements were never reserved, so those are the types of things that we're doing.

Mr. Brylanski stated good point. Has there ever been a closing where there has been any objection that they went and looked for access and found that it wasn't contiguous to public right of way?

Mr. Ward stated I don't think there's been any closings. These rules haven't changed in years. The only ownership changes have been, I think we advised you before, is people who have bought property off the internet. They've not gotten title insurance or anything, so, to my knowledge, the issue has never come up.

Mr. Clark stated it probably should have. There was a dedication on the plat to an association that was never formed and never existed. We're going to fix all of that.

Ms. Montgomery asked do we need to vote on that resolution, or are you still going to come back to it later?

Mr. Ward stated the approval of the budget is basically the resolution. I assumed your motion was to approve the resolution.

Ms. Montgomery stated okay. I just thought you said earlier we were going to come back to it, and I said, "Oh, we didn't come back to it."

Mr. Ward stated we were, but we kind of got to it right away.

Ms. Montgomery stated you were just being so efficient, I didn't notice.

Mr. Card stated, Scott, you had mentioned that, I think as of December, a lot of the foreclosure issues have been clarified. Does that mean that now the LLC that owns the title has cleared out, basically, all the few lots, and that Tarpon IV is now out of the picture as far as owning any property back there?

Mr. Clark stated I do not promise that we won't hear from people; I mean there are two levels of people: Tarpon IV and some other people that bought tax deeds, and then we're aware of some number of people, a handful at least, who bought property over the internet from people who had gotten tax deeds, who figured out their tax deeds were worthless. They went on the internet and sold pieces of property for a few thousand dollars. From time to time, the District has received checks from those people, and Jim and I talked about those and decided that we should return them. It's nice to take their money, but that leads them to believe that they have an interest. I've written them letters and said that you need to understand that this is all part of the foreclosure, and your interest will not survive the foreclosure, so we've returned those checks.

Mr. Karlen stated a note on that, someone recently cleared a lot in there that was overgrown, went in there and bush hogged down trees and vegetation.

Mr. Ward stated oh really. Thank you for clearing our lot then. We'll follow it up.

Mr. Karlen stated basically, Tarpon IV is out, except for any legal ramifications that they may bring to the table, because they're out, but the court has said that property all falls under the CDD now.

Mr. Clark stated in my view of the world, all of their interest has been foreclosed out, subject to our foreclosure judgment.

Mr. Ward asked any other questions?

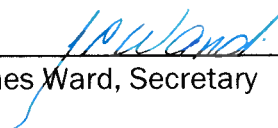
Mr. Karlen stated that's it for me, thank you.

EIGHTH ORDER OF BUSINESS

Adjournment

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

On MOTION by Mr. Dady and seconded by Mr. Brylanski with all in favor, to adjourn the meeting at 11:30 a.m. was approved.



James Ward, Secretary

Neale Montgomery, Chairperson

OATH OR AFFIRMATION OF OFFICE

I, MIKE DADY, a citizen of the State of Florida and of the United States of America, and being an officer of the **Tern Bay 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 **Tern Bay Community Development District**, Charlotte County, Florida.

Signature

Printed Name:

STATE OF FLORIDA

COUNTY OF CHARLOTTE

Sworn to (or affirmed) before me this 14 day of MAY 2014, by MIKE DADY, 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:

