

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

The Regular Meeting of the Board of Supervisors of the Tern Bay Community Development District was held on Tuesday, April 9, 2019 at 10:00 a.m. at the Country Inn and Suites, 24244 Corporate Court, Port Charlotte, Florida 33954.

Present and constituting a quorum:

Russell Smith	Chairperson
Chris Hasty	Vice Chairperson
Anthony Burdett	Assistant Secretary
Grayson Landers	Assistant Secretary

Absent:

David Caldwell	Assistant Secretary
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Also present were:

James P. Ward	District Manager
Jay Gaines (via phone)	

Audience:

All resident's names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

District Manager James P. Ward called the meeting to order at approximately 10:00 a.m. and all members of the Board were present at roll call with the exception of Mr. David Caldwell. Mr. Grayson Landers joined the Meeting at approximately 10:05 a.m.

SECOND ORDER OF BUSINESS

Consideration of Minutes

Consideration of Minutes

Mr. Ward stated the second order of business was consideration of three sets of Minutes.

I. December 11, 2018 Landowner Meeting

Mr. Ward asked the Board to accept the December 11, 2018 Landowner Meeting Minutes for inclusion in the record only.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, the December 11, 2018 Landowner Meeting Minutes were accepted for inclusion in the record.

II. December 11, 2018 Regular Meeting

Mr. Ward asked if there were any additions, corrections or deletions for the December 11, 2018 Regular Meeting Minutes. Hearing none, he called for a motion.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, the December 11, 2018 Regular Meeting Minutes were accepted.

III. Reconsideration of August 14, 2018 Regular Meeting

Mr. Ward stated the August 14, 2018 Regular Meeting Minutes had been corrected. He asked if there were any new additions, corrections or deletions for the August 14, 2018 Regular Meeting Minutes. Hearing none, he called for a motion.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, August 14, 2018 Regular Meeting Minutes were accepted as amended.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2019-3

Consideration of Resolution 2019-3 agreeing to allow Lennar Homes to utilize side lot line easements for the placement of HVAC pads and HVAC units.

Mr. Ward stated Resolution 2019-3 agreed to allow Lennar Homes to utilize side lot line easements for the placement of HVAC pads and HVAC units in the first plat of Tern Bay. He asked the Board to change this to also allow various necessary facilities within the platted area including pavers, paver pads, lots, lot screens, etc. Mr. Russell Smith stated the intention of the Resolution was to grant permission to Lennar for placement of necessary ancillary items in the easements during construction.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, Resolution 2019-3 was adopted as amended and the Chair was authorized to sign.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2019-4

Consideration of Resolution 2019-4 ratifying the action of the chairman to execute the certificate of amendment and restated declaration of covenants.

Mr. Ward indicated Resolution 2019-4 ratified the action of the Chairman to execute the certificate of amendment to the restated declaration Lennar recently completed with respect to Tern Bay. He noted enclosed was a copy of the amended and restated Declaration of Covenants, signed by Mr. Smith.

On MOTION made by Mr. Anthony Burdett, seconded by Mr. Chris Hasty, and with all in favor, Resolution 2019-4 was adopted as above and the Chair was authorized to sign.

FIFTH ORDER OF BUSINESS**Consideration of Resolution 2019-5**

Consideration of Resolution 2019-5 designating the registered agent, registered office and office of record.

Mr. Ward stated Resolution 2019-5 designated the registered agent, registered office and office of record for Tern Bay Community Development District. He explained later in the Agenda changes would be made to the professional staff; therefore, the Resolution was amended to indicate the registered agent was James P. Ward, the office of record was Mr. Ward's office and the registered office was Banks Engineering at 4161 Tamiami Trail, Port Charlotte, FL.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, Resolution 2019-5 was adopted as above and the Chair was authorized to sign.

SIXTH ORDER OF BUSINESS**Consideration of Resolution 2019-6**

Consideration of Resolution 2019-6 amending the board meeting location.

Mr. Ward explained a new Board Meeting location was discussed at the previous Meeting. He stated Resolution 2019-6 changed the Board Meeting to the on-site sales office. Mr. Russell Smith proposed this item be tabled until the next Board Meeting when all were present. He explained he wanted to ensure there was enough room in the on-site sales office to hold Board Meetings. The Board agreed; the item was tabled.

SEVENTH ORDER OF BUSINESS**Acceptance of Termination**

Acceptance of the termination of Clark & Albaugh, LLP legal services engagement.

Mr. Ward stated enclosed was a copy of the letter from Scott Clark resigning as General Counsel and Litigation Counsel with respect to this District. He asked for the termination to be accepted for purposes of inclusion in the record.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, the termination of Clark & Albaugh, LLP was accepted for inclusion in the record.

EIGHTH ORDER OF BUSINESS**Consideration of Resolution 2019-7**

Consideration of Resolution 2019-7 appointing Coleman, Yovanovich and Koester as general legal representation for the district.

Mr. Ward stated Resolution 2019-7 appointed Coleman, Yovanovich and Koester as general legal representation for the District and allowed Mr. Greg Urbancic, who represented many of Mr. Ward's other CDDs, to serve as General Counsel for Tern Bay CDD. He noted enclosed was the proposed agreement for services.

On MOTION made by Mr. Russell Smith, seconded by Mr. Grayson Landers, and with all in favor, Resolution 2019-7 was adopted as above and the Chair was authorized to sign.

NINTH ORDER OF BUSINESS**Acceptance of Termination**

Acceptance of the termination of Morris Engineering and Consulting, LLC as district engineer.

Mr. Ward stated provided was a copy of the email he received regarding the termination of Morris Engineering and Consulting, LLC. He asked the Board to accept the termination for purposes of inclusion in the record.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, the termination of Morris Engineering and Consulting, LLC was accepted for inclusion in the record.

TENTH ORDER OF BUSINESS**Consideration of Resolution 2019-8**

Consideration of Resolution 2019-8 appointing Banks Engineering as the interim District Engineer for the District.

Mr. Ward stated Chapter 287 of the Statute required the districts to follow the Consultants Competitive Negotiation Act process which included advertising for District Engineers, acceptance of proposals, review of proposals, followed by negotiation with the firm who submitted the best proposal. He noted until this process was completed David Underhill with Banks Engineering, with whom he was familiar, would serve as the Interim District Engineer as appointed by Resolution 2019-8.

On MOTION made by Mr. Russell Smith, seconded by Mr. Grayson Landers, and with all in favor, Resolution 2019-8 was adopted as above and the Chair was authorized to sign.

ELEVENTH ORDER OF BUSINESS**Acceptance of Audited Financial Statement****Acceptance of the Audited Financial Statement for the Fiscal Year ended September 30, 2018.**

Mr. Ward stated Mr. Jay Gaines was on the phone representing the auditing firm. He asked Mr. Gaines to review the Audited Financial Statement for Fiscal Year ended September 30, 2018.

Mr. Jay Gaines stated page 2 of the Audited Financial Statement indicated an unmodified opinion for Tern Bay's governmental activities as of September 30, 2018 and for respective changes in the financial position and the budget area comparison for the General Fund. He reported there was an emphasis of matter due to large transactions involving Bonds. He indicated page 10 was the Statement of Net Position as of September 30, 2018. He noted the CDD had approximately \$45.5 million dollars in total assets, liabilities were approximately \$1.2 million dollars and net position was approximately \$44.3 million dollars; this was directly related to the forgiveness of debt. He noted page 11 was the Statement of Activities which showed a gain on extinguishment of debt of almost \$70 million dollars. He explained this increased the CDD's net position by \$88 million dollars taking the CDD from a negative \$44 million dollar deficit to a positive \$44 million dollar net position. He stated page 12 illustrated day to day operations through funds. He stated page 14 showed during the year there were \$19 million dollars in revenues, \$18 million dollars in surplus, and \$33 million dollars in other financing sources while fund balances went from negative \$52 million dollars to positive \$135,000 dollars. He asked if there were any questions.

Mr. Ward stated there was a provision which indicated once the CDD was out of foreclosure, it must go through a process of determining what impairment of assets occurred since foreclosure which needed to be written off. He stated he would go through this process with the auditors and engineers over the next six months or so and would continue to keep the Board updated in this regard. He called for a motion to accept the Audited Financial Statement for purposes of inclusion in the record.

Mr. Smith asked what the advantage was to taking an impairment loss. Mr. Ward explained the purpose was to accurately reflect the true value of the asset.

On MOTION made by Mr. Russell Smith, seconded by Mr. Grayson Landers, and with all in favor, the Audited Financial Statement for Fiscal Year ended September 30, 2018 was accepted for inclusion in the record.

TWELFTH ORDER OF BUSINESS**Consideration of Resolution 2019-9**

Consideration of Resolution 2019-9 Approving the Proposed Budget for Fiscal Year 2020 and Setting a Public Hearing for Tuesday, July 16, 2019 at 10:00 A.M. at the Country Inn and Suites, 24244 Corporate Court, Port Charlotte, Florida 33954.

Mr. Ward stated Resolution 2019-9 approved the Proposed Budget for Fiscal year 2020 and set the Public Hearing for Tuesday, July 16, 2019 at 10:00 A.M. at the Country Inn and Suites. He explained the budget must be approved for the purpose of setting a Public Hearing. He explained this did not bind the District to the programs, amounts or assessment rates in the budget, but it did set the cap for what the

assessment rate could be. He noted the Budget was substantively different than previous Budgets past as it reflected the Debt Service Fund related to the Bonds which were written off going from approximately \$55 million dollars to \$1,170,000 dollars in Bonds for the platted areas which were within Tern Bay at the sale of the property from SPE to Lennar Homes. He explained the debt remained and the District now had a Debt Service Fund related to the debt. He noted debt service rates going forward did not change as a result of writing off the existing debt; the rate was 5.375% which was a very good rate for the bonds. He stated the General Fund had \$124,000 dollars in overall expenditures during the year and basically listed all services related to operation of the District with the exception of a few electric service bills which were still in the transition process. He explained if the electric service bills transitioned to the Home Owner's Association before the Public Hearing he would be able to reduce the electric service amounts in the General Fund by approximately \$24,000 dollars. He indicated once Resolution 2019-9 was approved the time, date and location of the Hearing could not be changed.

Mr. Smith commented approval of the Budget primarily set the location of the Public Hearing; the Budget could be adjusted. Mr. Ward explained the Debt Service Fund could not be changed, but the General Fund could be reduced; nothing could be increased.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, Resolution 2019-9 was adopted as above and the Chair was authorized to sign.

THIRTEENTH ORDER OF BUSINESS

Staff Reports

Mr. Ward stated due to the change in Staff there were no Reports from District Counsel or District Engineering. He noted he did not have a Staff Report, but would answer any questions regarding the enclosed unaudited financial statements.

Mr. Smith asked Mr. Ward to direct Mr. Urbancic, District Counsel, to straighten out the issues with the property slots mentioned by the previous District Counsel. Mr. Ward indicated he would set up a phone call with Mr. Smith and Mr. Urbancic regarding this matter.

FOURTEENTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

There were no Supervisor's Requests.

An Audience Member 22:14 asked if the roads and lakes would be under CDD control. Mr. Ward responded in the affirmative; the CDD controlled the roads and lakes during the existing phase of development. The Audience Member asked about irrigation. Mr. Ward responded the CDD did not control or own irrigation. Discussion ensued regarding irrigation, the CDD not owning irrigation, the impairment of assets process determining what the CDD owned and did not own, whether the lakes were used for irrigation purposes, the existing roads being owned by the CDD not the HOA, water and sewage facilities still owned by the CDD eventually being turned over to the County which was a lengthy process.

An Audience Member 26:42 asked whether she would be permitted to use the regular gate for entrance as it was owned by the CDD, or if she would be required to use the visitor's gate as directed by Lennar. Mr. Ward stated he was unfamiliar with Lennar's requirements. Mr. Smith stated if roads were owned by the CDD typically individuals could not be denied access, but an individual could be asked to show identification prior to entry. Discussion ensued regarding road access and Home Owner Association documents pertaining to road access. Mr. Ward explained the CDD signed the HOA document agreeing to the terms of the document; however, the CDD had no right to change or amend the document. He explained only the HOA had these rights. He noted if an individual did not want to be included on an HOA document, said individual should speak with the HOA. Mr. Smith stated if any individual had other questions related to the HOA documents, said individual should consult the HOA.

An Audience Member 33:20 asked where the CDD was in the river clean up process. Mr. Smith responded this has been completed.

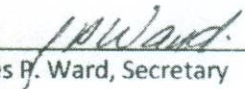
FIFTEENTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at approximately 10:37 a.m.

On MOTION made by Mr. Russell Smith, seconded by Mr. Chris Hasty, and with all in favor, the meeting was adjourned.

Tern Bay Community Development District


James P. Ward, Secretary


Russell Smith, Chairperson