

**MINUTES OF MEETING
PARKLANDS LEE
COMMUNITY DEVELOPMENT DISTRICT**

A Public Hearing and Regular Meeting of the Parklands Lee Community Development District's Board of Supervisors was held on **Thursday, September 13, 2012 at 1:15 p.m.**, at **The Renaissance Center, 28121 Palmira Blvd., Bonita Springs, Florida 34135.**

Present and constituting a quorum were:

Jim Reinders	Chair
Francis Percuoco	Vice Chair
Emmet Potter	Assistant Secretary
John Gainey	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Michelle Blackstock (via telephone)	Grau & Associates

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Reinders called the meeting to order at 1:25 p.m., and noted, for the record, that Supervisors Reinders, Percuoco, Potter and Gainey were present, in person. Supervisor Rupp was not present.

SECOND ORDER OF BUSINESS

Affidavit of Publication for September 13, 2012 Public Hearing and Regular Meeting

Mr. Reinders presented the affidavit of publication for today's public hearing and regular meeting.

THIRD ORDER OF BUSINESS

Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2011, Prepared by Grau & Associates

Ms. Blackstock presented the Audited Financial Report for the fiscal year ended September 30, 2011. Ms. Blackstock reviewed the Independent Auditor's Report, noting that it

was an adverse opinion, specifically because the Special Purpose Entity (SPE) information was not available in time to be included in this report. Under general accepted accounting principles, the SPE would be included in the report as a blended component unit. Because it was not presented as such, the report qualified as an adverse opinion. Going forward, this will not be an issue because the land has been sold and, eventually, the SPE will be dissolved. Page 2 of the opinion includes an emphasis of a matter paragraph detailing the defaults and the deficit reported in the debt service fund.

Ms. Blackstock reported that, subsequent to the issuance of the report, there have been changes in the Florida Statutes. Going forward, auditors are still obligated to bring deficits to the Board's attention; however, the deficits will not need to be included in the Independent Auditor's Report or in the Management Letter.

Referring to the Balance Sheet, on Page 9, Ms. Blackstock noted that the total assets of \$670,111 do not exceed the liabilities of \$3,772,366, resulting in an overall fund balance deficit of \$3,102,255. This is mostly comprised of the amount of the debt service that has not been paid and is reflected in the Debt Service/Due to bondholders column as \$3,710,000.

The Statement of Revenues, Expenditures, and Changes in Fund Balances, on Page 11, reflects that total revenues of \$541,245 did not exceed the expenditures of \$5,245,552, resulting in a \$4,704,307 deficiency. Proceeds from the sale of the SPE land were \$1,398,763; transfers in the amount of \$398,042 were made, in association with SPE expenses, decreasing the fund balance and presenting a \$3,102,255 deficit.

Ms. Blackstock reviewed the fourth paragraph of the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, on Pages 27 and 28, pointing out that finding 2011-01 is considered a material weakness in internal control over financial reporting. She noted that there are other compliance issues as well.

Ms. Blackstock reviewed the Management Letter, beginning on Page 29, which is issued pursuant to the rules of the Auditor General of Florida. Page 30 explains the material weakness, previously discussed, related to the omission of a major fund, which caused the adverse opinion. She reiterated that the accounting information, for the SPE fund, could not be obtained in time to be included in this report. Other findings were the financial condition assessment and debt service reserve, resulting from a lack of reserve requirements required at the end of the fiscal year. Ms. Blackstock noted that further explanation is provided in Note 12 – Foreclosure, on

Page 22. The District acquired the foreclosed property and sold it subsequent to year end. Most importantly, the Bond was reissued, some of the debt was forgiven and, in the near future, the deficiencies previously discussed will cease to exist.

Referring to Page 30, Section II, Prior Year Findings and Recommendations, Ms. Blackstock indicated that the Auditor General requires them to go back two (2) years instead of the usual one (1) year; therefore, all findings reported in the last two (2) fiscal years must be reported, with a status for the current year.

Mr. Potter expressed his concern regarding the adverse opinion but stated that he understands the reason.

In response to a question, Ms. Blackstock explained that the changes to the statute, in her opinion, were made because the state was inundated with too many “emergencies”. She explained that once a condition qualifying as a financial emergency is met, a “judicial process” takes place where the state has an audit committee scrutinize the deficits and the reporting entities, including their municipalities and special districts. In Ms. Blackstock’s opinion, there were triggers that were not necessarily a true indicator of a district or a municipality in a true financial emergency. Auditors are still responsible for reporting any deficits to the Board.

Mr. Potter indicated that he would like to review pro forma financials giving effect to the bond refinancing and the sale of the land. Mr. Adams advised that the current unaudited financials statements take those adjustments under consideration; if they do not suffice, he will look into providing additional information.

*****Ms. Blackstock left the meeting.*****

FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2012-4,
Accepting the Audited Financial Report
for the Fiscal Year Ended September 30,
2011**

Mr. Reinders presented Resolution 2012-4 for the Board’s consideration.

**On MOTION by Mr. Potter and seconded by Mr. Percuoco,
with all in favor, Resolution 2012-4, Accepting the Audited
Financial Report for the Fiscal Year Ended September 30,
2011, as presented, was adopted.**

FIFTH ORDER OF BUSINESS

Public Hearing to Consider Resolution 2012-5, Adopting the Final Budget for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013

Mr. Reinders presented Resolution 2012-5 for the Board's consideration and requested a motion to open the public hearing.

On MOTION by Mr. Gainey and seconded by Mr. Potter, with all in favor, the Public Hearing was opened.

Mr. Reinders noted, for the record, that no members of the public were present.

On MOTION by Mr. Gainey and seconded by Mr. Percuoco, with all in favor, the Public Hearing was closed.

Mr. Adams reported that the Budget has not changed since the Board last reviewed it. He noted the increase, for Fiscal Years 2012 and 2013, in the water management/contractual services, per the Board's directive to be more aggressive with aquatic plantings. Reductions in other portions of the budget yield a slight decrease in the per-unit assessment for Fiscal Year 2013.

On MOTION by Mr. Potter and seconded by Mr. Gainey, with all in favor, Resolution 2012-5, Adopting the Final Budget for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013, was adopted.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2012-6, Imposing Special Assessments and Certifying an Assessment Roll

Mr. Reinders presented Resolution 2012-6 for the Board's consideration.

On MOTION by Mr. Potter and seconded by Mr. Gainey, with all in favor, Resolution 2012-6, Imposing Special Assessments and Certifying an Assessment Roll, was adopted.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2012-7,
Amending the Budget for Fiscal Year
2012**

Mr. Reinders presented Resolution 2012-7 for the Board's consideration.

Mr. Adams reiterated that, per the Board's directive, the significant change in the Fiscal Year 2012 budget is the increase in appropriations to the contractual services; the figures are now consistent with actual expenditures. He noted that there are other minor changes within the budget. Mr. Adams indicated that approximately \$39,000 from the fund balance will be utilized to offset the increase.

On MOTION by Mr. Potter and seconded by Mr. Gainey, with all in favor, Resolution 2012-7, Amending the Budget for Fiscal year 2012, was adopted.

EIGHTH ORDER OF BUSINESS

**Approval of May 10, 2012 Regular
Meeting Minutes**

Mr. Reinders presented the May 10, 2012 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Potter and seconded by Mr. Gainey, with all in favor, the May 10, 2012 Regular Meeting Minutes, as presented, were approved.

NINTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

a. Attorney

There being no report, the next item followed.

b. Engineer

There being no report, the next item followed.

c. Manager

i. Unaudited Financial Statements as of July 31, 2012

Mr. Adams presented the Unaudited Financial Statements as of July 31, 2012 and asked for any questions or comments. He indicated that the District's revenues were at 101% and its expenditures were prorated, year-to-date.

ii. Fiscal Year 2013 Proposed Meeting Schedule

Mr. Reinders presented the Fiscal Year 2013 Proposed Meeting Schedule.

Mr. Adams noted that the meeting schedule is the same quarterly schedule as prior years, with an additional meeting to be held on November 8, 2012, which is a landowners' election. The meetings will be held on the second Thursday in January, May, July and September, at 1:15 p.m., at this location.

On MOTION by Mr. Percuoco and seconded by Mr. Gainey, with all in favor, the Fiscal Year 2013 Proposed Meeting Schedule, as presented, and directing Staff to advertise, accordingly, was approved.

TWELFTH ORDER OF BUSINESS

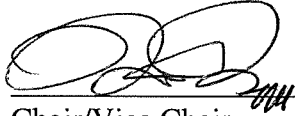
Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Percuoco and seconded by Mr. Gainey, with all in favor, the meeting adjourned at 1:37 p.m.



Secretary/Assistant Secretary



Chair/Vice Chair