

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

A Regular Meeting of the Parklands Lee Community Development District's Board of Supervisors was held on **Thursday, May 9, 2013** at **1:15 p.m.**, at **The Renaissance Center, 28121 Palmira Blvd., Bonita Springs, Florida 34135.**

Present and constituting a quorum were:

John Gainey	Vice Chair
Robert Schwartz	Assistant Secretary
Emmett "Ben" Potter	Assistant Secretary
Harvey Fontaine	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. Adams called the meeting to order at 1:22 p.m., and noted, for the record, that Supervisors Gainey, Schwartz, Potter and Fontaine were present, in person. Supervisor Rupp was not present.

SECOND ORDER OF BUSINESS

Administration of Oath of Office to Newly Appointed Supervisor, Harvey Fontaine
(the following to be provided in a separate package)

Mr. Adams recalled that Mr. Fontaine was appointed at the previous meeting.

Mr. Adams, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Fontaine. Mr. Adams provided and briefly explained the following items:

- A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**
- B. Membership, Obligations and Responsibilities**
- C. Financial Disclosure Forms**
 - i. Form 1: Statement of Financial Interests**

- ii. Form 1X: Amendment to Form 1, Statement of Financial Interests**
- iii. Form 1F: Final Statement of Financial Interests**

Mr. Adams cautioned Mr. Fontaine against communicating with Board Members about District business outside of a publicly advertised meeting.

Mr. Adams advised Mr. Fontaine that, as a member of the Board, he is entitled to receive \$200 compensation, per meeting. If he chooses to receive the stipend, Mr. Adams asked Mr. Fontaine to complete the necessary form and forward it to the District Office.

Mr. Adams stated that the District Manager is the custodian of the District’s public records. Management retains all documents provided to the Board; upon the Board’s request, another copy may be provided. Mr. Adams suggested that Supervisors keep District documents separate from their business or personal documents.

THIRD ORDER OF BUSINESS

**Consideration of Resolution 2013-6,
Electing Officers of the District**

Mr. Adams presented Resolution 2013-6 for the Board’s consideration. He noted the requirement to consider the slate of officers following an election or appointment to the Board.

Mr. Adams recalled that, prior to this appointment, Mr. Rupp served as Chair, Mr. Gainey served as Vice Chair and the remainder of the Board served as Assistant Secretaries. He advised that the Board may reconsider the positions or keep the slate, as it was prior to the appointment, with Mr. Fontaine serving as an Assistant Secretary.

Mr. Potter nominated the existing slate of officers, with Mr. Fontaine serving as an Assistant Secretary. No other nominations were made.

On MOTION by Mr. Potter and seconded by Mr. Schwartz, with all in favor, Resolution 2013-6 Electing Officers of the District, as nominated, was adopted.

FOURTH ORDER OF BUSINESS

**Presentation of Audited Financial Report
for Fiscal Year Ended September 30,
2012, Prepared by Grau & Associates**

****This item, previously the Fifth Order of Business, was presented out of order.****

Ms. Blackstock presented the Audited Financial Report for the fiscal year ended September 30, 2012. Ms. Blackstock reviewed the Independent Auditor’s Report, noting that it was an unqualified or clean opinion. She advised that, going forward, the verbiage will be changed; next year, the District will be seeking an unmodified report as opposed to an unqualified report.

Referring to the Balance Sheet, on Page 8, Ms. Blackstock noted that total assets of \$602,764 exceeded total liabilities of \$31,140, resulting in an overall fund balance of \$571,624.

Ms. Blackstock stated that the Statement of Revenues, Expenditures, and Changes in Fund Balances, on Page 10, reflects total revenues of \$507,049 and expenditures of \$538,170, resulting in a \$31,121 deficiency. Referring to the “Other Financing Sources (Uses)” section, Ms. Blackstock noted the “Gain on debt forgiveness” of \$3,705,000, resulting in an increase of \$3,684,664 in net change in fund balance. Ms. Blackstock advised that this activity is explained on the chart located in Note 7, on Page 19, and the paragraph above the chart provides it in greater detail. She noted that, because the land held in the Special Purpose Entity (SPE) was sold in the prior year, in the current year, the proceeds from the sale did not cover the full amount of the outstanding debt service. There was a \$5,510,000 difference so part of that balance was recorded at the fund level of the prior year and represents the gain of \$3,705,000.

With regard to the Report on Internal Control over Financial Reporting and on Compliance, on Page 22, Ms. Blackstock stated that it is a clean opinion.

Ms. Blackstock presented the Management Letter Pursuant to the Rules of the Auditor General, on Page 24; she noted that any findings or recommendations for the current year or prior two (2) years, which should be brought to the Board’s attention, would be indicated in this section.

Ms. Blackstock reported that the financial condition related to assessment and debt service reserve issues have been resolved, as well as the omission of a major fund, in the prior year reporting.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2013-7,
Accepting the Audited Financial Report
for the Fiscal Year Ended September 30,
2012**

****This item previously the Sixth Order of Business, was presented out of order.***

Mr. Adams presented Resolution 2013-7 for the Board’s consideration.

On MOTION by Mr. Gainey and seconded by Mr. Schwartz, with all in favor, Resolution 2013-7, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2012, was adopted.

****Ms. Blackstock left the meeting at approximately 1:33 p.m.****

SIXTH ORDER OF BUSINESS

Approval of Final Special Assessment Methodology Report and Lien Roll

****This item previously the Fourth Order of Business, was presented out of order.****

Mr. Adams recalled that the refinancing bond closing was held several weeks ago, which produced a 12% to 13% savings on the final pricing. Mr. Adams noted that Page 8 contains a comparison of the Series 2011 and the newly issued 2013 bond assessments. The annual assessments decreased between \$385 and \$110 per year, depending on the product type. Mr. Adams congratulated the Board for taking advantage of a good market. He reminded the Board that the District paid a 1% penalty.

In response to a Board Member’s question, Mr. Adams recalled that, at the prior special meeting, the Board decided to pay the refinancing fees from of the general fund surplus, which kept the outstanding principal lien down on each of the properties. He explained that the District had a sizeable, \$200,000, surplus in the general fund, which was far more than needed. Increasing the assessments would have mandated a \$3,000 to \$4,000 noticing requirement. Mr. Adams stated that the savings is realized solely from the interest rate.

Mr. Adams advised that, normally, in a situation such as this, the debt service reserve is used to pay the cost of issuance; however, a 50% debt service reserve must be retained, compared to the 100% that the District originally had. He noted that, unfortunately, the D.R. Horton foreclosure consumed half of the debt service reserve to pay for the legal process, along with expenses incurred for maintaining and holding that property for the duration of the foreclosure. In response to Mr. Gainey’s inquiry regarding assessments, Mr. Adams clarified that the assessment reflected on the tax bill is comprised of debt service and operations and

maintenance (O&M). He noted that the county does not break the assessment into two (2) line items.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2013-8,
Approving the District's Proposed
Budgets for Fiscal Year 2013/2014 and
Setting a Public Hearing Thereon
Pursuant to Florida Law**

Mr. Adams presented Resolution 2013-8, for the board's consideration. He stated that, each year, the District is required to consider and approve a proposed budget, prior to June 15, for the purposes of establishing a public hearing and transmitting the budget to the local municipalities. Mr. Adams advised that the public hearing is scheduled for September 12, 2013 at 1:15 p.m., at this location. He noted the July 11 scheduled meeting and that modifications to the budget can be considered at that time.

Mr. Adams indicated that the proposed budget does not contemplate any changes in the service or expenditure levels, on the operating side. The proposed budget is status quo from professional and administration, and operations/water management, which are lake and wetland related and in keeping with the aggressive aquatic replant, lake maintenance and aeration repair programs.

Mr. Adams referred to the assessment summary, on Page 2, and advised that the assessment is \$313.78. Adding the amount depicted on the lien roll will provide the total assessment, if the draft budget is approved.

Mr. Adams recalled discussion, from a prior meeting. The master association approached the Board regarding canceling the facilities maintenance agreement between the District and the HOA, for the facilities owned by the District, outside of the two (2) gatehouses, consisting of roadways, curbs and gutters, roadside landscaping, lighting, water feature, entry signs, landscape lighting, marquee signs, asphalt and paver bricks; essentially, included are the facilities that were installed and paid for through the bond issue, which are located outside of the gate so that there is no issue with free public access because of tax exempt financing.

Mr. Adams stated that, for the purposes of streamlining and continuity of service and maintenance levels, the District entered into an agreement with the HOA, allowing them to manage these facilities on the District's behalf, appropriated through their budgets and paid for

through the HOA's collections. The current discussion is for the District to assume the expenses from the HOA and have the District run it through the assessment program. The benefit is that the District will assess Parcel 14, the D.R. Horton property, which is not part of the HOA's assessable area. In doing so, the District will be able to distribute the costs over 20% more units, thus reducing the cost to Palmira residents by 20%.

During the initial dialogue with Mr. Ken Bloom and Mr. Bob Merrill, counsel for the HOA, Mr. Adams noted resistance to canceling the entire agreement; they wanted to cancel only the Parklands Lee portion, with the thought process being that D.R. Horton property owners, which pay into the Parklands Lee budget, would not become privy to the fact that they can access and benefit from all the roadways. Mr. Adams advised them to include all of the facilities or none; the reality is that it is a 20% savings.

The HOA staff provided Mr. Adams with an initial annual budget of \$25,000 for the Parklands Lee portion. He noted that 20% of \$25,000 does not make this a worthy exercise. Mr. Adams anticipates that the annual budget for maintaining all of the facilities would be closer to \$100,000, which would net a \$20,000 savings for the existing residents.

In an attempt to ease the HOA's concern regarding losing control of the landscaping and the look and feel. Mr. Adams advised them that the District and the HOA can enter into an authorized agent agreement, where the HOA would manage the vendors but the District will enter into the service contracts and pay the bills directly. The contract providers can be the same providers used throughout the community and the authorized agent can continue to be an HOA representative. In Mr. Adams' opinion, the issue should be whether the transition will be a good business/financial decision. Based upon the HOA's current cost proposal of \$25,000, the savings is too nominal of an amount to proceed with the transition. The system that is in place has worked for many years; Mr. Adams reported that Parklands West CDD Board Members share this same opinion; they questioned the financial motivation for this transition.

Mr. Potter noted that the initial decision is up to the HOA to turn over the management of the facilities. Mr. Adams concurred.

Mr. Adams expressed his hope that the Board's position will be all or nothing. The District has no qualms regarding the manner in which the HOA is managing the facilities; however, they must make the decision whether to continue with the transition. Conversation

ensued regarding increasing assessments and the mandated noticing requirement all affected property owners.

Mr. Fontaine voiced his concern with the HOA relinquishing all of the maintenance and asked to have an agreement, as Mr. Adams explained, to ensure that the high level of maintenance is consistent throughout the community. Mr. Fontaine stated that this is the HOA's only major concern. Mr. Adams indicated that the agreement will not be a problem. Mr. Adams advised that expenses must be run directly through the District. The District manages public funds and cannot make carte blanche reimbursement to the HOA or to KEB; it must tie to actual expenses that occurred in this area.

In response to Mr. Fontaine's question, Mr. Adams advised that the District does not have a reserve account. Mr. Fontaine inquired about the \$80,000 that will be received from the sale of the right-of-way (ROW). Mr. Adams indicated that the money will offset the cost of issuance on the bond and will serve to lower assessments.

Referring to the proposed budget, Mr. Adams noted a slight increase of approximately \$0.70, year-over-year. He will review the budget and make a slight reduction to the expenses to avoid having to go through the noticing process.

Mr. Adams reported that the debt service fund was updated and adjusted to reflect the new bond issuance and amortization schedule, found on Pages 6 and 7, and the assessment schedule, located on Page 8.

Mr. Adams indicated that residents will be very pleased when they receive their tax bills, in the fall. He suggested that the District prepare a newsletter, prior to the tax bill mailings, advising of the refinancing and the decrease in assessments.

Mr. Adams recommended that the Board entertain developing a joint website with Parklands West CDD, which will assist the District in fulfilling a legal obligation to post the budget on a website. It will cost \$650 to create the website and \$600 per year maintenance, which includes two (2) monthly updates and maintaining the license for the domain name. He anticipates that the Districts will use PalmiraCDDS.net as the name. Mr. Adams provided the Board with examples of several CDD websites for their review. He noted that the website will not be a social website; it will provide information to residents in the form of prior year's budgets and audits, agendas, meeting minutes and CDD news, as well as general information about the Districts. Mr. Adams reiterated the legal obligation to post the annual budget and

audit. In the past, Management posted with Lee County or the City of Bonita Springs. He noted that it is more for Districts to establish their own websites. Parklands Lee and Parklands West will split the cost; each paying approximately \$300.

In response to a Board Member’s question, Mr. Adams advised that he will provide the link to the HOA, for posting on the HOA website.

A Board Member asked who will maintain the website. Mr. Adams indicated that Management utilizes a company called The Strange Zone and noted that the costs are low because Management receives bulk pricing.

On MOTION by Mr. Fontaine and seconded by Mr. Potter, with all in favor, Resolution 2013-8, Approving the District’s Proposed Budgets for Fiscal Year 2013/2014 and Setting a Public Hearing for September 12, 2013 at 1:15 p.m., at this location, was adopted.

EIGHTH ORDER OF BUSINESS

Discussion: Accepting/Paying for Right-of-Way Maintenance Outside of the Gates from the HOA

****This item was discussed during the Seventh Order of Business****

NINTH ORDER OF BUSINESS

Update: Sale of Benecio Right-of-Way to TerraCap

Mr. Adams reported that the City of Bonita Springs approved the site plans for the western piece. In doing so, the designation of the second entrance, as an emergency exit only, was also approved. Mr. Adams advised that Mr. Hagenbuckle sent an email from the city with the approvals; however, he is looking forward to receiving the stamped, approved site plan. The stamped, approved plans will be an exhibit to the agreement, prepared by District Counsel, and it will be recorded and attached to the sales transaction, prior to closing.

TENTH ORDER OF BUSINESS

Approval of Minutes

A. January 10, 2013 Regular Meeting

Mr. Adams presented the January 10, 2013 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Schwartz and seconded by Mr. Gainey, with all in favor, the January 10, 2013 Regular Meeting Minutes, as presented, were approved.

B. February 19, 2013 Special Meeting

Mr. Adams presented the February 19, 2013 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Potter and seconded by Mr. Schwartz, with all in favor, the February 19, 2013 Special Meeting Minutes, as presented, were approved.

C. April 8, 2013 Special Meeting Minutes

Mr. Adams presented the April 8, 2013 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Gainey and seconded by Mr. Fontaine, with all in favor, the April 8, 2013 Special Meeting Minutes, as presented, were approved.

ELEVENTH ORDER OF BUSINESS

Other Business

Mr. Adams reported that he is working with Mr. Bob Volte on the annual aquatic program,. He advised that Staff is proposing to add \$7,000 of bahia sod, covering 21,000 square feet. The original aquatic program includes 5,200 square feet of cordgrass and 52,000 square feet of aquatic plants, for a total of approximately \$33,000. Mr. Adams noted that the District still has \$40,000 available, from the program's an annual budget of \$100,000. Mr. Adams advised Mr. Volpe to locate additional areas that may require aquatic planting. Mr. Adams indicated that lake bank erosion repairs are anticipated to cost approximately \$20,000.

Mr. Adams advised that the aquatic plantings will not occur until July, after the rainy season begins and water levels have risen significantly, which will assist in successful establishment of the plants.

TWELFTH 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. Approval of Unaudited Financial Statements as of March 31, 2013

Mr. Adams presented the Unaudited Financial Statements as of March 31, 2013. He noted that on-roll assessment collections were at 96%. Expenditures, year-to-date, were 37%, prorated, at 50%. He noted that there will be a one (1)-time seasonal expense for aquatic planting that will occur during July.

ii. 284 Registered Voters in District as of April 15, 2013

Mr. Adams indicated that there were 284 registered voters residing within the boundaries of the District, as of April 15, 2013.

iii. NEXT MEETING DATE: July 11, 2013 at 1:15 P.M.

Mr. Adams reported that the next meeting will be held on July 11, 2013 at 1:15 p.m.

THIRTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

There being no audience comments or Supervisors' requests, the next item followed.

FOURTEENTH ORDER OF BUSINESS

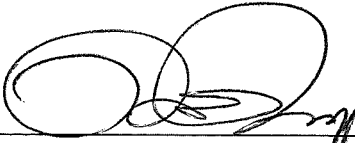
Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Fontaine and seconded by Mr. Gainey, with all in favor, the meeting adjourned at approximately 2:00 p.m.



Secretary/Assistant Secretary



Chair/Vice Chair