

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS REGULAR MEETING
Wednesday, July 11, 2012**

MINUTES

The Regular Meeting of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Wednesday, July 11, 2012, at the Community Center, 3500 Edgewater Drive, Sebring, Florida 33872.

The meeting was called to order at 9:00 A.M. by President Eugene Gangemi.

SUPERVISORS PRESENT:

Mr. Eugene Gangemi, President
Mr. Dave Halbig, Vice President
Mr. Frank Guglielmi
Ms. Diana Johnson (By Phone)
Mr. Richard Miller

The District General Manager, Michael Wright; Board Secretary, Julixa Robinson; Administrative Assistant, Juan Guerrero; Administrative Services Coordinator, Ileana Martinez; Community Service Director, Christi Wolf; Finance Director, Tanya Cannady; Public Works Director, Greg Griffin; and District Attorney, John McClure were present. There were approximately 20 people in attendance.

1. Call to order – 9:00 A.M.
2. Pledge of Allegiance
3. Announcements:
 - a. Next regular meeting is scheduled for Friday, August 24, 2012 at the Community Center, 3500 Edgewater Drive, Sebring, Florida at 9:00 A.M.
 - b. Today is going to be a really long day and I would appreciate it if everyone who has a cell phone either shut it off or turn it to vibrate so that we do not get interrupted.
 - c. Because of the longevity of the meeting today, when we have public comments, I would like to see one person come up at a time. Keep the discussion in the audience to a minimum so we could clearly hear the person who is speaking. That person will not speak again until everyone in the audience has had an opportunity to speak for the first time.

Mr. McClure: Before we proceed, I recommend we address the issue of Supervisor Johnson’s participation. President Gangemi: My apologies. Mr. McClure: Yes, sir. What is normally required is the Board needs to approve the participation of an absent supervisor to participate by telephone. The supervisor then generally states the basis for their inability to attend and then the Board would just

quickly vote on allowing the participation. President Gangemi: Okay. We need to have a consensus here for Supervisor Johnson to participate via phone. Do we need to take a vote on that? Mr. McClure: She needs to state the basis for her inability to attend. President Gangemi: Okay. Can you state the basis for your inability to attend; according to Mr. McClure? Supervisor Johnson: I'm at my other home in Ohio for personal reasons. President Gangemi: Okay. Do we have any objections from the Board for her to participate via phone? Supervisor Halbig: If we don't agree we can hang up. (Laughter) It's the first time I've ever heard of this. Mr. McClure: I've addressed it before, but we just let it slide a couple of times. Supervisor Guglielmi: I don't have a problem with it. President Gangemi: Mr. Miller? Supervisor Miller: No. Mr. McClure: No objections.

4. CONSENT AGENDA

- a. Minutes of the Regular Board of Supervisors Meeting held Wednesday, June 13, 2012
- b. Minutes of the Budget Workshop held Wednesday, June 13, 2012
- c. Acknowledge receipt of the Treasurer's Report including District Financials and Golf Operations Financials for the month of May

Supervisor Halbig moved to approve the Consent Agenda and Supervisor Miller seconded.

Public Comment:

1. Rusty Carino: I'd like to ask you for a point of information, Mr. Chairman. Will Mr. Pete Pimentel be available for questions and answers? President Gangemi: He is en route right now. He called in and said he was going to be a few minutes late; he's tied up in traffic. Mr. Carino: Will he be available for questions? President Gangemi: I'm sure he will. Supervisor Miller: Rusty, what you're saying is questions from the audience as well as from the Board? Mr. Carino: Correct. If it's not during this time will he be available? I don't want a situation like what happened last time where the auditor walked out and the public had no opportunity to discuss the situation. I do not want that to arise again. President Gangemi: I think we'll have an opportunity to speak with him; the audience plus the Board members and anyone else. Mr. Carino: So we will have an opportunity? President Gangemi: Yes. Mr. Carino: Thank you. Supervisor Miller: At the time of his presentation. President Gangemi: At the time of his presentation, okay? Then we'll cut it off at that point.

Supervisor Guglielmi-Y, Supervisor Halbig-Y, Supervisor Miller-Y, Supervisor Johnson-Y, President Gangemi-Y

Consent Agenda was approved 5-0

Mr. Wright: Mr. President, I spoke with Pete Pimentel about 20 minutes ago and he was approaching Highway 27 so I think he'll be here in just a few minutes. What I would suggest if you would like is we can go to #7 and deal with Mr. McClure's reports and then my reports. By that time Mr. Pete Pimentel should be here and we can go back to the Action Agenda. President Gangemi: Okay. I don't have any problem with that. Are there any issues with the Board? Everyone is shaking their head no. Okay.

6. Add-on items
7. Petitions and Communications
8. Staff Reports
 - a. Security Monthly Report
9. General Counsel Report – John McClure
 - a. Litigation Report
 - b. Foreclosure Report

We previously provided to you the Litigation Report and the Foreclosure Report. If there are any questions on those two we can discuss them.

I will update you on two cases that are, obviously, of primary importance to us. The first is the Maguire Litigation. I provided to the District, I presume, you have been provided with copies of the briefs. The first brief was submitted by the plaintiff and they're brief because they lost at the trial court level. The judge said they didn't have standing to challenge this. They appealed that to the second DCA. They prepared a lengthy brief for that and then the answer briefs were prepared and submitted. In addition to the District's answer brief, all the governmental entities involved because of the ad valorem taxes, submitted answer briefs as well. This would include the county, school district, the water management district and several others. Based on the answer briefs, again, I think the answer briefs were very strong, challenging and standing; very persuasive in my opinion. The court would likely desire to uphold the dismissal based on the mechanism set forth in the answer brief. I would say to you, though, that, again, there is a probability that they're going to want a nice opinion on this because I think that they would like to have some law out there that doesn't exist right now on this standing issue. I would expect to see something like that eventually. I don't think oral argument has yet been set; that's the next step. Once oral argument is set parties will go and argue the matter before the court, make a written opinion after that, I believe, and we'll see where it goes from there.

With respect to the Fifth Third Litigation, that's just, kind of, out there. The complaint's been made and the answer's been made, but it's just been floating around. I understand that Fifth Third is desired in speaking with the District. It may be that in the not too distant future we would hold a special meeting to discuss the issue of settlement negotiations with the bank based on matters discussed. Mr. Wright: Let me add to that if I can. Leigh Daul, who is the Executive Vice President with Fifth Third, asked to meet with me without the attorneys. I got concurrence from our attorney and their attorney and after about an hour and a half's meeting what she basically concluded was, "Why don't you guys buy us out for cents on the dollar and let's settle all litigation based on that?" That's a very brief summary of a very lengthy conversation. At this point in time I think they're looking for either a response back from us saying yes we're interested or not. This is an issue because we are in litigation where if you want to have a closed door meeting where you go in and discuss the merits of that potential offer, the pros and the cons, you can do so. You do, though, have to go through certain steps, you have to advertise the meeting, you have to have a court reporter, you have to actually start the meeting and then adjourn in private and then come back in public. All the conversation that occurs out of the Sunshine is, actually, taken down verbatim by the court reporter and becomes public at some point in the future. At the meeting you can discuss all the aspects of the litigation and a very frank matter with the attorney and then try to reach a conclusion that can be forwarded back to Fifth Third. I think I forwarded to you my thoughts on the matter, but really it's up to the Board now to decide. If you want to do that then... Mr. McClure and I will go through the process of trying to set it up. If you don't we'll repay it back. Mr. McClure: The only other thing I would add to that is the next time you meet is quite a time from now, August 24th, so there's a lot of time. The Board has to authorize the session, it has to be advertised and we have to come into a meeting, as Mr. Wright said, and then adjourn to a private meeting and then come back and reopen. Plus, I apologize for this, but I need to coordinate the schedule, too, with our lead counsel. He is a very busy person and he's got a lot of court engagements and for him to be able to come and meet with us is going to require some coordination with his calendar.

President Gangemi: Okay. These are my thoughts on that. Number one, they haven't been very congenial to us in this matter. They've stated twice that we're in default or whatnot. Right now it's pending in court and for us to just say we'll take some other deal, personally, I would rather see this just work its way through the court system because I feel that we're going to incur additional legal expenses that we may or may not have to incur. Right now, and I'm very cautious of what I'm saying, it's their deal. In my opinion I'd rather wait and see what happens through the court and see what the court says and at that point in time we may change it. That's my opinion; I don't know what the other Board

members want to say. I'd like to just go around the table. Diana, can you finish up on that? Supervisor Johnson: Yes, I agree with you, President Gangemi. I would like it to play out in court. As you said, it's their deal and I think we don't need to get into it unless we need to get into it later. I certainly agree with you. President Gangemi: Okay. Thank you.

Supervisor Miller: Mike, in terms of your recommendation, there doesn't seem to be any advantages to us for any strong consideration of this situation. Plus, the fact if we go into private session and you're taking minutes anyway so it's a matter of public records to begin with. Mr. Wright: At the end of the lawsuit. Supervisor Miller: I just feel that we're on a course that we should, probably, stay on. I'm in agreement with that as well.

Supervisor Guglielmi: What are the numbers? Mr. Wright: We haven't gone into a lot of depth and into analyzing the numbers. Plus or minus a couple there are 124 people currently paying of which about a hundred and something are vacant lots. That's your cash flow and the cash flow is about a quarter of a million dollars give or take a few. There are about 600 properties that aren't paying. What they're suggesting is we, literally, would own the note and we would be responsible for collecting it. You would also be responsible for paying the taxes. To do all the financial analysis would take a good bit of effort. Intuitively, unless you can buy it for cents on the dollar, when I say cents on the dollar I mean single cents on the dollar, probably not worth it. If you do buy the note then you own the note and there's going to be a great deal of pressure put on the Board to modify the terms and conditions. When you do that you get into all the issues of, "What about me? I paid it off." My recommendation is that we play it out through the court system because I think we've got an advantage to it. I think it's a risky investment for us to get into and I think the reason they came to us is they have not been able to sell the cash flow, if you will, to the private sector. Supervisor Guglielmi: Okay.

Supervisor Halbig: My thoughts are the same thing. You just said what I was going to say; that they need to go out and shop this thing on their own. There are too many things involved for us to get involved with. I have to agree with the rest of us here. Mr. Wright: They have not told me they have shopped it, but I strongly suspect they have because in the course of our conversation we discussed one or two companies that buy distressed properties. There's a group in the north east that has bought several hundred properties in the District and they're not making payments either.

Supervisor Guglielmi: My take on this would be if its five cents on the dollar it's probably worth the risk. Mr. Wright: I asked her how much and she said she couldn't bid against herself. I think they were thinking, probably, six to ten times cash flow; cash flow is a quarter of a million plus taxes. President Gangemi: I'm just reading back from your email that says that 124 property owners out of a total of 792 are paying. Out of that, 37 properties with bank only loans and 260 are delinquent; that's 77% of their loans are delinquent. Mr. Wright: You also have the issue of, if you buy their note about half of the properties are also encumbered by the Phase V note so they have to bring them into the negotiation. It's a pretty complicated deal, and like Mr. Guglielmi said, unless it's literally a few cents on the dollar, which I don't think it is, but I cannot guarantee that, it's probably not worth it. Mr. McClure: Even at that, for the dual encumbered properties, you're still not going to make out. Mr. Wright: Right. Mr. McClure: They can give it to you and you wouldn't make out. President Gangemi: That's correct.

Supervisor Miller: What options are available to Fifth Third? Do they eventually walk from this thing? What happens to that? Mr. Wright: I think there are several hundred properties in our name on their behalf; they're not paying the taxes. They're not being purchased to tax certificate sales so it's going to go through the escheatment process. The bank realizes this because it was part of our conversation. They're going to lose the properties and they're going to lose their investment. I think they've analyzed this and they've finally come to the conclusion that they don't have many alternatives. In fact, in our conversation with Ms. Daul, we were pretty frank about that and she admitted it but they are very, very limited in what they do. Mr. McClure: I would also point out that the District, without trying to say too much, but we have spoken publicly about a lot of things, if the District were to purchase their position we're in the same position and we're the one now spending money to lose money at the end of three years. What are we doing? President Gangemi: Okay. I guess it's the recommendation of the Board to let this ride through the court system. Mr. Wright: I will relay that back. President Gangemi: Thank you, Board members.

Mr. McClure: I've been working a lot with Mr. Pimentel on the election procedures. I believe we're going to be addressing that at a later portion of the meeting through Mr. Kosty so I won't say anything about that at this point. When Mr. Pimentel addressed that issue I have a number of things to say.

President Gangemi: Okay. I just have one question on your foreclosure report. Going across the headings I see county taxes owed as November 2011. Are you also tracking the numbers of the O&M that we're owed or just foreclosure? Mr. McClure: I believe we were just asked to add what were the

outstanding taxes. If you would like me to add a column for O&M I could certainly do that. President Gangemi: I'm just wondering if Tanya could provide that to you if she does it. Mr. McClure: We can add that column. President Gangemi: Is there a consensus to have that added on to the foreclosure report? Supervisor Halbig: I asked the same question several meetings ago because it was on there at one time and it just disappeared so I asked if it could be brought back and you said it could be, but now we're talking about it again. Mr. McClure: It will be, sir; my apologies. Supervisor Halbig: Okay.

Supervisor Johnson: I'd like to ask that when Mr. Pimentel give his report maybe he can come to my microphone because those on the floor don't come through as loudly as the rest. President Gangemi: I think we can arrange that.

10. General Manager Report – Michael Wright

I've got several things I'd like to talk to the Board about. Fifth Third we've already discussed. There was a lot of concern by individuals that saw pine trees throughout the golf course that had ribbons around them. They were of the impression that we were going to go in and cut those down. The reality is, what we've been doing, is those were the trees that we marked for treatment because they were being stressed by too much water or they were infected by outside pests. If you really want to see the difference of how some of the treatments that we've been doing to these trees, where you literally inoculate them with different chemicals, is you stand on the driving range and look to the left and, I think, it's either Mr. Gangemi or Mr. Halbig that we pointed this out to Monday, you see two pine trees that are beside each other about halfway down the fairway to the left of the driving range; one is a fluorescent green and that's the tree that's under stress that's going to die if we don't do something and immediately adjacent to it is a very healthy, dark green pine tree that's been treated. That's what we're doing; we're systematically going through and treating those trees and I think it's going to make a difference. We were losing, probably, a couple a dozen a year and you've seen some of them around that have been killed by outside pests. That's what we're doing there.

Probably, the biggest nonevent that has occurred in the District is during Tropical Storm Debbie when we had all the rain here, there was very, very little impact on our sanitary sewer system. I think I sent the Board copies of news stories out of Sarasota where their sewer system was overwhelmed by infiltration, where water was coming in through a leaky system. Literally, they were telling people not to flush their toilets. They also had to dump raw sewage in the bay because their plant was being overwhelmed by infiltration. I think our flows increased, probably, a little over 5% because we've gone

in and sealed off a lot of the leaks in our system. We didn't notice it and, again, it's a big nonevent, I think, that has occurred because of that.

Supervisor Guglielmi: Mike, can I ask a question? Mr. Wright: Sure. Supervisor Guglielmi: How much rain did we get? Mr. Wright: Four or five inches. Supervisor Guglielmi: That's what I thought. I've got a five inch gauge and it was full; I wasn't here. We had a rain event in October last year and had 11 inches of rain in 36 hours; our system was already tested. Mr. Wright: Dump flows were almost doubled at the plant. Supervisor Guglielmi: There's a reason why the county is called Highlands and that's because it's a high spot in Florida and we flow in both directions. We're, kind of, lucky because we get a tremendous amount of rain and it drains off right away. We can't compare ourselves to Sarasota because they're flat. Mr. Wright: I understand. That rain event that you're talking about, we had not done all the sealing of the sewer system and our flows at the plant doubled and we were up several hundred thousand gallons; we were, probably, almost 100% to what normal flows were and then after this event we were up less than 10%. Supervisor Guglielmi: I'm glad that we're aware of what's going on. Our system did handle 11 inches? Mr. Wright: Yes, it did.

Conversations with the county staff, Debbie, also, affected them and their paving crews. They had to pull off and do a lot of clean up which has delayed the start of our paving up here. I'm expecting them to come in as early as next week to begin the resurfacing. Mr. Green anticipates having all the work done on all the roads by the end of July.

That pretty well concludes what I have, Mr. President. Are there any questions?

Supervisor Miller: Do we have any movement on what we're going to do with code enforcement regarding the structuring of it? Mr. Wright: The amendment to the ordinance? Supervisor Miller: Well, where we're going to place it within our administrative structure. Mr. Wright: No, sir, I have not done anything in that regard yet. Supervisor Miller: Do you have a timeframe for that? Mr. Wright: No, sir. What I'd like to do is go through the... The Board had asked me to bring some folks in to take a look at our system, our code enforcement processes, and I have begun that work. I've contacted the regional director of the Central Florida Planning Council who is helping me locate someone who's very experienced at a minimal cost to come in. That individual is on vacation this week so I hope to talk to him next week and to come in and look at our system, our processes, and basically have an education system or an educational meeting with the Board and discuss what we can do and cannot do. I was

hoping, after that meeting, we'll make some decisions. President Gangemi: Do you have an estimate of what this code enforcement consultant is going to charge us? Mr. Wright: Probably a few hundred dollars. President Gangemi: Okay. Mr. Wright: The one person that was recommended to me is a retired code enforcement officer from a Central Florida city with about 30 years experience. He has probably gone through and dealt with everything we've had to deal with plus more. He is very articulate, very smart, very personable and is able to deal with elected Board's and communicate with them in a good manner. Supervisor Halbig: Would this person be able to write a proper procedure for enforcement of county codes that we've got. Mr. Wright: Yes, sir. Supervisor Halbig: I read this county code thing and we've got more par there than we were lead to believe. What we're doing is not working. It's obvious with the \$600 we paid for the magistrate year to date. We're not doing anything. We might be riding around looking at things and saying it looks bad, but this thing is not working; we're not really putting any effort in it. I don't know if John's read the county ordinance. The one we've got on our website is old. The county ordinance is pretty new written by Ross Macbeth and there are some real teeth in that thing. I don't know why we continue to have to listen to people complaining about their neighbors and all this garbage that's lying around. Why don't we just really get with the program and write a procedure and make it work? Mr. McClure: Could I make a quick comment on that, sir? Supervisor Halbig: Yes. Mr. McClure: My recollection is that the county was a little reticent to even give us code enforcement powers with our own special code enforcement guide. Then they wanted to limit us to just a certain little thing and the big stuff would, of course, stay with the county. That was the way the ordinance was written and it was written for that purpose; to keep us at bay, so to speak. That's why we have very limited powers and that's why we have very limited things that we can do. When we met with them we explained to them that one of the main things we were seeking to do was to keep the community looking good and have ability to mow and to do other things of that nature. I think, from what you're saying, perhaps, you feel that even that is not being pursued; I can't address that part. Supervisor Halbig: It doesn't look like it because there's... if you read it, we've got pars that we're not all in the law. As far as the redundancy, once there's a citation, we don't have to go back and redo it and redo it and redo it. It's on the books, it's done and we're not putting the effort out to do that. I just feel like we might have to rewrite something in the ordinance, but I don't want to wait for that. I want to make sure we're doing what we need to do now to give these people some relief. It's terrible; we spent \$600 for this magistrate. Mr. Wright: That's because the majority of the cases either comply or they aren't contested. Supervisor Halbig: That's the problem; they comply but they go back and then they're in noncompliance. What we're doing is we think we've got to go through the whole thing again and we don't really have to if you read the ordinance. I don't know if you've read it, if John's read it or if

Christi's read it or whoever is supposed to be taking care of it. This thing stays on the books for a long, long time and they can get fined. Just because they fix it tomorrow... you complain today, they fix it tomorrow, but next week they're back doing the same thing, that doesn't work. Mr. Wright: This is Topic 1 for the 24th meeting. President Gangemi: I ride around the District and I see a lot of, what I think are infractions. The one that constantly strikes me is a home on Granada; as you go down Edgewater, you take a right onto Granada, almost directly across the street is a duplex there that had, probably, 50 cardboard boxes piled up on the front porch for such a long time that the boxes have lost their shape; they've been out in the rain. I brought this to the attention of the general manager and I'm just trying to find out why we can't get this resolved; I know other people have similar issues. I have to agree that our code enforcement is lacking some teeth or we're lacking the enthusiasm to go out and knock on people's doors. Whether they ride around with security or not, maybe it's a good thing they do ride around with security when they serve the notices. This isn't working. We're paying money to get this done and we're not getting it done. Mr. Wright: That's why I thought it would be good for the 24th to have a lengthy discussion because you do have some limitations in Florida law; people don't like to hear that but there are some limitations. I thought it was good to bring somebody in from outside the county that has a different perspective and that has dealt with all the issues that we have. President Gangemi: Well, whether this person has a different perspective it's still a nuisance. Whether it's a nuisance in West Palm Beach or Sebring it's still a nuisance and we still have to take care of our residents when they have concerns. Mr. Wright: I don't disagree with you except, and please don't kill the messenger, but this is a very propriety rights state. When I say propriety rights, I'm talking about the individual propriety rights that often come ahead of people that are complaining. There's a balance in there that you have to deal with; that's all I'm saying. President Gangemi: In particular, this one home that has the cardboard boxes out there; I would think there would be a health issue. I don't know what's in those boxes and, probably, I don't want to know what's in those boxes. It's just unsightly and I'm sure there are some critters in there. I'd like to see, this week, that someone go up to these people and tell them to either remove the trash or maybe we'll have Choice come down to give them a hand. I'm just tired of looking at it and I'm tired of getting phone calls about it. Mr. Wright: Alright, we'll follow up on that. President Gangemi: Thank you.

Supervisor Guglielmi: We're talking about rights, but what about the rights of the individual that's complaining? Mr. Wright: That's the problem you run into; you have dueling property and you have dueling rights. Supervisor Guglielmi: That's right. I've mentioned this before about the grass cutting; once our magistrate gives us the right to cut that grass, then, as far as I'm concerned, we just cut it and

add it to the bill; and if we have to put a lien on the property we do that. I don't know why we have to go through the process every time.

Mr. McClure: I'm not trying to dodge this, but I would just say that this has not been placed in my lap for full analysis to do this. I'm looking over the ordinance right now trying to determine what our priorities are and what we can do.

Supervisor Miller: I would hope that in this case you would be on the side of the District in terms of what we can do and let somebody else challenge it. We always hear that we can't do this and we can't do that. Let's find out what we can do. The other thing I wanted to ask you was, you imply we're at the mercy of the county on this, is that correct?

Mr. McClure: I believe it is correct, yes.

Supervisor Miller: In what regard? We set our own rules out here.

Mr. McClure: The County has the code enforcement authority and we really are not allowed to "set our own rules out here." They have given us a county ordinance, a very specific code enforcement procedure to follow and limitations to what we can and cannot do; that was probably their intent and Mr. Macbeth was very careful with this. The bottom line is I'm not saying they're not open to our complaints but we really are at their mercy in terms of code enforcement; they don't have to give us any code enforcement.

Supervisor Miller: We won't know until we get on with it and we present something, right?

Mr. McClure: I think the point of Mr. Wright's meeting with the consultant is to analyze this, see what we have, what we can do and maybe even add some horsepower to the District in dealing with the county.

Mr. Wright: I'm confident the county will confirm more authority to us at this time.

Supervisor Guglielmi: I would certainly hope so. We're a cash cow here for the county and we seem to get no respect at all. I would think they'd be glad to get us off their back and give us the authority to take care of our own business here. We need to insist on that because enough of this game playing between us and them.

Mr. McClure: It gets to the point, for instance, for condemnation of structures and things like that; they do not wish to give us that authority or ability. There are certain things in terms of cleaning up our house and keeping it clean, I don't think they have any problem with that, in fact, they'd be willing and glad to confirm that authority to us.

Supervisor Guglielmi: I would think so.

Supervisor Halbig: I believe if you read it and analyze it I believe that par is in there.

Mr. McClure: Condemnation?

Supervisor Halbig: No, not the condemnation, but the clean up and problems that we generally have.

Mr. McClure: I concur.

Supervisor Miller: I would suggest you've got a very, very, very clear message from this Board about our concern in this area.

Mr. Wright: Absolutely.

President Gangemi: Diana, do you have anything to say?

Supervisor Johnson: Yes, I do. I've been listening to the Board and I tend to agree that I think we're not getting the job done. I brought this up before with Mr. Wright. Administratively I don't think we're handling this very well. You all see the reports that we get from

the code enforcement department and it's, from what I see, it doesn't appear that we're doing it as well as we should. We may be and I've been told that information is there at the District, but we need to be on this. If we go out and see something on Monday, then we go back on Wednesday and we notice... we can't just casually look at this and say, "I checked this house; I'll go back in a week." Maybe we're doing that, but I don't see anything like that. I would like to us administratively handle this a little better. Maybe Mr. Wright needs to have a more hands on approach so that it does get done. The second thing is the consultant. My guess is if a consultant is going to come and give this a bite, I don't know if they're going to come personally or over the telephone, but if they do come personally I suspect there's going to be travel involved and travel expenses. I guess a consultant would be okay; we're talking about a few hundred dollars, but that's out there in la la land; we don't have a definitive. Maybe the Board ought to say that's fine, but not to exceed something. I just don't think we can ballpark it and say a few hundred and not know what it's going to cost us before we hire a consultant. I do think that the Board itself, Mr. Wright and Mr. McClure are quite confident in getting a code enforcement done if in fact that's going to be a conflict. President Gangemi: Okay, thank you.

Mr. Wright: That's all I have. Mr. Pimentel is here. President Gangemi: Okay, thank you. Do we have any public comment on this?

Public Comments:

1. Mrs. Chapman: Here are some pictures that I took yesterday. Please pass them around so that everybody can see. President Gangemi: Okay. Mrs. Chapman: A yellow garbage can in front of this house for six days, garbage in the garbage cans that wasn't brought to the curb Monday and it's still there, the side windows are all duct taped, ripped blinds and everything. I called Bob over 14 times in the past month since I was here. Yesterday he told me he stopped to talk to the owner who was coming out of the house with his daughter. He told him that he could not park their vehicles on the grass again and he had to bring the garbage into the garage. Last night he's got the car parked on the grass again and the garbage is still there. This morning I was walking and the vehicles were all in the yard, I came out and the vehicles are back on the grass again and the garbage is still sitting there. This is really ridiculous. I live in a slum area; I really do. The front entrance of this house has a broken blind which has been like that for, at least, a month. There's a curtain up there that doesn't even reach the top. Mr. Wright: Ma'am, that's not a code enforcement

violation. Mrs. Chapman: The windows on the side of the house are all duct taped.

President Gangemi: Thank you.

2. Rick Hulbert: I came prepared today to talk about this particular issue. I have a letter here that I'm going to present to the Board along with photographs. I hope that the Board will take the time to set up a committee to work with the residents, code enforcement, security and the general manager to set some guidelines. I'll read that letter now:

Dear Supervisors,

Through the efforts of Sun 'n Lake's Code Enforcement Department some much needed attention was recently given to an area in Magnolia Place that needed cleaning up. We who live near the properties involved very much appreciate that the system worked for the benefit of our neighborhood. And now that these particular lots have been cited, a 5-year window has been opened during which, if the same conditions recur on these lots, the owner will be subject to immediate daily citations with no time allowance for correction – and fines increasing to \$500 per day. We believe this particular owner has discovered that Sun 'n Lake's Code Enforcement system definitely has the teeth to be effective.

At one of our recent board meetings, a resident of one of the other, newer neighborhoods in the District complained of repeated parking code violations on the property next to their home. Several of us decided to visit that neighborhood, and when doing so we witnessed and took pictures of that particular violation, plus several others within a two to three block area. This prompted a three hour drive through approximately 20% of the inhabited streets of Sun 'n Lake, during which over 20 more violations were photographed. We believe that, where the same Code Enforcement effort applied throughout the District that worked so well for us, the entire atmosphere of Sun 'n Lake would brighten considerably. However, there is still much to be done to upgrade code definitions, violation standards and citation & enforcement procedures.

Another activity that is working well for us is that of our own, in-house security department which is patrolling all the inhabited streets of the District at least once daily. Would it not make sense, that along with their other duties, security officers be trained to notice and photograph code violations during their rounds, and report them to our Code Enforcement

Officer for further action, such as issuance of warning letters, etc.? We believe an enhancement of our system such as this would bring similar benefits to all Sun 'n Lake that we recently received in Magnolia Place.

For your convenience in considering this recommendation, I have attached to this letter several pictures of the code violations mentioned above.

Thank you for your attention.

Sincerely,

Richard K. Hulbert, Resident

Supervisor Miller: Thank you, Rick. President Gangemi: Thank you, Rick. Do you have another copy that we can send to Diana while she's away? Mr. Hulbert: Yes. Mr. Wright: I'll make one. President Gangemi: Thank you. Diana, you'll get a copy of Mr. Hulbert's presentation.

Supervisor Miller: Christi, you have code enforcement under your wing at the present time. What role, if any, do the security people play in the process now? Mr. Wright: I could probably respond to that a little better because I talk to Michael Hurley every morning when he's at work. He works with code enforcement people; they get together one or two hours a week and then they go look at violations. Mike and I have also talked about some of the actions that he's taken on an informal basis to simply ask people to do certain things when he runs across them. There's an informal relationship, but the two do communicate well. At least a couple hours a week we'd like the code enforcement people to get with the security people to look at specific things. Supervisor Halbig: It wouldn't be a bad idea to have the county... our website doesn't have the latest code enforcement ordinance on it. Mr. Wright: I've already made a note to put it on there. Supervisor Halbig: It would be a good idea. Christi, have you read the county ordinance? Ms. Wolf: No, I have not. Supervisor Halbig: I can't understand why we're not trying to put some teeth into what we're supposed to be doing. Maybe we need a set procedure and it looks to me like it'd be a good idea to get security involved in it because they're around and they travel every road every day. I think

once the word gets out and we apply the rule of law that we've got then maybe this thing will play through. Mr. Wright: I've got the Board's input and I will follow up. This will be on the 24th agenda. Supervisor Johnson: I've read that court order though it's been a long time; probably about three years for the county and also for my own homeowner's association. I thought there was somewhere that said, and I don't recall which way it worked, but if an enforcement is more strict in one or the other, I don't remember which one prevails or supersedes, it does apply; let's say it's in the county and it's not in the HOA then my recollection is that it does apply. I don't know which one it is but we may have the opportunity to use the county and put some teeth in this. I think it says that somewhere in there. President Gangemi: Okay, thank you. Your point is well taken. I'm sure we'll have an update for the August 24th meeting.

3. Bill Jackson: I think we've heard a lot of good suggestions today; Mr. Hulbert offered some excellent suggestions. There is one thing I think we need to look at; you don't hire a person who is afraid of heights to reroof your house. I remember when Geouque was working here. The sure fact of his attitude and demeanor he got things done. I don't think anyone is wrong for the way they feel or the way they are, but I think you need to look at someone who is more aggressive and wants to do this and really wants to get it done. Again, if you have a fear of heights don't get on roofs. Thank you. President Gangemi: Thank you.
4. Bill Norcross: Code enforcement has been a thought on my side and a lot of people. The problem I have is the teeth that these code enforcement people have to have to enforce the code. I don't understand why because you've got this written in your District manual of what people are supposed to do and you can't do it. A quick suggestion is, probably, to have a police officer accompany code enforcement. Let's have some real stringent requirements adhered to. A quick note; there is a fellow here who's lives on Cremona and he has complained about another fellow across the street. Mr. Duffy, who is trying to sell his house to downsize, can't sell his house because across the street is a house. Well, it's considered a house; it's a dump! They've got cars parked on the lawn, they've got plastic furniture and things out front, they've got trash and everything; it's just a mess. Now, Mike is looking into this, there's a lot that can be done, but there's a lot that can't be done. The problem is that it's not being done. This guy is complaining but the other guy is saying he's grandfathered so we can't do anything about it. That's B.S.; let's knock that stuff off. I was here before a tax on the outside of my property was initiated; I can say I'm grandfathered and I don't want to pay the tax. Is that a reasoning? Mr. Wright: Let me clarify that for the Board. What

he's referring to is the house on Cremona, when he refers to grandfathering, is he is not a member of the Preserve Homeowner's Association. That is correct; that is the grandfathering that he's referring to. It has nothing to do with code enforcement. President Gangemi: I didn't think it did. Mr. Norcross: Also, all of the snipe signs on 27. President Gangemi: That's the county, Bill. Mr. Norcross: I agree, but the only way that the county will get involved is complaint driven. They will come out and they will check out whatever the problem is. I have found that when the Conrad, which is ahead of the county, is very, very nice and I did send her a thank you for the work that she's done out there; it's been a real pleasure to drive down 27 without those signs. We have a lot of those problems here, they're being addressed and I appreciate it. As far as this grandfathering stuff let's knock that off.

5. Tom Kosty: I would suggest that everybody read the most recent copy of the county code for Sun 'n Lake where code enforcement was updated approximately two years ago back in 2010. It defines the items that we can enforce ourselves. In a nutshell, it's grass and weeds over 18 inches tall, it's cars improperly parked, and improperly parked is defined in that ordinance, it's also rubbish and trash around the houses and the keeping of animals on property in Sun 'n Lake. In driving around there are hundreds, and I mean hundreds, of violations. If you take the time to drive 90 miles of Sun n' Lake inhabited roads you'll see hundreds of violations on any day. I'm talking about grass and weeds more than 18 inches high, vehicles illegally parked, etc. As far as teeth in the ordinance, if you read it, and it takes a couple of readings to really absorb it all, it states that once a property owner is warned, receives an official warning letter from the District, giving him a reasonable time to correct the situation, and I suppose if it's trash in the yard that would be 48 hours to get it out of there which sounds more than reasonable to me, it does say that it cannot be any longer 30 days; it doesn't say that you have to give them 30 days to correct it; it says that the correction period cannot exceed 30 days. Parking vehicles on the lawn, that's defined; an owner is not allowed to park on his lawn. If he gets a warning letter, once a warning letter is issued, the ordinance states that a five year window is opened. If that occurrence reoccurs again it's an immediate fine whether or not a citation was issued the first time; once an owner has been given time to correct the situation officially by the District, if he does it again he's immediately subject to a fine that starts at \$50 a day with no time allowed to correct it and every day that it continues, anytime within the next five years, it goes up progressively from \$50 to \$100 to \$250 to \$500 and so on until he corrects the situation; that's what the ordinance says. I don't understand why we keep hearing that there's very little we can do

about it. At least we've got the cover from the county; they've given us the authority to do this in 2010. You've got to go looking for it to find it because it's not on the District website; you've got to go somewhere like Unicode where it is published; our current ordinance is published on the Unicode website as is the City of Sebring's and Polk County and Highlands County; all of those ordinances are published on Unicode. If you go there to read it you'll see that in 2010 real teeth were put into our code enforcement and we've not been following it. President Gangemi: Okay, we'll look into that, Mr. McClure. Mr. McClure: Absolutely. Again, I'm not trying to dodge anything. President Gangemi: I understand. Supervisor Johnson: I just wonder how the Board feels. Do you think the appropriate place for code enforcement reporting line should be to our Community Services Director? Is there a better place? Code enforcement should probably report directly to Mr. Wright so we can get this thing straightened out. Supervisor Miller: That's been suggested, Diana. President Gangemi: That's been suggested, Diana, and I think you bring up a very valid point. I think that under normal circumstances if we had a police department that would be the department but since we don't have a police department it should probably be reported to Mr. Wright. I don't know how the other Board members feel. Until we get this cleared up I think that's where it should go. Are there any other comments from the Board? Supervisor Guglielmi: When Gerry Geouque was the code enforcement officer he had a permit to carry a pistol and he carried it on his hip. You'd be surprised the cloud that pistol has when the individual goes to a door and says, "You're in violation; get it straightened out." Some of these homes I wouldn't go and knock on the door and tell them they're in violation; you're liable to get shot. I don't know how to do that; maybe the code enforcement officer needs to get a permit to carry a pistol or have a sheriff's officer with him when he goes to the door. That's the reason why Gerry Geouque was effective. Supervisor Halbig: I think the first thing they need to do is make sure we've got a procedure in place. I think getting security involved in aiding the code enforcement person that we have here would go a long way to do it, but I don't want to wait forever and have these people suffer for six months while we get that done. I would think we can get it done without a whole lot of extra effort. President Gangemi: Let's put an initiative out there. Let's get this thing squared away by August 24th. Let's have all of the ordinances reviewed, looked at, what we can do, what we can't do and let's see if we can't put this to bed once and for all. It may take longer than the 30 days, but let's have something on the table that we can bring back to the residents. That's my feeling. Mr. Miller? Supervisor Miller: Well, everything we've said is

- pretty much spot on, but I would also draw your attention to the fact that in several cases in terms of definitions and so forth they're pretty sloppy definitions. One of the things that bugs me more than anything else, and this is an issue that the Chapman's are facing, is mulch. They talk about being able to park your car if you put down mulch; they don't say how and when or to what extent. If you look around the District, at violations, house after house after house they're sprinkling a little bit of red stuff on the lawn and they consider that being the ordinance. When you talk to the Bob, the code enforcement officer, he says his hands are tied. We've got two issues; we've got the issues that Dave and Frank and others have talked about in terms of getting on with it, but at the same time you've got a lot of sloppiness in terms of defining what is a violation and to what extent and so forth. We need to address that as well and that's where I've asked for the consultant to come in. It's, really, a two pronged situation. Step one that was suggested here today is certainly the way to go.
6. Joe Eck: I thought we were on public comment, but I guess we went back to the Board. The only thing I can tell you is I know about code enforcement. I turned it down 29 years ago. I knew what the laws were there. You've got the right authority right there; you five people on that Board to do what you've got to do. The county doesn't give a damn about Sun 'n Lake at all. All they want are the fees that they're being paid which is your ad valorem tax. I wasn't going to get up here and say anything about this because I'm not here for that, but Gerry Geouque was the man that did what he had to do and as far as him packing... I can pack, too, because I've got a permit but I don't do it because I'll lose my cool and be liable to blow somebody's head off. President Gangemi: We don't want that at all. Mr. Eck: The thing about it is, what I'm after, you've got different splices here in this District. I live in Unit 2 which is what you people call the ghetto; it's rough down there; some of it has straightened out but some of it hasn't. Manor Hill has their own laws over there and Pebble Beach has got theirs. Don't include Unit 2 in what you're going to try and do about parking on the grass because those homes were built years before yours were and they're smaller lots. I will park on the grass and if you try to do anything about it I'll go to the grandfather law which is legal; it's a statute. President Gangemi: Okay, thank you. Can we go to Mr. Pimentel? Is that okay?
7. Rick Hulbert: I would hope that the Board would take a few minutes today to appoint a group of people, a Board member, Mr. Wright, code enforcement, and I'll volunteer to be on it to set up procedures so that once code enforcement is notified they'll send out a letter, security people would have a record of who has been issued, and when the violation

continues we give them a citation. Those procedures, I think, would make a big, big difference and it shouldn't take us more than one or two couple hour meetings to sit down and write those procedures; it should be from security to code enforcement or an outside person to code enforcement and have it logged, they can cite it and they're issued. President Gangemi: I don't think we can appoint a committee today. I'd like to get some feedback from the consultant and also feel very comfortable about what we can do legally and what we cannot do. I don't want to go in there and all of a sudden have someone say they're going to sue us or whatever. Let's see what the consultant comes back with. I'm willing to spend a couple of hundred dollars to put a lemon on it. Mr. Wright: Give me a little flexibility. I understand your direction. Let me talk to him. My intentions are to probably meet with him next week. We're talking Polk County; we're not talking the end of the world here. President Gangemi: Okay; alright.

8. Mr. Chapman: Why don't we send a form on the next water bill as to what the code enforcement entails? In other words, no parking on the lawns, garbage cans in your garage when not in use, and anything else that code enforcement has got; send it in the next water bill so there will be no excuse by these residents that say they don't know anything about it. Supervisor Halbig: This thing is 26 pages long; it'd be a big envelope; it'd be a manila envelope. President Gangemi: We can put it on the website. Mr. Chapman: That's not what we're talking about. Not just the form but code enforcement that the residents should know about. President Gangemi: We'll take a look at that, Mr. Wright. Mr. Pimentel is here so let's get back to the agenda on that. Mr. Pimentel?

5. ACTION AGENDA

- a. Presentation by Pete Pimentel on the Compliance Audit of National Recreation Properties, Inc.

Mr. Pimentel: Good morning. I'm with Special District Services and we were contracted to deal with a 17 year old issue that you've been dealing with for that long. It has to do with, basically, the NRPI involvement and the District. Again, this goes back to about 17 years when it originally began. You've got a lot of history here that needed to be looked at.

The RFP 11-018 was divided into 3 specific areas. The first had to do with the amendment to the Phase V Agreement; specifically Section J. The Phase V Agreement was entered into

in 1995 and the amendment was 8 years later. We weren't charged with looking at the success or failures of the original 1995 agreement; it did provide some information to you with regard to it. The issue with regard to Section J... let me just back up a minute. Let me explain to you... President Gangemi: Mr. Pimentel, can I hold you just for a second? Can we get that up on the board there? Can we get it on the screen? Mr. Pimentel: The report I presented to you is, basically, divided into three or four sections. The answers to the RFP are, what I call, the executive summary. My charge was to answer just three areas. Section J had a number of issues. In order to answer them I put them in the form of a question provided with the question and an answer; I am not going through each of those, but I did address them. There were a couple of questions having to do with the lots and if they were properly sold or if they were properly paid for. We're talking, probably, close to 2,000 lots and in order to provide you with a proper answer you'd almost have to do a title search of each lot and that was well beyond the scope; I'm not sure what value that would serve to you whether or not the lots were properly sold or whether you were paid your money. We did an analysis of the finances which I'll talk about in a little while. Section J is comprised of about maybe seven or eight specific questions and some sub-questions. You'll find that in the report on pages two through six. (Supervisor Johnson was disconnected and then reconnected)

Supervisor Halbig: If we have a question as we go through this should we ask it then or should we wait until he gets through? How do you want to handle this? Mr. Pimentel: Up on the screen you'll see the format of what I presented. I provided, for example, Section J, contract condition, 1.11. I provided the issue in the form of a question and then I provided an answer to it as best I could determine. If you have a question as we go through just go ahead and ask me.

Supervisor Halbig: I've got one question for John. You start off with an original document and then you have an amendment to that original document, if something's are changed in the amended document but there's no reference at all in the amended document to the original, doesn't the original document prevail unless there are specific changes to the amended document? Mr. McClure: Yes. Supervisor Halbig: Okay. Thank you. Mr. Pimentel: As you can see, the issue was a document that was done in 1995 and amended 8 years later, we, kind of, had to go back and forth to see what that original document said in

order to provide you an answer when it referred to an amendment to that document.

Supervisor Halbig: The reason I asked the question is if it says it's deleted... if the amended document doesn't say it's deleted then the original document prevails. Mr. Pimentel: When we get into the deletions we're talking about the land sale and development that came later. The original agreement dealt with the issue having to do with Sun 'n Lake, Inc. and their delinquency; they were delinquent in payment of assessments to the tune of about \$700,000. In order to deal with that you entered into the agreement with them in 1995 to try and address that delinquency, help them be able to sell their lots, they have a couple of thousand lots that they own, but there were almost 4,000 lots delinquent; many of those they didn't own. You tried to deal with that issue in 1995. Apparently, I can't tell you whether it was successful or not because I focused on the amendment, which came eight years later; that is Section J, Pages 2-6 that I'm referring to. That was to deal with the lots that were delinquent owned by Sun 'n Lake, Inc.

Supervisor Miller: We have Section J, Pete, but there are no answers in there. It's like taking the fifth because you say you didn't have the information, you couldn't do this, you couldn't do that, so what's to take away from Section J? Mr. Pimentel: Well, most of the questions I said I couldn't get you answers on were... to trace the 2,000 lots, to tell you the history of how they went from Sun 'n Lake to NRPI and to a third party would have taken a title search for each of those 2,000 lots and that wasn't what I was contracted to do; I wasn't contracted to do a title search; it's very expensive, time consuming and I'm not sure what value, at the end of the day, I think at the end of the day we're going to talk about the money.

Supervisor Miller: Well, let's zero in on one part of Section J then. Mr. Pimentel: Okay.

Supervisor Miller: You have the question, was the selection process by which NRPI was hired in accordance with the District policy was correct? I got, kind of, a non-answer, but if I try to read between the lines, and correct me if I'm wrong, I think what you're saying is that bidding process to bring them on board was pretty questionable. Mr. Pimentel: Let's talk about the amendment to the agreement first.

Supervisor Miller: No, let's talk about the question I asked you. Mr. Pimentel: That's the next agreement. There are two separate documents. Supervisor Miller: It's on Page 6; I thought we were on Section J. Mr.

Pimentel: We're on Section J, but if you go to number 2 on Page 6, it's where we're talking about the land sale and development agreement; that's the next phase of my study. President

Gangemi: Wait a minute, wait a minute; let's just backup because Dave brought up a very

valid question. You're going through the executive summary and the first one is your scope of work. The question was, did the District transfer NRPI by special warranty deed, etc.?

Your answer is it cannot be absolutely determined that all the lots contained in Exhibits A, D and E were transferred. Is this what you're saying that there wasn't any documentation? There wasn't anything other than doing a title search on 2,000 properties to determine if this was actually accomplished? Mr. Pimentel: It would require me, if that were my assignment, to go through 2,000 transactions that may or may not be still available to you other than through a title search. President Gangemi: What you're saying is you didn't find any documentation at the District that could back that up? Mr. Pimentel: No, not in the District files. It may be in John's stored files, Mr. McClure's stored files perhaps, but I'm not sure how much records were actually kept by the attorney. (Supervisor Johnson was disconnected and Ms. Robinson reconnected her on the line) Once you sold the lot it went into the public records... President Gangemi: Excuse me. Are you back? Supervisor Johnson: Yes.

President Gangemi: Okay. We have Mr. Pimentel at the podium right now. Do you have your audit book? Mr. Pimentel: This, apparently, was moving so fast... lots were being sold so fast at this time because you're at the height of the market. They may not have been sold by special warranty deeds; they may have gone by quit claim deeds because if you go further the District was required to provide a title policy for each of the lots and they didn't because NRPI was moving so fast they waived that; I think John can back that up; you didn't provide a title policy for each of the 2,000 lots because NRPI couldn't wait; they were just wanting to sell them. You had a selling frenzy going on. I don't know any better way to describe it. To keep track of it, the best way to find out now is to take those lots, because they're defined, and do a title search for each of the one to tell you how they transferred from Sun 'n Lake to NRPI to a third party. What happened with this amendment, the District ended up owning those lots. NRPI was taking them from you for a dollar, selling them to a third party, maybe by a special warranty deed, maybe by quick claim deed or maybe by some other mechanism. They were just moving very, very fast. If you want to know if those 2,000 lots met the conditions of the agreement, number one, you didn't provide the title policy to ensure that you owned them and number 2, you have to do a title search for each of those 2,000 lots. I suspect that as time went on it was over 2,000. At the end of the day, what have you got to spend that kind of money? That's the dilemma that exists. The records are sparse and quite honestly the amendment to the Phase V agreement, probably, is still a valid agreement, and I mention that in my observations. You did terminate the next document, but you never took

any action on the 1995 agreement or the amendment to terminate it. We couldn't find any evidence of that. It's still out and it's still a valid agreement. What does it mean? I'd have to defer to your attorney on what it means. You never as a District terminated that 1995 agreement or the amendment. Put that aside for a minute; you're dealing with the 1,900 lots at Sun 'n Lake; you can have them, we owe you \$700,000, we'll pay you \$100,000 over 7 years; that agreement is over here. You decided at some point there were a lot of other lots out there that you owned other than the 2,000 or 1,900 or whatever that number was. You decided you wanted to go out and see if there was a developer who could provide you some relief on those lots and maybe help you develop the district a little bit better.

Now we're coming to Page 6. President Gangemi: You're going just a little bit too fast for me. I just want to backup. You say on Section J, Contract Condition, 2.2.1, that there was \$456,000 that you could not find that was ever paid to the District. Is that correct? Mr. Pimentel: That's correct. President Gangemi: Okay. That was because we didn't have any documentation? Mr. Pimentel: There's a specific amount we could not find in the records. However, when you look at the final analysis of the money it was probably paid, but we can't find a document that says, here's the \$457,000 or whatever that number was; particularly since you destroyed old financial records beyond 5 years. There's no check, balance sheet or deposit sheet showing that. President Gangemi: Do you think at some point in time if we ask for the \$457,000 that group would come up with a receipt? Mr. Wright: Where we actually deposited the money? President Gangemi: Yes. Mr. Wright: Tanya, help me, but we don't keep those individual records more than 5 years. President Gangemi: Okay, so 5 years everything goes into the shredder? Mr. Wright: Yes, sir. You've got to keep in mind we take in several thousand payments a month and you're talking an enormous amount of record keeping if you want to keep track of every one of them. The law says that after 5 years you move on. Mr. Pimentel: Your staff did do a search to see if it was there and Tanya and I had a talk about it, but it's not there. We can't find evidence it was paid. We can talk about the finances a little bit later. You did end up with a lot of money.

Supervisor Guglielmi: Mr. Pimentel, in your analysis is a whole document and its mess, which it is a mess because a lot of things were rushed. In your opinion, did we get the money that we were promised by this NRPI? Mr. Pimentel: Yes. I think you did. Supervisor Guglielmi: I don't know why we're doing this and I don't know why we're spending the

money; I don't understand that. How much do we pay you to do this? Mr. Wright: Seventeen plus. Supervisor Guglielmi: So, it's probably \$20,000 plus. Mr. Pimentel: No, it won't be that much; it'll be about \$18,000. Supervisor Guglielmi: Okay, thank you.

Mr. Pimentel: Okay, so you've got your agreement over here still active; I don't know what legal statuses it has and you probably ought to do something to terminate it. The District decided to go ahead and try to figure out if there is a way we can get rid of all these other lots we own that aren't included in the 1995 agreement or the amendment. You decided to go out for an RFP for a developer. The question was, what's the selection process in accordance with District policy? At the time you were operating under the competitive bidding process of the District that's in the county code. It basically said the purchases of improvement less than \$10,000 you could award; there's nothing to say if it's in excessive of \$10,000. For consultants what do you do? Obviously, the interpretation was, "We're going to follow the bidding process and advertise twice in the newspaper." That's what you did, but the only anomaly there was after the ad was published twice, it was taken to the Board and ratified, but you already had it in the paper. Was that improper? I don't know at the time whether staff was allowed to go and advertise or not without Board approval. Somebody thought it should be taken to the Board to ratify it. Supervisor Miller: Were you able to find in any of your records any of the records or minutes of anything on how the bidding process folded? Was there more than one bidder involved or anything? Mr. Pimentel: We found a file and it was only one bidder, which was NRPI. I understand there were others that were interested but didn't have enough time in that short period. The minutes where that was awarded were not in the files; the hard copy. We had to go to the tapes and, fortunately, we found the tape of that meeting. Why those minutes were missing I can't say; we don't know, but we did have them transcribed and they are now available in the records. The one contract was given NRPI, that file is very sparse. Supervisor Miller: This is just a general observation. You made the comment throughout the report of all the inadequacy of minutes and documentation and so forth. We're going to be looking at that all the way through, but getting back to the bidding process. You just mentioned a short period of time. Did you analyze whether or not that process was in keeping with what proper bidding procedures were involved? Mr. Pimentel: It was; it was within the guidelines. However, in my opinion, something of that magnitude, that's probably the biggest contract the District has ever entered into, I would have thought you would want to give it more time; more opportunities to explore. In fact,

I'm not sure I would have accepted one bidder or recommended one bidder but you did. Regarding the minutes; I reviewed seven or eight years of minutes and the only set of minutes that wasn't in the file in a hard copy was the minutes where you awarded this contract. President Gangemi: This is a timeframe of August 2005? Mr. Pimentel: No, no; it's around the January 2005; December or January when you awarded the contract. Those minutes were the only minutes missing from the file, but fortunately Mike found the tapes for that meeting and we did get them transcribed; nothing out of the ordinary other than you only had one bid and the file for that contract is very, very sparse. In fact, we couldn't even find the proposal; the actual proposal that was submitted by NRPI. President Gangemi: It was missing. The only thing we found was the tape? Mr. Pimentel: Yes. President Gangemi: And it was transcribed. From the transcription we should have the individuals that were involved in this award. Mr. Pimentel: That's all there now that we've got it transcribed. President Gangemi: Who were the individuals that were involved in that? Mr. Pimentel: At that meeting? President Gangemi: Do you have it in your notes? Mr. Pimentel: I've got it in my notes. We know who the five Board members are. President Gangemi: I would think if you're making a presentation like this you would have brought that along. Not to be too critical. This is something that... when we look at NRPI that did not restrict its activity to marketing and sales and did in fact vote to recall one of the Board supervisors. This is getting deep. Mr. Pimentel: When I get done I've got a box of information I the car so I can get those minutes and then come back and tell you which Board members were at the meeting. That's easy. President Gangemi: I'd like that.

Mr. Pimentel: You've got this agreement, this Land Sale and Development Agreement, dated January 27th that you entered into. The question was, was the Land Sale and Development properly executed? I'd have to say yes. Was it my recommendation to handle it that way? Probably not; it was too short; I'm not sure how much screening was provided to dwell over how much discussion on his ability to deal with what you were trying to deal with. There was a lot of money placed on the table in the contract that had to be delivered and we'll talk about that at the end. Supervisor Halbig: Are you talking about the original agreement or the amendment? Mr. Pimentel: I'm talking about the original agreement. The first part, to answer your question, was yes. Were they hired in accordance with the policies? Yes. Would I have done it differently? Yes. Supervisor Halbig: Where are you at in the book? Mr. Pimentel: I'm on Page 7. Page 6 is where I address your bidding issue down at

the bottom. The first question was, was it properly executed? Yes; both parties executed it; it was properly done and the document is there. Supervisor Halbig: Excuse me, Pete. Do you reference in the book, and I've looked at it several times, the second amendment? Mr. Pimentel: Let me get to that. Supervisor Halbig: Okay, I'm sorry.

Mr. Pimentel: The next question was, were the contract terms and conditions in Section 3.01 and 3.07 complied with? I put each of those items in the form of a question and I have provided an answer. You entered into two amendments to this agreement, so I had to go to those, come back to your original, tell you where items were changed, items were deleted and a number of items were deleted. If you go through the sections and you go over to Page 11 you start seeing the deletions. Supervisor Halbig: The reason I asked the question, and it might save some time, but the second amendment to the Land Sale and Development Agreement was not... that shouldn't even be in the equation here because it never was properly executed because of the things that weren't done; the reporting of the declaration of restrictions. It specifically says that if those declarations and restrictive covenants aren't recorded then the second amendment doesn't even exist. Mr. Pimentel: Yes, I pointed that out in the document. It doesn't exist so I can't make that legal opinion for you, but you did cancel the agreement.

Supervisor Miller: Can I ask a question in regards to Dave's comment? I'll read this. "Based upon audit findings, the legality of the second amendment is in question." You make that statement. Did the investigators, you and your colleagues, find any evidence that the Board received any notification of this fact from legal counsel? Is there anywhere in the records that legal counsel had advised the Board that this is not a legal document? Mr. Pimentel: I found no evidence in that. Supervisor Johnson: That was questioned many times at the Board meeting; many times; we knew that and whatever the answer was we complied with. That was in the beginning of 2008 and you could go back to any minutes. I questioned it personally many times. I think your question as to why we questioned that is we received \$1.25 million. Mr. McClure may recollect what the definitive answer was. Mr. McClure: That very issue was raised several times and Ms. Johnson's recollection is correct. The discussion, as I recall, centered around, well, if it isn't valid then what do we do? Do we have to give the money back for the clubhouse? We don't want to do that because we want to keep that money and we want to move forward with that. The issue was, how do we

proceed? Do we want to challenge these guys and the money that it's going to cost to proceed with a very lengthy and costly litigation or do we want to just, kind of, let things simmer? My recollection is that the election was made, at that point, at least, to do nothing on behalf of the District against NRPI because of the money that had been paid for the clubhouse. Supervisor Halbig: If the second amendment doesn't go through then you go back to the original, right? Doesn't the original document have those numbers in it? Mr. McClure: The question is this, do you want to declare a declaration of breach or not? That was the question. The answer from the Board was no. You have a whole different Board here now, you have different people, and there are different reasons; I can't address that; I can only address the answer that was given to me at the time that the issue was raised and that's what we're dealing with. Mr. Pimentel: Keep in mind you have taken action to cancel this agreement; it was done; it's no longer in force. You took formal action at a point in time to cancel the Land Sale and Development agreement. Supervisor Halbig: Well, we sent a letter. I don't think we ever got a response saying they agree it is canceled, correct? Mr. Pimentel: I don't know that's a requirement; that they would have to acknowledge that. You voted to cancel it. Mr. McClure: They did not challenge the cancellation. In other words, while we don't, perhaps, have a written cancellation, the letter was sent, it was done. Ultimately, we're going to be dealing with the statute of limitations issue anyway. If you haven't done anything in the last five years then you lost your legal right to be doing that. Mr. Pimentel: The second amendment to this agreement was the result of that court action where a group of citizens challenged the District on their right to exempt properties. Interestingly enough, that document, the final court action, required the participants to remain silent as to what the settlement was, but the next thing we saw was the second amendment.

Supervisor Miller: Frank had asked a question if we got all the money that we should have from the contract and your answer was yes, but under the settlement, in fact, the principal issue, correct me if I'm wrong because there are several people here that were party to that, but one of the principal issues involved in that litigation was the fact that NRPI was being forgiven in terms of assessment payments. The settlement agreement, part of it, stated that they would start paying assessments and they made one initial payment, I believe, of \$750,000 and we never saw another nickel in terms of assessments. Your answer in terms of getting all the money that was due to us, I think, is rather inaccurate. Mr. Pimentel: Well,

but you canceled the agreement. You deleted that section originally and you said that they were exempt until November 2007. I'm trying to find it for you, but you deleted that section.

Supervisor Miller: Let's skip all of that. It's a simple question. NRPI is a result of that lawsuit and the settlement; they were supposed to start paying their assessments. They made one payment, which by the way, they subtracted from the amount that they were paying to do the clubhouse so it was reduced from \$2 million to \$1.225 million and then they didn't pay anymore. What is unclear about that?

Supervisor Johnson: We did get it. What happened is, I think, they went into having to pay assessments just like any other property owner. We did get the tax certificate money on assessments because they fell under the same thing; they didn't pay the assessments. The next year we had a lot of money because tax certificates were sold on delinquent assessments. I don't think that was something that was enforceable; it was just like any other assessment.

Supervisor Miller: I will ask you, again, then, do you think we got all the money we were entitled to from the agreement? The answer to that would be no.

Mr. Pimentel: If you're talking about the agreement, the answer is no, but if you're talking about the two amendments to the agreement where you gave back so many of things they were supposed to give you under the agreement...

Supervisor Guglielmi: Sir, let me make a comment. I think we're splitting hairs here. The original agreement with NRPI, as I understand it, they were going to pay "x" number of dollars; they paid us lump sums to take care of county taxes and a lot of other things. As a result of the deal with NRPI, they put lots back on the payroll or in the tax rolls and we collected money from those lots for a period of time until the market crashed. That money was not part of the contract; the contract stated that they were going to pay us lump sums and then put 500 lots back on the tax rolls guaranteed every year or pay assessments; that was part of the agreement. Then the lawsuit happened. We have a pension in this District to create enemies out of partners. That's what happened in that situation and I think you agree with that. We sued a company that was trying to help us that was supposed to be our partners. What did we gain from it? Absolutely nothing. They took money from the money they were supposed to pay for the clubhouse and paid assessments on the lots that they had. As far as what was happening after that, they chose not to pay anymore just like a lot of the other property owners.

Mr. Pimentel: So then you begin your foreclosures on their lots.

Supervisor Guglielmi: Exactly.

Mr. Pimentel: Let's go to Page 20 and talk about the money.

Supervisor Halbig: I don't want to go to Page 20 yet if it's alright with you. I want to comment on this. They made

money on this lawsuit because they didn't pay what they were going to pay and it took so much out of that it wasn't even funny. They owed a lot more taxes than they were paid. Somebody in this District administration allowed them to give them dispensation on paying for lots that they deemed to be unbuildable. I've got an email here and I don't know if you saw that, but at one point in time, they owed in January 2007, this is from Greg Spiro, Schaeffer, Puffenberger, they owed \$2,489,866 and they paid \$751,000. There was a lawsuit that said they had to pay it. At the end of the day, we'll talk about this and talk about this, but at the end of the day we're not going to get anywhere with it unless we've got some offset or we can hold back on the money that they're paying here or if we take legal action, which we'll probably have to take in order to get there, but these guys came in here bottom fishing, bought this thing... All of this opened up bad blood as far as I'm concerned. They cherry picked the thing and walked out of here with a lot of money in their pocket and we got the hard end of the deal. The reason I don't want to go... There was a correction on Page 11 before you get to Page 16; \$1,225,000. Let's back up if you don't mind and get this out of my mind. Where you talk about District staff indicated that fiscal year 2008 \$1 million was transferred from the golf fund to the capital project fund for construction of the clubhouse. You said, "Apparently, funds received from NRPI." These were not funds from NRPI; these were assessment money for the golf and recreation was going into the golf fund and the golf fund transferred that money over to the construction; that didn't have anything to do with NRPI. I just wanted that to be corrected. Mr. Pimentel: Once again, I wasn't able to find out any evidence. Supervisor Halbig: You pretty much described it, but that's where that money came from; it came from assessment money and not from NRPI. Then on Page 14; this is one that really made me jump up. Maybe John will have to explain this where it says, "District Attorney, John McClure, indicated that his office handled all the foreclosures and NRPI paid the expenses." Mr. Pimentel: There was an amended page. Michael, did you put the amended page out? There's an amended page there. Supervisor Guglielmi: It says NRPI reimbursed the District. Did they? Mr. Pimentel: I don't know; there's no way to know that because the records are gone. I can't answer that question. Supervisor Halbig: It says he handled the foreclosures and NRPI paid the expenses. Mr. Pimentel: We amended that page. Mr. Wright: Yes, that page was amended. The change is in the agenda package. That was the only amendment that was made. Mr. Pimentel: It reads, "District Attorney, John McClure, indicated that his office handled all foreclosures and that he billed the District for the expenses. NRPI was to reimburse the District for the expenses under the terms of the

Land Sale and Development Agreement.” It goes on to say whether they paid those expenses because the records aren’t there. Supervisor Halbig: Okay, I’m reading it out of the book; I didn’t bring the new copy. Supervisor Johnson: Dave, I agree with you that the answer is not clear, but what happened on the golf clubhouse construction was it was \$3.6 million; \$1.225 million of that did come from that money, \$1 million came from the District and \$300,000 came from the capital project. They did give us the \$1.225 million as part of that \$3.6 million. Is that what you agree to? Supervisor Halbig: I know they did. Supervisor Johnson: They did give us that \$1.225 million for the clubhouse. Supervisor Halbig: I agree but the \$1.3 million was transferred out of the golf assessment money from the golf fund. Supervisor Johnson: Right. Maybe that’s what it meant. Maybe it meant that \$1 million was part of that \$1.225 million. They did transfer that money.

Mr. Pimentel: Let’s go to Page 20. This is where we’re addressing the finances. Exhibit A was included in the RFP and this is what I was to examine. I did find out a little bit, thanks to Tanya’s help, where this came from. This was prepared after the fact by your former finance director in order to provide your auditors some evidence of what happened. Am I correct, Tanya? That’s where this document came from. How accurate it is I don’t know. The audit didn’t separate out the information that’s on this page so that you can readily see it; it’s included with all of the numbers. Does the auditor have the records? I don’t know. Will they provide them to you at no expense? I don’t know. This document was what I was to look at. I can only take it on its face value. However, if you go to Exhibit B, we were fortunate enough to find this memo dated May 31, 2005 where the first payment was received from NRPI. Obviously, there was more money, if you go back to Exhibit A, more money came in. What I did, if you go to Exhibit C, I tried to compare them for you. Column A is basically just the headings, Column B is what was in the RFP and Column D is based on that memo I found in the files. According to your former finance director, you netted \$1 million. At the end of the day, \$1,029,524 went into your coffers from your NRPI Land Sale and Development Agreement. This document was prepared after the fact which quite frankly we have no records; it can’t be determined. At least my review of the audit I can’t single those numbers out. This concludes my response to the RFP but I felt I had taken a lot of notes over the period of time and I felt like it was a waste of that effort if I didn’t try to present them to you so you had a complete picture of what happened over 17 years. I did prepare the appendix.

Supervisor Guglielmi: Sir, it must have been a difficult job because we used to summarize our minutes; we never wrote down our minutes verbatim like we do now. The minutes were a summary of what the individual that was writing them thought was important and in a lot of cases things were left out. Mr. Pimentel: Yes, there were. I didn't go to each of the tapes. I tried to put the entire experience down in the appendix. If someone wants to know what happened, how it started, how it ended or what was included, it's all there. This is something that I just felt like you needed to have this for your records. Then I decided maybe I should make some recommendations, but that didn't seem like a good thing to do so I made some observations. Supervisor Miller: Did you equate observations to findings? Mr. Pimentel: Yes, to some degree. The first one is the general concept of returning lots to paying status; that was a great concept. I don't know who came up with it. It was such a big project for a special district to handle without putting in place some serious controls; it just got out of control. According to the documentation, you netted a considerable amount of money through the various agreements. It's pretty obvious that both the district and NRPI failed to adhere to the written documents; you both violated the contract. Quality control was lacking in the administration of the program and in the documents. The minutes lacked specificity and quite honestly most of the attached documents were not there.

Supervisor Miller: You're painting a pretty digital picture of the District's performance in terms of oversight and direction. Mr. Pimentel: Well, you've got to remember that during this period of time you ended up with six managers, changing of your key staff, you experienced two hurricanes, you had a feeding frenzy on the sale of your lots, you ended up in a recession; it was just a huge effort for a special district to handle without setting out a separate division or sections. It was moving 90 miles per hour down the turnpike. Were you at fault? I can't say you were at fault; these things didn't happen for whatever reason. The hurricanes took a lot of your staff's time. Supervisor Miller: You mentioned earlier about the lack of recommendations you decided not to make recommendation but, my goodness, this list of observations just shouts recommendations in terms of what steps should be taken. I think it's pretty obvious that, and you've made this comment, that the District, the Board, the staff and counsel were simply overwhelmed by all of this. Mr. Pimentel: It was absolutely overwhelming. Compounding that, Board members had conflicts of interest... Supervisor Miller: You don't identify that. Mr. Pimentel: Well, I've got that identified if you're interested. Supervisor Miller: It should appear. Let's identify what we're doing here.

The lack of financial records is a damning statement right there. District financial records pertaining to NRPI is disorganized or nonexistent; we're talking about a multi-million dollar program. What I was hoping for in this report was to take away specifics regarding how we can do a better job in the future when we're dealing with this type of situation. We still have thousands of lots and so forth. Did we need a third party on our behalf? Was our record keeping such that we need to change procedures? Frank eluded to the minutes and so forth. That's what I'm trying to take away from this. Mr. Pimentel: I can come back and provide you some recommendations. If you ever do this again certainly I can provide some recommendations. Let me give you this listing. Supervisor Johnson: Can I speak from experience? 2008, when I first came on the board, that was my biggest concern. We cannot know what we own, how we own it, what the status of it is and many hours were spent on the property management system. I don't know if it's a lack of skill set or what or understanding of some people, not everybody, but that system worked. That system, if you're familiar with it, I am comfortable in knowing that now, not before, but now we have a very good handle on what the District owned, what the status of it is and we're linked to the county's to get the property situation immediately; all of that has been improved. We're going back and trying to change history. I agree it was a mess; I keep saying that over and over; it was a mess. What we have changed is that we have a very good system now and I would bet that this kind of situation will not happen in the future and it wouldn't have happened in 2008 when we implemented that property management system. I think we can assure ourselves that going forward we're okay, but going backward we can't do anything about it. It was a mess but there's nothing we can do about it. We're trying to catch the horse after he's out of the barn; now we're trying to figure out how he got out. He's out so let's just put him back. Mr. Pimentel: A couple of things; she's absolutely correct. You have a very good handle on what you own now. Your staff has done an excellent job and they can tell you in a minutes' notice what you want. Back then you didn't. This list I gave you, Michael asked me for this list; it's a list of the dates and the motion and second of actions having to do with NRPI and who abstained and whether a declaration of conflict was declared. Now, along with the declaration of conflict there needs to be a form filed, but we can find no form. Even though the record said that a form was filed in some cases we can find no evidence of any of them. There were accusations of the files being purged by one of your former managers, but I don't know whether that's the case or not. I do know that on numerous occasions your attorney advised the Board about the conflict of issues, statutes and the need to disclose a sunshine

law; it's throughout there many, many times. Supervisor Johnson: Can I speak from experience on that? That was another issue that I pushed from 2008 on. If any fees were filed since then we would raise that question. I think when both Dave and I got on the Board and those questions were raised when conflicts came up, Mr. McClure gave us direction and we followed accordingly. President Gangemi: I don't know if you got a copy of this sheet that Mr. Pimentel just handed to the Board and to Mr. Wright. Mr. Wright: Actually, I forwarded a request to Mr. Pimentel from Mr. Miller; that's where it came from. President Gangemi: Okay. Supervisor Guglielmi: Mr. Pimentel? The last column where it says name, what is that? Mr. Pimentel: If you come down the second column to the left of that I listed whether anyone declared a conflict. If they declared a conflict I listed their name. Supervisor Guglielmi: Filed a form 8B? Mr. Pimentel: And you should file a form 8B. Supervisor Guglielmi: Here's the situation now. We're discussing a lot of these things and I'm a property owner here other than my house. Should I be filing a form? Mr. Pimentel: I defer to your attorney on that. Mr. McClure: In cases like that, every member of the Board would be in conflict and you could never have a vote. As I have opined in the past, simply by virtue of the fact that you are a property owner does not mean that you will individually gain or lose based on the action taken by the Board. Supervisor Guglielmi: This is the thing. If we didn't file a form, it's not because we didn't want to, it's because we didn't know any different and maybe the opinion was we don't need to. What are you snickering about? President Gangemi: Easy on the audience. Mr. Pimentel, just to go one step further with Mr. McClure's; I think that question has come up before and it was if you were a single home owner you didn't have to declare, but if you own multiple lots you were considered you had to file a form 8B. Am I correct? Mr. McClure: That's because it goes to personal gain or loss. Mr. Pimentel: The rule is if you have a doubt, file it. It doesn't hurt to file it. The problem we have here is people declared a conflict; they don't have to declare what it is at the meeting, but they have to declare what that conflict is on the form; so you don't know what the conflict is. You can see how sporadic it is on some of the Board members. Supervisor Johnson: Aren't there some situations where I myself as a popular elected seat have to file an 8B? Mr. McClure: Yes. Supervisor Johnson: Right. So, it isn't just if you own one property or two properties; there are situations where popular elected seats are different than what a landowner... Mr. McClure: Different rules apply to different popularly elected supervisors and to landowner supervisors mainly because a popularly elected supervisor, when they have a conflict, they're not allowed to vote period whereas under the

landowner's sometimes, not always, but sometimes they can still vote even though there is a conflict. Supervisor Johnson: Right, I knew there was a difference. President Gangemi: Mr. Pimentel, you have no evidence that these forms 8B's were ever filed? Mr. Pimentel: Staff could not find any. President Gangemi: Okay.

Mr. Pimentel: The last thing I would say in my observation is your staff was so helpful and patient I wondered when they were going to start hanging up the phone. They did help a lot in researching and either finding documents or failing to find documents that weren't there.

President Gangemi: We are fortunate; we do have a good staff over there that's willing to help you out. Supervisor Guglielmi: You did find evidence of forms 8B filed. Mr.

Pimentel: Those are the minutes. You have all the minutes. The only set of minutes, as I said, were missing was the one meeting where you awarded the contract NRPI; that's now there. I didn't find any minutes in the seven or so years that are missing; you have the written documents; you don't have the attachments. I don't think any of the documents have attachments. Supervisor Johnson: How long do we keep the recording of the minutes?

Supervisor Miller: Five years. Supervisor Johnson: Just five years on the recording;

shouldn't it be infinity? Supervisor Miller: Well, I'm going to speak to that in a minute. Mr.

Pimentel: That's about it. I can answer anymore questions.

Supervisor Miller: I've been wrestling over this for a long time. I have two critical areas in terms of your observation. Number one is the minutes. Frankly put, the minutes were just appalling, weren't they? In terms of lacking what was going on? We've corrected that and at times, and I feel sorry for Julixa because it falls on her, you know it takes her three to five days to type up some of these minutes, but it's invaluable if we go back. The second thing that jumps out at you is the sloppiness of the financial records and the fact that, and Tanya could speak to this better than I can, but I think the limitations of three to five years... We ought to have a specific policy in this District when it comes to financial affairs that we have to go back and search. We should be keeping those records and now that we're going to a digital process it's no real hardship to make sure we have these records if somebody in 2015 wants some answers. Am I on base on this? Mr. Pimentel: There are specific requirements for records retention. Supervisor Miller: Yes, but five years? Mr. Pimentel: No, I think it's more than that. I send a person from my office every year to the updated seminar on records retention and you probably ought to do the same thing because the laws keep changing; every

section of the legislature; something changes. There are key records you really need to keep almost forever. Supervisor Miller: Yes. It's a damning statement when you say District financial records retention pertaining to NRPI is disorganized or nonexistent. Mr. Pimentel: Right. When you can't even find the proposal of what they submitted to you, that you based a contract on, you've got to wonder. In fact, I'm not sure you even found the file, did you, Michael? I don't think there was even a file for the proposal. President Gangemi: I guess that comes down to your observation that numerous accusations have been brought prior to certain Board members. Mr. Pimentel: But nobody produced any proof. Where's the evidence? President Gangemi: I understand. Supervisor Johnson: Can we not say now that when an auditor comes in that any irregulars would be found? That's why we hire an auditor. President Gangemi: I understand, but this is based on stuff that happened before 2010. I think since then I think we've got a pretty good handle on what we keep. Supervisor Guglielmi: We've had financial audits all along; that's what Diana is trying to get to. Supervisor Johnson: Right. Supervisor Guglielmi: We've always had financial audits at the end of the year. If there were irregularities they would have popped out, they would have been called out and they would have been taken care of. President Gangemi: Only if they were given the scope that Mr. Pimentel was given. Supervisor Guglielmi: They have access to every record that... President Gangemi: I don't think that happened. Supervisor Johnson: I can honestly attest that 2008 things were in good order. I don't know what happened before me, but I know I have honored these things. President Gangemi: Well, when you get the list you'll see the individuals that are on the list and you can go back from 2009 up to 2003; you might be concerned; you might have an interest in that. I'm just pointing that out. Are there any other questions? Mr. Pimentel: I apologize for taking more time than I anticipated on the contract. It's just that we ran into a bunch of dead ends and I had to go back and try to recreate from the evidence. It was just a very time consuming effort. President Gangemi: Mr. Pimentel, thank you very much. Mr. Wright: We even had to, on some of the legal notices we couldn't find, we actually went and paid the Tampa Tribune to research their files to actually send us copies of the legal advertisement. We had to go to that level to research. President Gangemi: At this time we've had a number of individuals who'd like to pose some questions to Mr. Pimentel. I hope you can stay around to answer some of their questions. Thank you. Here's how we're going to do it. The first person speaks, it goes to a second, to a third and repeat so everybody has a chance to speak.

Public Comments:

1. Bill Jackson: First of all, let me correct Mr. Guglielmi. NRPI was never sued. Who was sued was some individuals, we've got two of them sitting in the room here, sued Sun 'n Lake. As this went on this affected because there was a lawsuit going on this affected NRPI and their ability to sell lots. They came in and had a meeting with Mr. McClure and Mr. Grieshaber over in their old office and a few others. That's where they hammered this out. They were going to pay the assessments but they didn't pay a dime because they took it out of the \$2 million that we had already had so they didn't pay a dime and after that thing they never paid another dime. Let's look at the proposal. By the way, if you want that proposal I have it; I have what they responded with. He put in the request for the proposal, Mr. Puffenberger who was running the District at the time, put in 30 days where normally you'd put in anywhere from 60 to 90 days. Remember, NRPI got here early; they came in through the old bond holder. They had all this done, they had all their work done and then they came up to set this proposal; well, Puffenberger put it in for 30 days; no one else could have the time to do their due diligence so low and behold they won. Now, let's look at some things. When people left here, Severino had a group that would have made a lot of money but the money tanked; he bought 85 lots from NRPI and got his little share of it. Mr. Puffenberger got a contract as a consultant for NRPI, figures quoted \$80,000 a year. The top two people seemed like, to me, they had an ethical problem. They were negotiating with NRPI. There were also other things that were done. We were supposed to have regulations put in over there and I addressed this to Mr. McClure. I ask why we didn't get this put in over on Maronda; it never happened and that was supposed to be done through NRPI to promote this, but it didn't happen. I asked him and he basically told me, "I trust them." I didn't know it was in an attorney's job description to trust anyone. Now, let's look at the other deal. Those lots they talked about, those 2,000 lots, were clearly listed in that sale under a separate table and it listed all the owners; 4,000 lots District owned. Those 2,000 lots had other people's names on them. If you look at NRPI's proposal, they had a spot in there about their legal team and they bragged that their legal team is very good and they can get these lots turned around quickly. They took all of those lots and once they got them they used them at the meeting with Mr. McClure to beat us over the head and shoulders. I

think that had something to do with the second amendment. We gave them everything in that second amendment to the Phase V. We got nothing out of it. You have to ask yourself what kind of negotiating that was. Now, let's talk about the ethical situation. I sat through so many meetings, I spoke up at times and I said, "Mr. McClure, aren't they violating the ethics on this?" He would say, "No." So, I had no more to say. I told them one time that if this happens one more time I'm going to the ethics commission. It did and I remember Mr. McClure, at the end of the meeting, stopping and talking to Mr. Guglielmi and Mr. Severino about declaring their problem with this. Finally, afterwards, they did acknowledge it. Severino was like a spoiled child when he did it but he did. They never filed the forms; those forms are supposed to be attached to the minutes of the meeting. Now, let's see how bad it was. After I said that, I went and filed a complaint with the commission on ethics. They convicted Mr. Severino on 11 complaints. There would have been others but I didn't file for them. I think other people on that Board would have been convicted, too, but 11 violations of the ethics laws; he acknowledges it; he paid a penalty and now he's in jail so we see what kind of man he was anyway. There's a lot of stuff going on here. I think our people did not represent us well throughout this whole thing. Another thing, you look at the lots they paid assessments on; they had a list of lots they said were unbuildable but that was a lie. If you go down to the county, their people, their engineering company went down there and they found out that every lot in this District is buildable. Some of the lots may take a lot of money but they're all buildable. All of sudden, they had 800 or 900 lots that to them were not buildable. Who let them get away with that? Also, the reason for that lawsuit was they wanted to extend their payment of their assessments out over 10 years. I believe the gentleman who sued them said you can't do that. That was the basis of that lawsuit. They haven't talked much about it; I think that was the reason for the gag order on that, but you're being very kind to these people. I think there were a lot of ethical violations here and I think there were other problems that they either didn't know what they were doing or did it anyway. I just wanted to get up and set this straight. We talked up here and no one seemed to get to the hard points. We had problems here. We didn't get those building things on there because Mr. McClure trusted them to do it then it became a lot further away that it just wasn't practical anymore. We had 323 lots that we owned that were listed in the agreement that we owned them; these were good lots not scruff out back. They were our lots and they

were not supposed to be transferred. When we executed the final contract all those lots were given away. Someone should have had their testicles hung up over that. We gave away a lot of lots that was not necessary because we owned those lots. I just wanted to get up and say this is the way I see this. I worked on this very hard over that time and that was the reason I started my website because I thought our leaders were not doing things through mishap or on purpose for the betterment of this District. Besides if you check out NRPI they're very close to a scum scraping the bottom of the barrel. They did it to us so they've done it to other people. Another question you should be asking is when we had in our proposal that the company had to be worth \$10 million, NRPI was worth \$10 million, but who did we let sign the sales agreements? Some LLC's who weren't worth a dime. How would they ever let them sign that agreement and take NRPI out? The moment we signed that we had no recourse. Why did that happen? I don't know. These were some of the things that went on in here. It was only after we stopped them from voting and we had a judge declare some of their votes were invalid, that as long as you had staff on board who was giving it to them, one election they actually prepared the proxy for NRPI; they were rigging these elections. Mr. Miller had the most popular votes and then all of a sudden they came in here and voted all these other lots. This place needed a good flushing and it's been my efforts along with other good people in here who have tried to flush this clogged toilet. Now I see people on board this who are running an honest and decent District, whether I agree with them or not on everything, because I know they make decisions which they think is best for Sun' n Lake and not decisions that will make them richer or better. I applaud this Board. We finally have a Board on here that does what's supposed to be done and does the right thing. Thank you. President Gangemi: Thank you. Mr. McClure: Mr. President, at some point I presume I'll be offered an opportunity to make a comment. President Gangemi: Yes. Would you like the floor now? Mr. McClure: Yes. We had one meeting that lasted... my presentation alone was over two hours. In defending my role in these property transfers and that sort of thing I would not reiterate all the matters that were addressed at that meeting, but to say that 323 lots were not to be transferred is correct, I believe, and the District did give them away; that, too, is correct. The issue is who is responsible for that oversight? Some implication has been that I was and I would beg to differ with that. Again, I'm not going to rehash everything, but certainly I will tell you that, in my opinion, I had the role in that part; that was, again, part of the

efforts, as Mr. Pimentel implicated, to keep the train on the track and rolling and pushing forward. There are many things I agree with you that you have stated, Mr. Jackson, but I will tell you that I certainly in no way agree with your assertion that I was responsible for NRPI to not record those restrictive covenants. The bottom line is simply that they own the property and they contract they had required them to record the covenants. They don't consult with me before they transfer a property. They did not consult me. They transferred the property to Maronda Homes, it was after the fact that we discovered they had failed to record the covenants. It wasn't a matter of me trusting them or not trusting them because I have no ability to monitor or control what they did. I do take a little offense of your implication that I'm in some way responsible for that. Sure, NRPI had their foot in the door. Yes, the bid was in such a way, in my opinion and I objected to it then, but again the bottom line is that I agree with Mr. Pimentel, too, I think that 30 days was... We weeded out only one possible bidder and that's the way that shook out. With respect to ethics violations and other things, you advise people what can you do but whether they're going to do it or not is a different matter. The unbuildable lots assertion about letting them get away with that; to my knowledge, I've never been shown where we accepted from assessment any assertion of theirs that the lot was unbuildable. Had we failed to assess a property and whether they paid for it or not I can't say; obviously, they didn't but that is not because of any determination on my part that a lot was unbuildable. NRPI asserted to us several times that these are unbuildable lots. Our position all along was the same position taken by the county that you can build on any lot when you get the proper permit; they just didn't want to go through the permitting process. I don't want to sit here and be beaten up on as if I somehow orchestrated this type of deal or otherwise perpetuated it because the bottom line is I did my very best to make sure that we complied with the law and all of these things. Whether or not I agree with what was being done and how things were being done, frankly, any business dealings between members of the Board of Supervisors and NRPI behind the scenes, I'm not made aware of. It was only after the fact that I even found out about some of the dealings where lots had been purchased by supervisors from NRPI. I studiously avoided getting involved in anything like that and to the extent we have ethics issues and obviously we do but that's another issue.

President Gangemi: Mr. McClure, let me just interject a couple of things. Number one, when the contract was designed and Maronda Homes area was supposed to have

restrictions and covenants but they were not. At some point in time that should have been a red flag to somebody to either advise the general manager at the time, whoever it was, to say that the contract is not being adhered to and we have to stop it. I don't know if you were involved in that or you should have been involved in that but that was an error and since then the people down on Maronda Homes have suffered greatly; they really have. Someone fell asleep at the wheel that should have looked over those documents and should have made positively sure that those people down there were going to have restrictions. Mr. McClure: Sir, I don't disagree in a way but let me be clear about this. If I own a piece of property and I agree to record covenants on that property by contract with the Board and then I turn around and sell the property to somebody else without recording the covenants there's nothing I can do to make sure the covenants are recorded. I assure you that was brought to the District's attention. Then there was the issue where they sold "x" number of lots; do we go out and make them record the covenants and get these other people to join in? I drafted the covenants; I've got the covenants. I don't know how much more I can do with respect to this issue. The covenants, for whatever reason, were not recorded and did result in the breach; that was discussed and that was addressed. At some point the question is what is the District, as an entity, going to do with respect to this violation? The bottom line is it was not chosen to be formally addressed and pursued. President Gangemi: I guess that falls on the part of the Board and the individuals in charge at the time. That should have been done but it wasn't. Let's forget that. You take your direction from the Board, you serve us and I think if we do not specifically say you do this, Mr. McClure, you're not going to do it; you don't have the ability to say that you're going to go a different route; you take your direction from the Board. The only people the Board can direct are yourself and the general manager; nobody else; we can't tell any of the other employees to do anything. Those are the two people that the Board can direct. At some point in time there should have been a flag raised; maybe it was and maybe it wasn't. Do you think we ought to put the covenants in and force the issue because it was a contractual obligation? Whether that happened or not, I don't know. Mr. McClure: Again, I would point out to you that once the lots were transferred to Maronda, NRPI no longer had ability to record the covenants. I asked if there was a contract in there saying that those lots had to have... Supervisor Guglielmi: Can I ask a question, please? President Gangemi: You can wait a minute. You can turn around

and say those lots had a contract on them to record those deeds and if they don't record it then there isn't a contract because that's part of the contract. Mr. McClure: That's a breach of their contract with us. Supervisor Johnson: Was it worth \$1.225 million? We had to make that call. Mr. McClure: I think my point is by them transferring the property without recording the covenants breached their contract with us; it did not invalidate the transfer to Maronda; that's the point I'm making. Once they no longer own the lots they no longer had the ability to record the covenants. President Gangemi: I understand that; they're not owners of the lots; I understand that. Supervisor Guglielmi: Mr. McClure, was there an avenue for the District, the Board, to whoever ran the District, to approve those lots to make sure when NRPI sold them to Maronda... Was there a way for us to check to make sure that all of the paperwork was done properly including the... Mr. McClure: No way, sir. Supervisor Guglielmi: Once we transferred those properties to NRPI they could do whatever they want. We told them to put the restrictions on them but it's not up to us to prove that they were done, was it? I guess whoever buys the property needs to make sure that the restrictions are on there. Supervisor Halbig: I think only because the second amendment to the agreement said that they had to be on there then it's our responsibility, I believe. Supervisor Guglielmi: How do we do that? How would we do it? Mr. McClure: That's an easy finger to point, sir. Supervisor Guglielmi: Unless there was something written down saying that before you sell those properties we have to have a final approval. Mr. McClure: That was written down. The covenants were prepared; they were provided to NRPI. What else can you do? Supervisor Guglielmi: Well, they couldn't sell those properties unless we approved that everything was right. Mr. McClure: Well, they could sell them without proving that and they did sell them. The point is by doing so that was a breach of their agreement with us. There's no legal prohibition that said you can't sell these properties because you haven't recorded the covenants. Supervisor Guglielmi: There was nothing there that said that so we couldn't have stopped it anyway. Mr. McClure: They agreed to record the covenants but they didn't. Supervisor Guglielmi: Okay. Supervisor Halbig: John, would we have any right to offset them? Of all that you know and all that you saw and all that you've read, do we have any right of any offset in regard to NRPI? Mr. McClure: When you're asking to regard of any offset, could you clarify that? Supervisor Halbig: People are paying Phase V and we're collecting. Mr. McClure: The problem is the Phase V bond is not

owned by NRPI; it's owned by an entity that they formed, which is not the same entity as NRPI. Supervisor Halbig: Okay. Thank you.

2. Rusty Carino: First of all, I'd like to thank Mr. Pimentel for coming here because I had a list of questions, but after going through it he did an excellent job. There's still one thing I have a question on my mind about and that was the awarding of NRPI as the main land developer and so forth here in Sun 'n Lake. As far as Mr. Pimentel said that the bidding process, the ordinance that the District followed, were adhered to. How about the state statute? Does that come into play? I can't understand how this was even talked about because what they use here was used as a bidding of construction project. I don't think they had any construction project that they did whatsoever. That was my concern there. I thank Mr. Pimentel like I said before; he did an excellent job in presenting what took place during the dark ages of Sun 'n Lake. That's the only way I could describe it. Since we're now going to a renaissance and I think we're making some great changes though I still think we need to make some more changes then I think we'll be in good shape. What do we do with all of this mess in front of us? My opinion is turn it over to the state's attorney and let them put it before a grand jury to see if there is anything that any prosecution can come out of this. Thank you.
3. Rex Bond: I forgot which one of you gentlemen invited us all to your home for lunch. If you feel you should do that then I'd be happy to go. I have no complaint today, but I just wanted to clarify a couple of things. We've referred to amendment 1 and amendment 2. We've referred to the settlement agreements and give aways and all that bit. I was involved in that lawsuit; I was involved in that amendment because it and the lawsuit was pretty much what came out of it. I think the District came out well and I think the tax payers that filed the lawsuit came out with nothing and they didn't go into it expecting anything. Fortunately and unfortunately when the settlement was made, and I can get up here and talk as long as Mr. Gangemi but I won't do that, there was an agreement that without the subpoena the people involved in that suit could not discuss it publicly. I've never discussed it publicly, but I've referred to it a few times. John, you may have a copy of that. Unfortunately, our attorney is deceased but that's why we haven't discussed it publicly. Supervisor Miller: Rex, excuse me, is that gag order forever? Is there a time limit? Do you know? Mr. Bond: I don't know. An interesting question was raised this morning about the land sale and development agreement being cancelled. I don't know how it really could be cancelled, but there,

again, I can't go into... I don't see how it was cancelled when there were amendments that were outstanding that affected the settlement. Supervisor Miller: John, is that gag order forever and ever? How does that work? Mr. McClure: As I recall, that was a stipulated agreement between the parties and it was adopted by the court. Is that your recollection as well, Mr. Bond? Mr. Bond: There were a number of meetings and before we got into court, and this was subject to court approval, I believe NRPI came forward and said, "Hey, we need to get this thing out of the way because we can't go borrowing bonding money with a pending lawsuit." Mr. McClure: I concur, but I believe there was a stipulated agreement and then that was what was entered. To answer your question, unless until the court order is modified then, I think, it remains in effect. Mr. Bond: You're right; that's our understanding. John, are you authorized to issue a subpoena? Mr. McClure: In pending litigation, yes. Mr. Bond: Thank you so much. I just wanted to be clear because I usually get up and run my mouth a whole lot.

4. Joe Eck: Thanks for being here, Mr. Pimentel. I think they'd done a good job for the way they've put it together for you to do and it took some time to do it. I'm going to put this to the Board. You weren't up there when all this mess started out back in the 90's, but you're there now and you're the ones that have suffered with it. The thing of it is now is in 2004 or 2005, if you all remember, you weren't on the Board at that time either, but myself and some others got together and filed a petition to the county to have a complete internal audit of the District, which at that time they didn't have one for 35 years. Along the way we were moving along with it. SDS came in and did a scope of the audit and they recommended going ahead with the audit and everything. Well, I pushed it up until just recently and I found out that SDS was going to do an audit. I thought that's part of what it was going to be about, but it turned out it wasn't; it was just NRPI. Dave Halbig came to me with Jeff Carlson and begged me to back off because they were going to handle it. They didn't go anywhere with it; it died. Supervisor Halbig: I came to you with Jeff Carlson and begged you? Mr. Eck: No, you came to me or called me, I don't remember which one it was, Dave, but you and Jeff told me to back off because you guys would take care of it, but it died. It's in records, Dave. I've got it at home and I've got the way it went. Anyway, to make a long story short, that died there. Dick Miller came and talked to me about it and when he ran his first election he told me if he got on there he was going to push it, but he didn't get on. He said he would the second time; he got on the Board, but he didn't

push it again; it didn't go anywhere. Supervisor Miller: What do you think we're talking about today, Joe? Mr. Eck: We're talking about NRPI, not the complete internal audit that the Board of County Commissioners approved to have done and this was before Grieshaber came in here. To this day, there's nothing you can do because from what I understand we've only got a five year record keeping deal. The county carries a lifetime when they first originated their records there. They can go back to day one and pull it up. We're part of the county. Why do we have a five year period when the county has a complete deal? That's something that I don't understand. Records are records; you cannot go back but five years now. All I can say is some things have straightened up somewhat, but I'm not happy here and I turned seven people away from buying in here and I will keep pushing to turn them away because this place here is getting straightened, but it's taking too long. Don't come bother me! Don't come to my house telling me what's going on because if you do you're liable to be the ones getting in trouble.

5. Rusty Carino: I've got one question. Who is the land developer of records right now? President Gangemi: In here? I don't think we have a developer. Mr. Carino: We don't have one? Okay, good. President Gangemi: That's what I believe. Mr. Carino: Okay, good. This is a golden opportunity to go and revisit our charter and make things right and allude to the different types of supervisors for the elections. Let's consolidate it into one so that all supervisors are playing by the same rules and you only vote at one time. We need to address this so that the people are in charge of their destiny. That charter needs to be torn up, burned or whatever you want to do, but it needs some adjustments and bring it into the 21st century so that we're no longer under what we were. If you don't want to do that then let's go back to the county. I'm firmly in belief that it needs to be reworked, rewritten or whatever you want to do with it. Thank you. One other thing I forgot to mention. I think we need to look into the building of the golf club to see how spending went on there. I hate to see what stones turned up there. This is a golden opportunity while things are fresh and we have some kind of record and so forth that needs to be addressed. Thank you.

Mr. Pimentel: One last thing. You asked me to identify the Board members that voted for the NRPI contract. They are as follows: Marvin Fischer, Robert Schaeffer, Robert Severino, Larry Bertetto and Charles McHale. Interestingly enough, in August of that year, NRPI

came to the Board with two or three other landowners asking for an annual meeting and they recalled Schaeffer. Those are the Board members that voted. President Gangemi: Okay. Thank you.

Supervisor Miller: Pete, I asked if recommendations are possible. Are you in a position to do that? Mr. Pimentel: Okay, you want recommendations in regards to another contract like this? Supervisor Miller: No, no, no. I'm thinking in terms of your list of observations and findings. Mr. Pimentel: A lot of those are taken care of now, but I can go through my observations and tell you in writing which of those I think are in place and offer you some recommendations on those that aren't. Supervisor Miller: Well, I'm thinking in terms of minutes, which seem to be okay, conflict, I think we've adjusted that, but the financial aspect of that. I still have some real questions about that and I do share the concern of why we don't keep financial records period. I'd like some of your thinking along those lines. Mr. Pimentel: I'll look into the state statute on what we do with our District's with regards to financial records. Supervisor Miller: I know what the limitations are, but I'm saying that this is a very obvious indication that those limitations are probably a little harsh. Mr. Pimentel: It may be the Board. It seems like this is a Board policy and maybe the Board needs to reverse that policy. If that's your policy to destroy records that are five years or older, you simply need to change that. Supervisor Miller: Well, the fact is we weren't well served by whatever financial records were out there and you made that very obvious. Mr. Pimentel: If that's the policy you may want to look that up and then consider that at a meeting and reverse it because if staff is directed by you to destroy records after five years then that's what they're going to do. I will give you something in writing.

6. Larry Stange: Mr. Pimentel, I'd like to ask you, what state statute are we under? Mr. Pimentel: I think I'll turn that over to your attorney. Mr. McClure: I think I've answered that about 10 times for you. Mr. Stange: You answered it and you said we were under a bunch of statutes. The way I read the state statute 189, all special districts are under 189; that's number 1. We might be under some others, but 189 is number 1. Mr. McClure: I think we've always agreed on that. Mr. Stange: Okay.
7. Bill Norcross: This compliance audit was really interesting and enlightening. As a home owner, property owner and a tax payer, you take a look at the compliance audits that Board members are responsible, they have conflict of interest, 11 violations of

ethics, 400 lots that were given away, Maronda had no covenants when they transferred that property. I just think that there are a lot of problems there. On the bottom line of this last page, the suggestions, are a couple of good things. First of all, Sun 'n Lake was broke; they had no money; they had some serious problems. This company came in flashing a lot of money around and bailed out. Now we have a clubhouse, we don't have a water treatment plant that was supposed to be done, some money may be missing; it's over. Where do we go from here? We have safeguards now and a lot of people are interested in this and the ethics would probably be much better. What I'm saying is that, yes, we do have problems and we had problems in the past. I think things will be much better because there are, as I say, more safeguards and we're on a better financial status right now than we were 10 years ago. President Gangemi: Okay. Thank you.

Let's jump back to the agenda. Mr. Wright, do you want to go to committee reports? Mr.

Wright: Well, let me ask you this. Are we through with the compliance item? President

Gangemi: Are we through with the compliance audit? Diana, are you all through?

Supervisor Johnson: Yes, I'm fine. Mr. Wright: Well, let's thank Mr. Pimentel for his

efforts. President Gangemi: The Board thanks you. You've put a tremendous amount of work. I know it's difficult to find documentation that should have been there. I think you did a great job with what you had to work with and we appreciate all the good words you said about our staff. (Applause) They do a great job and I am very happy with them. I am also very happy with the report. If we could have some follow up on it, it would be great.

I'm sorry we have to put you under the gun sometimes, but there are some questions that have been looming for a number of years and trying to bring them up to the surface. Mr.

Wright: For the record, why don't we have a motion and a second to accept the report?

President Gangemi: Okay. Do we have a motion and a second?

Supervisor Guglielmi moved to approve the report and Supervisor Halbig seconded.

Supervisor Miller: May I add something? President Gangemi: Yes, you may. Supervisor

Miller: In doing so, are we going to assume or receive his recommendations as part of the report plus the inclusion of the supervisors? Mr. Wright: Well, he has given us that

documentation, which goes into the record. Supervisor Miller: Will it be part of the final report? Are we going to be getting that as an interval part of the report? We mentioned

recommendations and Pete said he was willing to make some recommendations; shouldn't both of those things be included? Mr. Wright: Absolutely. We can add that to the report if you'd like. Supervisor Miller: That's what I'm saying. If we're going to recommend approval of the report... Mr. Wright: Do you want to wait until then? Supervisor Miller: No. Could we do that with those stipulations? Mr. Wright: Yes. President Gangemi: We have a motion to approve with the addition of some recommendations of Mr. Pimentel.

Supervisor Miller – Y, Supervisor Guglielmi – Y, Supervisor Halbig – Y, Supervisor Johnson – Y, President Gangemi – Y

Approved 5-0

11. Unfinished Business

12. New Business

13. Committee Reports

a. Update by Tom Kosty on Landowner Election Procedures

As requested at the last supervisor's meeting, Special District Services has prepared a formal protocol for the procedure to be followed in the 2013 Landowner Election; you have that in your packet. They were requested to use as a guideline the protocol used by Northern Palm Beach County Special District with special provisions, which have been included. Let's go over those quickly, all the requirements of Highlands County Ordinance Chapter 9, Article 5, which is our charter, will be adhered to according to this protocol. The protocol as written says that all candidates for supervisors must register their candidacy with the election auditor at least 30 days prior to Sun 'n Lake's annual landowner meeting and election. Another provision is if anything is protested during or after the election process the protestor must file a deposit of \$500 to offset the cost of any investigation that would take place; that's to be refunded if the protest is found to be valid. If it's found not to be valid it would be applied to the cost of any investigation. The protocol as written is recommended by the committee that you, the Board, adopt the procedure through a motion, resolution or whatever other means that you see fit to take. With that I'll answer any questions that may still come up. We've been through this a number of times and I don't know of anything new that's transpiring although I do understand that there is a new issue that has not been voiced to me as of yet; I'm surprised that it's come up at this late minute, but perhaps Mr. McClure can explain what has happened in the last 24 hours.

Mr. McClure: Thank you. Mr. Pimentel and I discussed these issues and, first of all, there was a question as to what would be the most viable way to adopt these changes. I believe Mr.

Pimentel's preference, if I may speak on your behalf, was to go to the county and have our ordinance modified much as the North Palm Beach County District did with the legislature. As we talked further, it was my opinion that while he went to the... First of all, let's state that in Chapter 298, if your elections are governed in any way by Chapter 298, and ours are by specific reference in our enabling act, then there is the issue of can you close off the elections 30 days ahead of time or must you open the elections up at the time and date the landowner meeting is called to allow input at that time? It is the opinion of Terry Lewis, and I called him and talked to him about this issue, that based on Chapter 298, if your enabling act incorporates 298 provisions, then at the landowner's meeting there must be some allowance for a candidate to be considered at the meeting even if not prequalified. That was one of the things that we were attempting to avoid, but he has opined that it must be done. When I talked with Mr. Pimentel he indicated that the special act of the legislature, their particular district was exempt from this requirement and that's why they can cut it off in 30 days. As we discussed the matter, I expressed by concern that while the legislature came by special act, modified general law, I do not think our Board of County Commissioners can override a general law, which he readily concurred with. I think because we are a special district of the county instead of the legislature, even if we went to the county, we couldn't do that. Speaking of Mr. Lewis, he has provided to me a protocol adopted by another district he represents, The Ranger Improvement District. In that protocol they require each candidate who wishes to qualify within that window ahead of the election to provide a written statement of their platform, so to speak, not more than 50 words, which will appear on the ballot and goes out to everybody. At the actual time of the casting of the ballots, which is at the landowner's election, which will be overseen by Mr. Pimentel's group, write-in candidates can be submitted so the ballot would have a provision for write-in candidate, which will satisfy the Chapter 298 requirement. Mr. Lewis did indicate that in the 12 years Ranger's been doing this not one time has there been a write-in candidate; that's not surprising to me either. Usually if you're a serious candidate for the election you're going to be submitting, getting proxies collected, working on your platform, knocking on doors and that sort of thing. Write-in candidate, absence among usual circumstances, would have a very difficult chance for success in any election. My recommendation would be that we, as Mr. Kosty has indicated, a lot of work has gone into this document and I think it's a very good document by the way. Mr. Pimentel, I congratulate you and Mr. Kosty because I think it's a very good document. One question I would pose to you is do you want to adopt these protocols on an annual basis for each election or would you like to adopt standing protocols that would apply to each election absence unchanged

by the Board? My understanding would be that you would prefer to adopt a standing protocol that would only change as you felt the need to change it as issues were identified. If that's the case, it would be easy enough to modify what Mr. Pimentel has submitted to remove paragraph 1, specific to the January 25th elections, we can do that by separate resolution, but to adopt the protocols with the qualifications and with adding the provision regarding the write-in candidate. If you like the idea of the 50 words or less platform to be placed on the ballots, that too, can be accomplished. As to, kind of, reconcile these several procedures to bring it in compliance with Chapter 298, I believe that would encompass pretty much everything we discussed recently, Mr. Pimentel. If there is something else I've neglected if you could help me with that.

Mr. Pimentel: Before I make my comment let me just say this. To the extent I needed to, I put in definition and information right out of your act. For example, the definition of a landowner came right out of your act and a couple of other things I incorporated. The only comment I would make is in dealing with our District, what the Board has done is they adopt a protocol and offer it to the landowner's. It's been my opinion or my understanding you can't dictate to them how to run their meeting; that's a separate meeting and I don't know that you have the authority. What we're saying is this would be what you would offer them. They can have their own set of rules if they want to. Mr. McClure: I'm in complete agreement with that statement and I neglected... We did discuss that; I knew there was something I was forgetting, but I couldn't recall what it was. If we back things up, the election is in end of January so that means the qualifying period would be end of November to end of December. At the August 24th meeting, what I would recommend we do is develop these protocols, work with Mr. Kosty and his committee, get it like you want it, submit it to the Board, have the Board preliminarily adopt this procedure, send it out in a special mailing to all landowner's of record, call a special meeting for the landowner's and then have this procedure vetted and addressed. Invite and if people wish to have email comments let them send it in. Consider all those matters at the special meeting of the landowner's and the Board would then adopt the procedures based on the input through the landowner's. I think the Board can adopt their procedures. Mr. Pimentel: Yes, and offer it to the landowner. In all the elections I've had, and there have been many, many hundreds of them, I've never had a landowner's not accept these when you offer it to them. For whatever that's worth, but of course that's not Sun 'n Lake. (Laughter)

Supervisor Halbig: What you have to do is dust this thing off, make the changes, bring it back to the Board and let the Board approve it and then have a special landowner meeting to approve the... Mr. Pimentel: Right, and that way you can do the... Supervisor Halbig: We've been allowing all these election procedures and stuff to be just changed on the fly by whoever happens to be sitting over in the office of Sun 'n Lake for years. I guess we ought to do it right and do it right one time. Mr. Pimentel: I think so. Supervisor Halbig: Is there enough time to do that? Mr. Pimentel: Yes.

President Gangemi: The question that I have is somewhere I thought I heard that there could be a write-in candidate. How do the landowner's get knowledge of a write-in candidate if someone walks in the day of the election and asks to put their name in? Mr. Pimentel: That's the way you've been holding your elections. President Gangemi: I know. Mr. Pimentel: If somebody comes into the meeting and says they're a candidate, it would be incumbent upon that person to do some notification if he intends to be a write-in. Otherwise, the other ones who are qualified are going to have a brief outline of their platform in the ballot as it goes out. What's the likelihood of somebody walking in and wanting it without doing the preliminary work?

President Gangemi: Right. The question that I have is what if no one applies? No one qualifies and then it goes down to the day of the meeting and the write-in gets it? That person can write himself or herself in. Mr. Pimentel: It could happen. Supervisor Guglielmi: A write-in candidate, can he gather a proxy before the election? Mr. Pimentel: Anyone can gather...

Supervisor Guglielmi: He can come in with a bunch of proxies, get someone to nominate him, and he's a... Mr. Pimentel: Unless there is some way you can formalize that 30 day requirement and we're not sure under 298 you can do that unless you go to Tallahassee and have some sort of special act prepared for you to do that, which the likelihood of that succeeding is remote. You're, kind of, stuck with a write-in situation. It's not in here; that just came up yesterday. Supervisor Halbig: The write-in would have to be nominated, right? The write-in would have to be nominated at the landowner meeting? Mr. McClure: That is a good question, sir. I, personally, do not think that a write-in candidate would have to be nominated at the meeting because a write-in candidate, by implication, is somebody you just write-in that you're voting for. Supervisor Halbig: Okay. Mr. McClure: We traditionally have nominated even those candidates that are qualified and are announced candidates, etc. I think if you adopt this new protocol, this new procedure, the nomination issue would go away. It's simply an opportunity to either vote for a write-in candidate or the announced and qualified candidate.

Mr. Kosty: Do the words nomination and write-in candidate appear in Chapter 298? Mr. McClure: No, sir. Mr. Kosty: So, how does this become an issue now? Mr. McClure: Again, I am relying on the opinion of the general counsel for the Association of Special Districts who was partly in authorship of these things. Supervisor Halbig: The 30 day thing... Mr. Pimentel: This just came up last night. We can take some time between now and the next meeting, look into 298 and see if we can verify that statement. Supervisor Miller: In doing so, can we just follow the procedure that Dave has outlined? Mr. Pimentel: Sure. Supervisor Miller: Make the modifications, bring it to the Board and go on from there? Mr. McClure: The next Board meeting, sir, is August 24th. We would intend to have a hard copy vetted through you guys before that meeting. This is something we're going to work on immediately; it's almost done anyway. Get it done, send it out, get all the comments that we can so when we go to that meeting you're comfortable with it before you walk in the door... Supervisor Miller: Yes, that's fine. Mr. Kosty: Let me ask this. There are requirements in our ordinance about a quorum and if I'm reading it correctly a quorum for a special meeting consists of 10% of the allowable votes at the meeting. That would mean that in order for anything to happen officially at a special meeting of the landowner's there would have to be representatives there of 10% of those allowed to vote at the time of that special meeting. Do you think that could really happen between now and in time for an election to take place in January? Mr. McClure: Here's the real question I'm wrestling with, Mr. Kosty. If we had the 10% quorum and the landowner's were to actually prove the thing then that would be one thing; I don't think that precludes the Board from adopting the protocols with or without a formal landowner approval. That's my position. Mr. Kosty: Okay, so you're saying then that it's the Board's prerogative to adopt this protocol? Mr. McClure: I am. Mr. Kosty: Then I would suggest that it be done by motion either at this meeting or at next month's meeting if they've got enough background to do it. Mr. McClure: I am attempting to make every effort to comply with due process. By that I'm saying that at this meeting we have discussed what we're going to discuss, I believe. We will develop the formal protocol, run that through your committee first, make sure you're happy with that, run it up the flag pole to the Board, get all the comments we can, assuming that we have a finalized version for the August 24th meeting we'll submit it at that meeting for the Board's preliminary adoption, we will then provide it by mail to all of the landowner's of record, they will have an opportunity for input, be notified of the calling for the special meeting by the Board of Supervisors whether at that meeting, and I would recommend that be the first meeting of October. At that meeting, if

we get a quorum then great. If we can't get a quorum then we take the input of whatever assemblage is there to the Board, the Board ultimately is going to have to formally adopt the protocol, then the Board would take action at the regular meeting on that day to adopt a protocol and then off we go. Mr. Kosty: For the committee, I would like direction from the Board as to what is expected of the committee; step 1, 2 and 3 between now and the date of the special meeting. What is it that you'd like the committee to do? Supervisor Halbig: I would think that all the committee would have to do is clean up the document and then bring it back. You've been fueling with this for months on your own when you're supposed to have help. Could that happen? Mr. Wright: Basically what you're saying is submit the document you want the Board to consider. Mr. Kosty: Okay. So this document would just be revised to the extent of the 30 day requirement and that would basically be it. Mr. Wright: Yes, and that you guys are happy with it and recommended it to this Board. Mr. Kosty: Okay. I'll take that back to the committee then. President Gangemi: Thanks, Tom. Good job! I think we'll get this all done by the next meeting. Mr. Kosty: Absolutely. President Gangemi: Thanks.

14. Public Comments

1. Reverend Felix Agosto: Pastor of the First Hispanic Christian Church Disciples of Christ. This is not the first time that I come pursuing in regard of the assessment. We are a small congregation and the income is very low. They hit me this year with \$3,700 and I am still trying to collect that money; that would be \$309 monthly in order to comply with that. A few years back there was a resolution to see if we could continue paying assessment or just to forget about it. When it came time to vote there were two and two, but the president of the Board voted against it. When I came to this county there were only three churches; one in Lake Placid, Pentecostal church in Avon Park and us who came into Highlands County. Now it's crowded; there are more than 25 to 30 Hispanic churches. That means the population that used to attend the service has declined; I would say 30% have disappeared. Some people moved because of the economy; they've moved to Orlando, down to Miami, Tampa or back to wherever they've come from. Therefore, I am coming before the Board to see what you can do about it. This is not an easy task for me as a pastor to present this to the congregation and to stand before them trying to collect money; that is not an easy task either. Supervisor Miller: John, what is the background on this? Mr. McClure: The background is at one time churches and schools were exempt. There is a law that says unless you have worked out something with the school prior to it being constructed they are otherwise exempt from these types of assessments. The churches were subsequently assessed based on the theory that everything that's

being provided to the landowner's is also being provided to the churches; fire protection, security protection, etc., and they should bear their share of the freight as well. They were assessed at a 50% rate because of the recreational part of it which is not part of what you do with the church. My understanding is that's kind of where it is today. They're at a 50% assessment based on the provision of fire and security and other whatever benefits the District administers; roads, drainage and all of the other stuff that we have in the District that benefits them as well. I'm not unsympathetic to your plight. You're trying to maintain a church, you're trying to keep it together, but you just have a few people coming and we have this building here and it's being assessed and that's a huge burden on the congregation. In fact, you end up paying for District assessments for things that could and should be going to missions and other things that the church would be involved with. I guess the issue back to the Board is you're coming up in a new assessment period. If you want to further reduce the percentage that you apply to churches or if you wish to exempt churches altogether then that's within your prerogative. It's just a question of how you want to do it and why. That's the background. Supervisor Guglielmi: How many churches do we have in the District? Mr. Wright: Three or four. Reverend Agosto: Only three. Supervisor Guglielmi: They pay 50% right now? Mr. Wright: Yes. Supervisor Guglielmi: I believe you came before this Board, I think, two or three years ago when your church was not completed. Reverend Agosto: Yes. Supervisor Guglielmi: And you asked for relief of the assessments. You're on Schumacher, right? Reverend Agosto: Yes, sir. Supervisor Guglielmi: Okay. Is this the one if you go out Ortego, do you go to the right or the left? Reverend Agosto: It's the one west of Walmart and south of the Lutheran Church. Supervisor Guglielmi: It's the older church? Reverend Agosto: Yes, it's the older church. It was the first church that was established over here on Schumacher Road. Supervisor Johnson: I thought he went to the county and got it reduced and that's when we reduced ours. Supervisor Guglielmi: No, I think the other church, when we talked to them it was a matter of occupancy. I don't think the church was completed yet. Once the church was completed we gave them the relief just like we did everybody else. I sympathize with you. As far as I'm concerned, I think we should waive the assessment for the churches, but that's my opinion. Reverend Agosto: At the beginning, we started over there in 1992; we paid little assessments for 12 lots and the administrator that was here, I forgot his name, he told me, "Reverend, if you prove to me that you don't pay taxes to the government, to the county, you will be exempt from the assessments." So, I brought every paper that I have showing that I don't pay taxes for the state and then I stopped paying taxes until Florida Hospital was built. From there on they hit us with these taxes. I'm not talking in regard of the other churches because if I'm a pastor that can build a building with \$3 million then that means I can pay

assessments, if I can't build a building of \$1.5 million then I can't pay assessments, but a church that was built because of the nation of people, it's tough; it's very tough for us. Supervisor Miller: Are you paying any taxes or assessments to anybody else? Reverend Agosto: No, we don't pay taxes. We don't have any kind of business in church. We don't have daycare; we only have three regular services; we have Sunday, Monday and Tuesday and during the week some bible study; that's all we have. Supervisor Miller: Why do we tax churches? Mr. Wright: I think the decision was made at some point in time that they do receive certain benefits that other property owner's do. Supervisor Miller: They deserve benefits, too, don't they? Mr. Wright: Yes, sir. Here's what I'm saying. You adopted a procedure to pay half for a church. The question before you today is, as part of the budget process, and that's why the reverend is here, he met with Mr. Gangemi and I two months ago, is to come to you and to appeal to you to do something with the assessment rate for churches. We would do that prospectively going into next year's budget. It's probably timely that you consider that and then if you want to have us do some research and find out how much money churches pay... I believe there's three; two on Schumacher and one down by the circle. We will bring it back to you and that will be part of the budget adoption process. Supervisor Miller: Frankly, I propose that we drop the assessments on our churches. Supervisor Guglielmi: I agree. Mr. Wright: Drop as in eliminate or drop as in reduce? Supervisor Miller: Eliminate. President Gangemi: You have how many lots down there? Reverend Agosto: Twelve lots. I have three buildings joined together; the first unit was built in 1993, the second one in 1998 and the final one in 2005; every five years. That covers about maybe seven or eight lots of the whole three acres. He was talking about the benefits that we have. The only use, the only benefit that we have from Sun 'n Lake, from this District, is the line of water that goes through there, but we have to pay water every month. We don't use the swimming pool, we don't use this building, if we have to use this building we have to pay money, if we have to use the swimming pool we have to pay. I would say 75% of the people that go to the church are seniors; they are social security, 75, 80 and 90 years old. Myself, as a pastor, I'm 79 years old. President Gangemi: How many members do you have? Reverend Agosto: Right now we have an attendance on Sunday of maybe 55 or 60 people. President Gangemi: You still get the amenities of fire and police protection even though you may not need them. Reverend Agosto: Police protection we have from the county. Every time that the alarm goes off I don't see the Sheriff from this District going around; only the policemen from town or the Sheriff's Department. The Sheriff from this county, from this District, used to go around and leave a paper and it's been a long time since I've seen that paper. Supervisor Miller: Let's quit while you're ahead. John, can I make a motion to eliminate the taxes on churches? Is that proper? Mr. McClure: If I can recommend this.

You've got a budget workshop afterward. Supervisor Miller: He's been waiting all morning. Mr. McClure: You can tell them that you certainly intend to support that and we'll... Supervisor Miller: Why do we have to go to budget? It's a policy isn't it? Mr. McClure: It is a Board policy. Supervisor Halbig: I think it's something we really ought to seriously consider. I'd like to know what the number is talking about the three churches. Mr. Wright: There are actually five. I want to stand corrected; there are actually five. President Gangemi: Five churches? Okay. Supervisor Halbig: Five churches? Okay. I think we really need to consider it and I think we will, but I think we need to get all... Supervisor Miller: Alright, alright, alright. Mr. McClure: There are two very healthy churches within the District, I know, that can easily afford this payment. Part of the problem is we're looking at circumstances of individual churches as opposed to general churches. Supervisor Miller: We exempt schools right? Mr. McClure: For the reasons I stated. President Gangemi: We'll have to take another advisement. Reverend Agosto: Excuse me? President Gangemi: We'll take another advisement. Reverend Agosto: Okay. President Gangemi: Thank you for showing up. Reverend Agosto: Thank you.

2. Val Patarini: My wife and I purchased a home in Sun 'n Lake at 6513 Matanzas. We never received any assessments except for this year and we purchased the home in 2008. We received a water bill from Sun 'n Lake addressed to 216 Lake Drive Blvd. The other day I had the opportunity to talk with Ms. Cannady and she was very helpful and very professional; she advised me of this meeting and told me what her limitations were with regard to her authority. She could forgive any penalties but could not forgive any of the assessments. What I'm asking this Board to do is not to give me the store, but to meet me halfway to waive the assessments for 2008 and 2009 and I will assume and pay the 2010 and 2011 assessments. What I've done at her request is call the tax assessor, property appraiser and apparently they had the Matanzas address so I've asked them to switch the Matanzas address to our address. We have several other properties the property appraiser had no problem including everything in one envelope and sending it to me. Likewise, the only way that I knew about the assessment is all of the letters/assessments that came to Matanzas was put in an envelope including a certified letter that I never received and it was sent to 216 Lake Drive Blvd. and that's why I contacted Ms. Cannady. Supervisor Miller: Is your house occupied as rent? Mr. Patarini: No, sir, my house is not occupied. Supervisor Miller: Have you been paying county taxes on that property? Mr. Patarini: Oh, yes, sir. The county taxes came to me at 216 Lake Drive Blvd. We bought the property because we thought it was a fantastic price. We had to do a lot of repairing and clean up the inside and totally renovate the inside. We did that and now we find that the problem is that the property taxes have decreased so the only way that we're going to be able to come out of

that is to rent it, but we haven't been able to do that yet; we do maintain the property. We pay a water assessment that we never use. That's basically it. Supervisor Halbig: When you bought the property, you weren't aware that there were assessments to be paid? Mr. Patarini: No, sir, I did not know that. Supervisor Halbig: Did you buy it from a realtor? Mr. Patarini: No, sir, I did not. Supervisor Halbig: And you were not aware that there was an assessment in Sun 'n Lake? Mr. Patarini: No, sir, I had no idea. Supervisor Halbig: And you've owned the property since 2008? Mr. Patarini: No, sir, I was not aware of any assessment until I received your letter addressed to me from May 2012. Supervisor Halbig: I can sympathize with you too, but I don't know how we can forgive assessments. Isn't that sort of... Mr. Patarini: It's not like I'm asking you to give me the store, I'm asking you to meet me halfway. I'm more than happy to pay half of my assessment, but I don't think that I should be required to pay all of the assessment. Supervisor Halbig: Help me with this, John, on forgiving assessments. Is there any possible way that assessments can be forgiven? Mr. McClure: In my opinion, and I apologize Mr. Patarini, for not being able to give you more help here. Mr. Patarini: It's alright, John. John and I practiced law together. Mr. McClure: The bottom line is there are provisions in Florida Statutes that clearly state that tax once levied cannot be forgiven. Mr. Lewis, as the general counsel of Associations of Special District, has always opined to all Districts that he represents that you cannot do that. I have reviewed the statutes and I would have to agree with his interpretation. I hate that we're in a position that we can't help here. If you look at all facts and circumstances, part of the problem I would expect is that the deed that Mr. Patarini accepted to the property through preparation of whomever did it showed his address as Matanzas Drive and not Lake Drive and that's just something you didn't notice because the property appraiser is going to use that address to send the bill. We, then, get the property appraiser's tax roll address that we use to prepare our assessment roll and that's what we use to send. Typically there are policies of title insurance that are issued and I don't know if Mr. Patarini got one when he bought this property or not, but they would show as an exception the District assessment so you'd be on some notice there for that. It's a tough situation. I did explain to Mr. Patarini that we would work with him to have a repayment plan or whatever we can to make it as painless as possible. I would be forced to advise you, as I have, that, in my opinion, we have no ability to forgive this. Mr. Patarini: It seems kind of ironic in that all other taxes that we've been assessed have come through the property appraiser to 216 Lake Drive Blvd. It's almost unconceivable to think that for four years somebody has not paid the assessment and find out why they haven't paid the assessment; it's not like I live in Mars; I'm here in Sebring and my address is in the phone book; you have access to my telephone and even Sun 'n Lake has sent me water bills to 216 Lake Drive Blvd. It seems ironic that

somebody in four years couldn't figure out where I was or how to reach me. Supervisor Halbig: Sir, I'll tell you our dilemma. Our dilemma is we have thousands and thousands of properties and there are thousands and thousands of properties that are delinquent and if we would somehow, and I can still sympathize with you, forgive your tax bill... You're an attorney so you can understand what would happen to us in that regard; everybody would be coming and saying Mr. Patarini got his relief so give them some relief. Mr. Patarini: We need to make some sort of arrangement then. I don't know what it would be, but it shouldn't be that I should share the entire burden when the entire burden is not my fault. Supervisor Guglielmi: Sir, may I ask a question? Mr. Patarini: Yes, sir. Supervisor Guglielmi: You're a lawyer, right? Mr. Patarini: Retired obviously. Supervisor Guglielmi: Retired? Mr. Patarini: Yes, sir, physically I'm not able to do much. Supervisor Guglielmi: Obviously you're not destitute. Mr. Patarini: Sir? Supervisor Guglielmi: You're not destitute, are you? President Gangemi: I think that's irrelevant. Let's get to the point of this thing. Supervisor Guglielmi: Let me talk, okay? Let me talk. Mr. Patarini: No, sir, I'm not destitute. Supervisor Guglielmi: You need to understand that you received benefits on that property. Mr. Patarini: What benefits are you talking about? Supervisor Guglielmi: You receive fire protection and you receive security. You receive the same benefits everybody else receives in Sun 'n Lake. Mr. Patarini: I assume so. I've never had it. Supervisor Guglielmi: Yes, you did. Mr. Patarini: The electricity is not on and I'm paying a water bill that I don't use. Supervisor Guglielmi: Sir, that's not our fault. You bought the property with certain intentions in mind; to make money and rent it out or whatever. Mr. Patarini: Yes, sir. Supervisor Guglielmi: Please, you need to understand that as a District there are a lot of people here that are really struggling that have no money and in some cases we have to help them pay their water bills and so on. Don't ask us to forgive when you can afford to pay it; please don't ask us to do that. Mr. Patarini: Well, I'm not asking you to forgive everything. I'm willing to assume my share or half... Supervisor Guglielmi: Well, your share is the whole bill just like the rest of us. Mr. Patarini: Yes, but you had notification. You had an opportunity to pay it, but I never had that opportunity. Supervisor Guglielmi: You have it now. Mr. Patarini: In May of this year is when I got this assessment. Supervisor Guglielmi: Well, you saved that money all of those years. Mr. Patarini: Sir? Supervisor Guglielmi: You were able to save that money all of those years because you never paid it. You invested it or put it in the bank... Mr. Patarini: How can you pay something that you don't know? Supervisor Guglielmi: I'm sorry, but personally... Mr. Patarini: It's very difficult to say I should pay it when I don't know I have to pay it. Supervisor Guglielmi: Personally I cannot recommend that we waive it. I'm sorry. Mr. Patarini: That's your business. Supervisor Johnson: I think John McClure's suggestion is

appropriate. We work a payment plan. I thought we offered a three year plan at one point. If we offer him a payment plan then he gets an opportunity to rent it so he can recoup some of his costs. That's what I would do. President Gangemi: If you want to set up a payment plan for the total amount, not half; the total amount that you owe. You received the water bill so that should have given you some clue on that. That's the best I think we can do; we cannot forgive. Mr. Patarini: Okay. Let me do this. I'll set up a time with John and we can work something out. President Gangemi: I think you have to set it up with the general manager. Mr. Patarini: Oh, I'm sorry. Ms. Cannady: Set up with me, please. President Gangemi: With Ms. Cannady. Ms. Cannady: President Gangemi? President Gangemi: Yes. Ms. Cannady: Let me speak on behalf of my staff just a minute. In 2008, for the 2008 assessment, we did receive his mail returned to us. We did resend it to 216 Lake Drive on April 17, 2009 and on January 12, 2010 for the 2009 assessment. We do have records of when mail was returned and what the new addresses were that we sent it to. We do have in our assessment audit trail of these notes. On behalf of my staff, I do have records of resending the assessments even though the county had the incorrect address. President Gangemi: If we're going to do a payment plan, let's make it the same as we did for the other large landowners. Mr. Wright: Sure. President Gangemi: The payment plan has to have a duration of... I think we did one year with Florida International Yachts to get current. We're looking at how much money? Roughly? Mr. Wright: Probably \$3,000. Mr. Patarini: No, it's \$653.83, \$673.44, \$673.44, \$673.44. President Gangemi: \$2,500, roughly. Mr. Patarini: \$2,600. President Gangemi: I think we ought to put a time limit that we can give him as a payment plan. Mr. Wright: It's about \$2,600; almost \$2,700. We've been doing payment plans of up to one year. President Gangemi: That's fine. I think you should do it. Mr. Wright: Right. I will point out that this is part of our effort to collect on properties where they have not paid in multiple years. We are systematically working our way through the list. President Gangemi: Good job. Good job, Tanya. The best we can offer you. Mr. Patarini: There is one other thing I'd like to say to Ms. Cannady. All I know is what I've got is as recent as 5/14/2012. Everything was sent to the Matanzas address; it wasn't sent to 216 Lake Drive Blvd. In fact, the May 15th letter was sent here from you all to my address of 6513 Matanzas Drive. President Gangemi: Let's get the addresses correct. Mr. Patarini: We've got that corrected. President Gangemi: You've got that corrected; fine. Mr. Patarini: Ms. Cannady asked me to check with the property appraiser and get it changed and that's what I did at her request. President Gangemi: Okay. Mr. Wright: And that's the database we use. President Gangemi: Alright. Are we clear on what we're going to do? Mr. Patarini: It doesn't satisfy me, but it is the best that I could

have hoped for and we'll work something out. President Gangemi: Very good. Thank you. Mr. Patarini: Thank you, sir.

3. Bill Norcross: I just want to ask the panel up here if they had an opportunity to see Dick Miller's proposed golf committee. President Gangemi: We've seen it. Mr. Norcross: It's a draft, alright? I think it's very well written and it's very comprehensive. We don't want Kitson to have a contractual problem, but I think this is imperative that we do set up this committee. It's well represented; we have the MGA, the women's golf association and anybody that's really involved, seriously, about trying to improve the golf course and make it playable for everybody. There are a lot of small problems out there and they can be taken care of with little money and this is what we can't understand for the last eight years that I've been here. Why can't we go to management and say... They have done a lot of things, but they haven't zeroed in the playability of the golf course; the simply small things like the holes in the fairways and all that other nonsense. Perhaps the contour cutting of the fairways could be enlarged just a little bit. I would like to see or hear a poll from the committee up here of what you feel about that. President Gangemi: I think we're going to take that under advisement. We haven't had an opportunity to really discuss it up here other than what Mr. Miller has brought forth. We'll take another advisement. Mr. Norcross: Well, I think that's fair enough, but I'll tell you what, kind of, bothers me. The gentleman just came back from Canada and he came in and had quite a few words to say about the golf course, Turtle Run, he'll never play it again and blah, blah, blah. He was very, very upset and we don't need that; we don't need that bad advertisement. I directed him to the golf director to find out what his problem is. We have a committee and he, kind of, buffered that. One other quick little thing on the structure of the membership here. It talks about Sunshine rules. This is a nominated group; this is a group that's not elected. I don't think they have to be involved with the Sunshine rules because otherwise you're going to have three or four players that come in and have a problem but can't talk among themselves; that doesn't make any sense. I'd like to see... President Gangemi: That has to be addressed by our District attorney. Okay? Mr. Norcross: Alright. Mr. McClure: If this is a Board created committee to report to the Board then it is Sunshine. President Gangemi: Some people just can't really grasp that. Mr. Norcross: Like who? President Gangemi: We've already told you. If he read it he would know. Mr. Norcross: This is the first opportunity that I've had to see this. I don't think that's right because a golf committee is also reporting to Kitson and Partners. Mr. McClure: If the Board doesn't create the committee and if Kitson wishes to create a citizens committee to report to Kitson then it's not Sunshine. Mr. Norcross: We can do it that way. Supervisor Halbig: I think we need to set it up in a matter of which it's not a Sunshine situation if it

happens. I think we need to talk about it. We really need to talk about it. I thought we were going to talk about it when we had the golf people here and I think they're going to be here because we've got a budget meeting. If you can hang around a little longer, I know it's been a long morning already, but I think we can talk about it then and probably get a better feel for how we can work it out. I think we probably need some kind of advisory committee to be an intermediary and I think it would help. Mr. Norcross: Anyway you set it up I think it's very good and it'd benefit the golf course and the playability. Thank you.

15. Discussion to/from Board

President Gangemi: Let's recess for lunch and we'll have the budget workshop reconvene at 1:30. Mr. Wright: Yes, sir. Thank you.

16. Recess – 12:46 p.m.

Date signed: _____

Eugene Gangemi, President

Transcribed by Julixa Robinson, Administrative Assistant/Board Secretary