

**SUN 'N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS MEETING
Friday, January 28, 2011**

MINUTES

The regular meeting of the Board of Supervisors of Sun 'n Lake of Sebring Improvement District was held Friday, January 28, 2011, at the Community Center, 3500 Edgewater Drive, Sebring, Florida.

The meeting was called to order at 9:02 A.M. by President David Halbig.

SUPERVISORS PRESENT:

Mr. Richard Miller, President
Mr. Gene Gangemi, Vice President
Mr. Frank Guglielmi
Mr. Dave Halbig
Ms. Diana Johnson

The District General Manager, Mr. Michael Wright.; District Attorney, John McClure, Board Secretary, Jane Fry; Community Services Director, Christi Wolf, and Kitson & Partners Golf Operations Ron Wonderling, and Tanya Cannady, Finance Director were present. There were approximately 41 people in the audience.

- 1) Call to order
- 2) Pledge of Allegiance
- 3) Announcements:
 - a. Next regular meeting is scheduled for Friday, February 11th, 2011, at the Community Center, 3500 Edgewater Drive at 9:00 a.m.
 - a. President Halbig welcomes Tanya Cannady as our newly hired Finance Director. We are happy to have you.

4) CONSENT AGENDA

- a. Minutes of the Regular meeting held Friday, January 07th, 2011.

Motion to approve the consent agenda made by Supervisor Gangemi; seconded by Supervisor Miller. Roll called: Supervisor Guglielmi-Y, Supervisor Miller-Y, Supervisor Johnson-Y, Supervisor Gangemi-Y and President Halbig-Y. Approved 5-0

5) ACTION AGENDA

- a. President Halbig adjourns the Regular Meeting Sine die
- b. Annual Landowners Meeting called to order

- c. Reconvene Regular Board of Supervisors Meeting - President Halbig at 9:32 am
- d. Ms. Fry administers Oath of Office to the newly elected Board member, Mr. Dick Miller. President Halbig congratulated Mr. Miller.
- e. President Halbig opened the nominations of Officers to the Board for the next year. Supervisor Guglielmi nominated Supervisor Diana Johnson for President. President Halbig called for a second. Mr. McClure states you do not need a second for a nomination, you call for all nominations then you call for a vote. Supervisor Gangemi nominated Supervisor Miller.

President Halbig moved to close the nominations.

Mr. Joe Eck comes to the podium:

I wish John would make up his mind. A few meetings ago he said you had to have a second to change something on the Board, now he's saying you don't. John, check the law and find out which is right and do it right.

Mr. McClure, I believe nominations are simply nominations. President Halbig, my recall isn't very good, I can't recall how it was done in previous years. Mr. McClure, if you have three votes, it is quite legal. President Halbig, we have two nominations, Diana Johnson and Dick Miller.

Call Roll for the nomination of Diana Johnson for President.

Supervisor Gangemi-N, Supervisor Miller-N, Supervisor Guglielmi - Y, President Halbig - N, Supervisor Johnson - Y 2-Y and 3-N

Call Roll for the nomination of Dick Miller for President.

Supervisor Guglielmi - N, Supervisor Gangemi - Y, Supervisor Johnson - N, Supervisor Miller - Y, President Halbig - Y 3-Y and 2-N

Supervisor Dave Halbig passes the gavel to the new President Dick Miller. The next nomination is for Vice President of the Board. Supervisor Dave Halbig nominated Frank Guglielmi. Supervisor Guglielmi declined. President Miller nominated Gene Gangemi. If there are no other nominations I move to close the nominations. Supervisor Gene Gangemi is the new Vice President by acclamation.

The next nomination is for Treasurer. Supervisor Halbig nominated Tanya Cannady; Supervisor Gangemi seconded. President Miller moved to close the nominations. Ms. Tanya Cannady is our Treasurer by acclamation.

The next nomination is for Secretary. Supervisor Gangemi nominated Jane Fry, Supervisor Halbig seconded. Supervisor Johnson asked why we were calling for a second when we didn't do it that way for the vote on the President. Mr. McClure stated if there is a motion to close the nominations you would need a second then the

candidate is accepted by acclamation. Frankly, it's getting to be form over substance; who else is it going to be but the Secretary and the Treasurer. Clearly within the Board it is a little different; the other positions are pretty well identified. What do you want to do? Supervisor Johnson's thought was to be consistent. President Miller, do we have any other nominations for Secretary? There are none, I motion to close the nominations, Supervisor Gangemi seconded. Mr. McClure, at this point we have had three positions, Vice-President, Treasurer, and Secretary nominated with no other candidates nominated. You can take a vote on all three positions or you can lump them together, call for a motion to vote on all three positions, have a second and take one vote for all three and we'll be done with it. President Miller, we are looking for a motion to close. Supervisor Johnson, I move that we close all three positions; Supervisor Guglielmi, I second. President Miller, call the roll:

Supervisor Halbig-Y, Supervisor Guglielmi - Y, Supervisor- Johnson-Y, Supervisor Gangemi -Y and President Miller - Y Approved 5-0

Supervisor Halbig, I'd like to make a statement about these elections - someone said to me a while back that there comes a time when everyone should have their time at the plate. The ducks were pretty much all lined up as of last year, this Board needs to consider that as we go forward. People sitting on this Board are all going to be here for the next two or three years, so just to make a point. President Miller, before we proceed, I'd like to recognize Dave Halbig's contributions as President this past year. We had a difficult and tumultuous year in many respects and I for one certainly have appreciated his leadership in seeing this District through to where we are at in this point and time. Thank you very much. The audience applauds.

f. Public Hearing - Recreation Center Fees

1. Hearing is opened at 9:50am

2. Overview on Recreation Center fees presented by Christi Wolf

Guidelines and rates were established for the Community Center, the Island Pavilion and the Picnic Pavilion at the Recreation Complex. Those rate were posted and they are as follows:

Community Center Rental Rates:

Resident	0-100	\$100
Non-Resident	0-100	\$400
Resident	101-200	\$200
Non-Resident	101-200	\$800
Damage Deposit		\$250
Event w/Alcohol		\$250

Island Pavilion and Picnic Pavilion Rental Rates:

Resident	Daily -	\$35
Non-Resident	Daily -	\$250
Damage Deposit		\$250

President Miller asked if the deposits were for residents and non-residents alike, Ms. Wolf's reply was yes. Mr. Wright adds that this makes no mention of charitable groups; I anticipate you will be getting requests to waive the fees. President Miller, we can establish that on a case by case basis? Mr. Wright, you could but I think by establishing rates we wouldn't have to come to the Board every time for a decision. You may want to discuss charitable groups today. Supervisor Johnson, I believe that depends on how you define charitable groups, if they have a number. Anyone can say they are a charity. Mr. Wright, and if they are raising money on the behalf of a charitable group. Supervisor Guglielmi, that's when you ask, where is the money going? Also I feel the General Manager should be able to make the decision. If it's a resident that is conducting a function for a charity, the General Manager should be able to say, yes you can use it. Supervisor Halbig, that would clean it up. That would help with not having to go to the Board every time. I believe the General Manager is a reasonable man, he can handle that without a whole lot of problem. President Miller, let's hear from the public.

3. Public comments:

Pat Gangemi

I don't believe the fee deposits just stated are enough to cover any damage that could be done. I would like to see a credit card taken as security. We all know how much things cost to replace or repair today. \$250 is not enough money; you need to put up a secured credit card as other rental places do. Damages could be charged to the credit card.

Rex Bond,

I'm sure we should have a schedule of fees set up but the way it is set up you can forget about any sizeable membership from Sun 'n Lake. If you look around where you live everyone has a pool. Mr. Bond continued about his concerns for the loss of memberships at the pool with the fee structure. Supervisor Guglielmi pointed out to Mr. Bond that this fee structure is for the rental of the Community Center, Island Pavilion and Picnic Pavilion only. The pool membership is already in place and entirely different. Mr. Bond reserved his comments for another topic if it is not about the pool.

Supervisor Guglielmi would like to take another look at the pool membership fees. There is a difference of opinion between myself and Christi in that regard. President Miller advised to complete the Public Hearing and discuss the pool fees at another time.

Tom Kosty,

Is the concept such if an organization wants to use the picnic pavilion, at that point the public cannot use it? When it's not rented out to somebody, or reserved, are the public residents allowed to go in and use it individually? The answer is yes. Mr. Kosty, you are charged the fee only if you want the exclusivity. The answer is correct. Mr. Kosty, otherwise the fees come out of the assessments paid. The answer is again, correct. Thank you.

Tanya Cannady, as member of the staff

I wanted to add the City of Sebring does set their rental rates with non-profit organizations as already defined so they don't go to the City Council constantly. So for future those rates can be set at a discount to non-profits.

Mr. McClure, if you do intend to set a discounted rate rather than waive the fees, that is a rate that will have to be published as well.

President Miller calls for any other Public Comment.

4. Board Discussion

President Miller, is there any conflict for these fees. Are we clear with what fees we are discussing? Ms. Wolf, we are discussing the fees for the Community Center, Picnic and Island Pavilions. The pool membership is another discussion. Supervisor Guglielmi, regarding the Community Center, Picnic and Island Pavilions, if it is for a charitable organization it should be free. I recognize the option Ms. Cannady gave us, that's Sebring and that's how they handle it. Personally I feel the charities should be free. If we rent the areas there should be signs that say private party, otherwise, people will go in there. Mr. Wright, that is agreed. Supervisor Gangemi, I agree there should be a Visa or Mastercard to cover any damages that might occur. Also you have a rental guideline tacked on to the Resolution. I believe Item 16 should be added that Security should be called and do a visual inspection; also posting the number of the Security for assistance. Also, the Security should check the building after the function to make sure the doors are locked. Mr. Wright, we can handle that change. Mr. McClure, you might also have Security inspect the building for damages so they are brought to light right there. Supervisor Gangemi, also agreements do have a walk through inspection before and after. President Miller, it seems we have two issues to resolve, 1) the question of security deposit and 2) the identification of charitable groups. Supervisor Guglielmi, we have a group that wants to have a card party and raise money for a charitable group, we should allow them to do that and allow the General Manager the discretion to make that decision. Supervisor Halbig agrees. Mr. McClure is drafting a sentence to be added to the Resolution; it is determined the Board wishes to keep the term charitable organization rather than non-profit. Also 5013C qualification requirement is to be put in and any other groups would be at the discretion of the

General Manager. Mr. McClure explains a 5013C is where the group have gone to the IRS and have been declared tax deductible, able to receive donations. The Board agrees on the 5013C qualification and all others would go through the General Manager. Mr. McClure has written, "authority to waive the fees set herein, is hereby delegated by the General Manager for charitable organizations qualified by a 5013C of the IRS code." Mr. McClure, is there any other circumstance which you would like to give him the authority to waive? President Miller, we want to see any ad hoc group that would like to hold an event with proceeds going to the charitable organization be included. Mr. Wright, you may want to use the words "on the behalf of" when a group is holding the event for the qualified charity. Most of the people holding the event are not going to be a 5013C organization. Supervisor Guglielmi wants to make it clear that the groups such as the homeowner's association will still be able to use the community center for free. Mr. Wright agreed; there is already a policy in place for that. President Miller, the other situation is the credit card deposit. Supervisor Gangemi, I feel the \$250 deposit is to low; we don't want to have to chase people for additional money. It will be more expensive than \$250 to bring a plumber in here in the event something happens to one of the toilets. If they are responsible people, they should have no problem offering up a credit card. Supervisor Johnson, if I came in and wanted to rent the Community Center and you asked me for an open ended credit card or when are you going to charge my card? Supervisor Gangemi, I don't think we would take a payment 30 days in advance. I just want some security. Mr. McClure, often credit cards do not have sufficient credit line. You can put on the card a reservation, so you block that amount of credit until the event. If you elect to go the credit card route, I would suggest the reservation on the card. This would be in lieu of a security deposit. Supervisor Guglielmi, in our past 30 years what has happened? There were two instances brought forth, both not in the \$1000 range. Mr. Wright, we will work all the details out. Supervisor Halbig, Tanya, how complicated is this credit card? Ms. Cannady was not at the microphone for her answer; you can hear her say it's not that difficult. Ms. Wolf, I met with Ileana, who has been here for years, there was one incident with alcohol present that went over \$500 in damages by about \$75-\$80. That has been our past experience. President Miller moves to close the public hearing at 10:30am.

g. Resolution 11-01 A Resolution of the Sun 'n Lake of Sebring Improvement District to establish facility usage fees for community center, island pavilion and picnic pavilion for fiscal year 2011: establishing an effective date.

President Miller asks Mr. McClure if they can enact Resolution 11-01 at this time or will it need re-wording. Mr. McClure said they can enact the Resolution as modified by adding the wording for the charitable organizations and the credit card if you want to add that too. You can have Board discussion as to what you want to add in there, then propose a motion to modify the Resolution. Mr. McClure offers this language,

"authority to waive the fees set herein, is hereby delegated by the General Manager for charitable organizations qualified by a 5013C of the IRS code." Supervisor Johnson adds the item 16 Supervisor Gangemi brought forward for the policy. Mr. McClure's language, "the Security company is to be called at the conclusion of the event to inspect the building and ensure the building is properly secured and document any damages."

Supervisor Guglielmi, do we want to include the credit card portion of it? Supervisor Guglielmi believes it is a good idea but is not sure it is needed based on past history. Mr. McClure, there is a harmless indemnification policy in the rental agreement which essentially means they are responsible for the charges. It was brought up earlier that it is easier to get a return for the damages than it is to go after them for the damages. Supervisor Halbig, if they sign a document saying they are responsible for the damages then they are responsible for it. That should be in the agreement in bold print so everyone recognizes it. It may cause an argument but there will be one anyway when you charge someone's credit card for damages; all the person has to do is call the credit card company and say don't pay it. Supervisor Guglielmi moves that we approve 11-01 as amended to what was discussed. Supervisor Halbig seconds.

Public Comment:

Rick Hulbert, resident

The provision for the IRS number, 5013C, is that going to limit the General Manager having the charitable event like a card party and the donations are going to cancer research. This may be a onetime situation. Mr. McClure, we worded the amendment very carefully so that the General Manager can approve a group who wishes to raise money for a qualified charitable organization.

Bill Jackson,

A charity to one person is maybe not a charity to another. I think you are leaving yourself open; as a suggestion you may want to define "charity" a bit better. The Call Girls of America may be a wonderful charity for someone; charity is a very big word. Mr. McClure, I agree that charity is a big word and if you wish to nit-pick, how do you make sure the group donated the money to the 5013C organization. There are a lot of things that can come up along those lines. Mr. Jackson, I was trying to point out the fact that this could get nipped in the bud but if you guys are happy with it I suggest you vote for it and move on.

Claude Williams, resident

Good morning, I think you need to use some common sense here. If in fact, as the young lady eluded to, the City of Sebring having two different fees, and if Sun 'n Lake is free you could be inundated with charities, in the meantime chasing away organizations that would pay. It could be a losing situation, you may have to rethink this whole darn thing. You are leaving yourself wide open. Thank you.

President Miller, that's a good point. Supervisor Johnson, I think the community center would be based on a schedule of first come first served. We already have our set schedule here, the charity would be allowed to use it when it doesn't conflict with somebody that is already scheduled. Supervisor Halbig, maybe we should say any resident that has a charitable event, should we define it? Mr. Wright, why don't we do this, let's adopt this, if it becomes problematic, I'm not bashful, I'll come back to you and say let's fix it. The Board agreed.

Call the Roll: Supervisor Johnson-Y, Supervisor Gangemi - Y, Supervisor Guglielmi-Y, Supervisor Halbig - Y and President Miller - Y Resolution 11-01 as amended is approved 5-0.

h. Resolution 11-04 A Resolution of the Sun 'n Lake of Sebring Improvement District to approve amendments to the Golf Budget for Fiscal year 2011 with an effective date.

Ron Wonderling, Kitson & Partners Golf Operations, good morning, during the budgetary process we made some significant reductions. After the budget closed out on fiscal year 2010 we had \$36774.10. The money is already in our bank account; we have not been given permission to use it. We hope to use it this fiscal year for projects; some are capital related, some are member relations/resident costs, some are like the credit card fees. Also I want to answer the question, how's the restaurant doing? Currently after three months we are losing money; we have lost \$3,698.90 over the three months. We are working hard to promote the restaurant, trying to get rid of the loss, it is a challenge. Also, this past week our owners and partners came to Sun 'n Lake for family reasons. It was their first time seeing the new clubhouse and they had some nice things to say about it. They were introduced to guests as being from Kitson & Partners and were surprised when someone spoke up to say my condolences. They sat down with a group of our members. As a result I have had lengthy conversations with the owners and partners of our company, our President, our Chief Operating Officer about what is happening at Sun 'n Lake. Some of the comments were Kitson & Partners is providing poor member services, price of food is too high, price of beverages are too high, golf course conditions, although much better, there are greens that aren't good, we have the public play with the members, we have functions that effect the golfers & the restaurant. When we have functions like the one last night the members have to be set up on the back patio; residents get upset when we have functions. They feel they aren't respected by the staff. There should be some sort of discount for being a member, most of the members feel like second class citizens. As any owner would feel after receiving comments like this, he is concerned. It brought up a lot of conversations and solutions; we can definitely fix this. One thing is when we have the big shot-guns and they come into the restaurant, it gets very busy. We have limited staff. One of the challenges as we reduced the budget last year, we have limited resources for staff. We can increase our staff levels which would help out. One option would be to give discounts. 10% amounts to \$40,000 you have to make up somewhere else. President Miller, Ron, you are opening up a serious alternate situation from this particular topic. Additional comments regarding

parking and lighting have come up recently too. I suggest to the Board that perhaps we make this a major topic for our next meeting and stick to the budget situation today. Mr. Wonderling, in closing I was going to suggest in the near future we could possibly do a Golf Operations Workshop with the Board, invite the members, the residents and public, and have them express their concerns. We are here to help you. We have a breakeven budget, granted with money from the assessments, but we would love to do more. President Miller, what is it you are asking on the specific issue of Resolution 11-04? Mr. Wonderling, the amendment amount for today is \$36,774.10, the excess money from 2010 that is already in the Golf Operations account. If we transfer this money over, we'll still have a balanced budget and will be able to do some of the member related items we've talked about, take care of the credit card fees, some capital items like concrete, and various projects. Supervisor Halbig, I'd like to hear more about this situation, can he come back at staff reports? Mr. Wonderling agrees to come back at staff reports. Supervisor Gangemi wanted the amount clarified which was \$36,774.10. Mr. Wright, you actually voted on giving him the money a couple of meetings ago, this just makes it official. Supervisor Johnson, have we made that motion? It was determined they have not had a motion. Supervisor Guglielmi, I motion that we approve the amended budget for Resolution 11-04. Supervisor Johnson, I'll second. Supervisor Guglielmi, Ron has squeezed everything out of a very tight budget. Supervisor Halbig, this is just cleaning it up.

Public Comment:

Bill Jackson,

I'm perplexed, for 2010 they come up with \$36,000-\$37,000 when we gave them \$500,000 because they couldn't balance their budget without it. It seems like it has become something expected. This year it was reduced to \$385 thousand because we have other things to pay. That bothers me that the money is expected to come to them. It seems that the golf operations should be able to stand on their own two feet. Where does this play out? If they have found money amounting to \$37,000, and we gave them \$500,000, are they going to use it this year? I would suggest giving it back to the General Fund. They are nowhere near meeting their budget without support from the public funds of this District. Another point, why are we paying for the golf carts? It seems a lot of things come along and we pay it out of the General Fund because it's for the golf club. I think its time the Board take a position and nominate a committee to look into the running of the golf course. I suggested it to Gene and he said he would be willing to head it for the Board and you'd get golfers and non-golfers and lets go through everything and include the contract with Kitson. On their brochures they say they will increase your membership - they haven't done that here. I'm not criticizing, but they do advertise it. When they find money like this let's treat it like a gift. Until they stop taking money out of the public fund, any money they find it should go back to the General Fund. Until they can stop taking money out of the fund, I don't see why we should transfer it over. Supervisor Gangemi, Mr. Jackson did speak to me about forming a committee

and he did ask me to chair it. My reply was that any committee has to be approved by the Board, I in no way said I was going to head up a committee to look into Kitson and their financial operations. I've made no commitment. I just said if you want to bring up the idea of a committee at the Regular meeting, that is your prerogative.

Tom Kosty,

Didn't we talk about this money a while ago? It was agreed to build some new tees and this is a formality? President Miller, that is correct. I don't know why we have to hash it out now when it's already been agreed to; seems like we should just rubber stamp it and go on. My other comment is with regard to our ordinance and charter and the purpose of Sun 'n Lake of Sebring Improvement District. The District's purpose is to provide basic services, roads, sewers, water, public safety, which includes the fire station, security, recreational facilities, including tennis courts, and golf course. That's codified, in the ordinance. We don't ask that the fire department make a profit. I'm not arguing about the fact that golf is in a world of hurt; everyone with a golf operation is suffering these days. We don't ask that the fire department make a profit, our road and drainage make a profit, tennis courts don't make a profit. I understand where you are coming from, Bill, but the golf course is a part of living here and to say it has to stand on its own two feet, I don't think is part of the charter. If it does have to stand on its own two feet, then perhaps we need an ordinance change. Thank you.

Joe Eck,

The whole thing started out with the clubhouse and the golfers approved that they would not need a restaurant. Every time you turn around we're doing something restaurant this and restaurant that. They agreed to a fry kitchen at that point and I made the statement next they will want a restaurant. The people are the ones paying for these things. As far as I'm concerned if the restaurant can't make money, shut it down and if the golf course can't make it shut them down too. Put some tri-levels in there. President Miller, thank you Joe, anyone else?

Rex Bond,

My understanding of this motion is to tell the General Manager to go ahead and pay this \$36,000. We've talked about everything but that, so I suggest we move on.

Call the Roll: Supervisor Halbig -Y, Supervisor Johnson-Y, Supervisor Guglielmi-Y, Supervisor Gangemi-Y and President Miller -Y. Resolution 11-04 is approved 5-0.

i. Resolution 11-05 A Resolution of the Sun 'n Lake of Sebring Improvement District approving the change orders Number 2 and Number 3 requested by KDL Underground & Development Inc. for the repair of the Sun 'n Lake/Magnolia Place overflow structure and damaged pipe project.

President Miller, if I am correct Mr. General Manager, this is a formalization, again, of what you have brought to the last meeting. Mr. Wright, yes with the exception there is an additional \$700 because we had to buy one additional joint, a 48" polyethelene pipe, but other than that it is the same thing. Hopefully, they should finish

by the contract date of February 11th. I believe they are down to the final clean-up now, they have done the work on the golf course. President Miller, we need a motion to approve. Supervisor Halbig, so moved; Supervisor Gangemi, second.

Board Discussion: Supervisor Guglielmi, is KDL making any money on this or are they losing their shirts? I can't believe a contractor for \$47,000 that has been working on this for three months almost. Mr. Wright, they have pulled people from another job then send them back. Supervisor Guglielmi, they have heavy equipment sitting there, that's expensive. We were talking about a failed drain pipe that actually drains Manor Hill. Mr. Wright, yes that has been repaired. This is the continuation of all the 48, we drained back, west I believe. Supervisor Guglielmi, what about the part that goes east toward Manor Hill? Mr. Wright, Mr. Howerton and I discussed this morning that when they did the repair work along the edge of the properties, there was a good bit of dirt that was in the pipe, telling us there is probably another failure upstream. We are going to use our in-house people to see if we can repair that, depending on the depth of the pipe and where we find the problems. I don't necessarily want to keep KDL on the payroll. There will be another way to work it other than keeping these folks, I'm trying to find a less expensive way to repair. I anticipate we will have to go back and do something else to that 24. Supervisor Halbig, that's the point I was going to make, its obvious that the pipe is caved in. The depression at the T box and towards the water retention area, I don't want to leave it unsure. Why leave it partially unfinished. Mr. Wright, oh no, we have to fix it, I think we can do that with in-house forces, if not I'd rather do it under a different methodology. I don't anticipate digging up the whole pipe; I don't want to extend the contract with these particular folks. Supervisor Halbig, make sure we take a look at it.

Public Comment:

Rusty Carino, resident

What is the cost of this thing, Mr. Wright? Mr. Wright, \$47,115.00. Mr. Carino, this is with the change? Mr. Wright, yes. Mr. Carino, which account will we be pulling this from? Mr. Wright, the reserve account we have for capital projects. Mr. Carino, thank you.

Board Discussion:

Call for vote. Supervisor Gangemi - Y, Supervisor Johnson - Y, Supervisor Guglielmi - Y, Supervisor Halbig - Y and President Miller - Y. Resolution 11-05 is approved 5-0.

6) Add-on items

7) Petitions and Communications

8) Staff Reports

a. December Marketing/Community Services Report

Ms. Wolf, the December report is in front of you. We do have some timely things happening right now.

Today we are finishing the State of Florida Forestry grant tree planting at the entrance of Sun 'n Lake Boulevard, at the District office and the entrance at Ortego off Schumaker. Also the Beautification committee has a community clean-up day scheduled for tomorrow, Saturday, January 29th, and Covenant Presbyterian Church on the Boulevard has 25 volunteers joining us in addition to our residents. Supervisor Guglielmi, I think its commendable that the church is willing to give us 25 volunteers, do you get that many from Sun 'n Lake? Ms. Wolf, the last clean-up we had approximately 30 volunteers; the community isn't used to an RSVP so I'm hoping for the same amount. Supervisor Guglielmi, please make sure the church is thanked really well, that really is commendable. Ms. Wolf, we will and we hope to engage businesses in the future. Supervisor Halbig, I've heard a lot of good comments about the landscaping that is going on along Sun 'n Lake Blvd. Residents have called to say they appreciate it being done. It will help the appearance as people drive through. Supervisor Gangemi, I also have received a number of calls, especially seeing the trees laying down in the morning and by the afternoon they were all propped up. You have done a good job in seeking out the grants and there may be more grants for flowers in the future.

b. Federal Special Response Security Report

President Miller, any comments on the Security Report?

c. SBA Summary of Monies as of December 31st, 2010

President Miller, Mike did you want to comment on that? Mr. Wright, only that we are changing the format on the report. Ms. Cannady and I have discussed the investment policy of the Board, we will be bringing that back to you as well. An easier methodology for tracking will be seen at the next meeting as well as the status of the fund.

d. Code Enforcement Report

e. Public Safety Annual Report

9) General Counsel Report - John McClure

Mr. McClure, thank you. The first thing to report is on the hearing that was held this week on the Maguire Trust matter. Summarizing, our firm argued that the 60 day statute of limitations applied and moved to dismiss. A number of other entities appeared, the School Board, the County Commissioners, the Department of Revenue, and others, all arguing the 60 day jurisdictional window. No matter what the court does it seems to be an argument of the validity of the Sun 'n Lake Assessments versus the validity of the taxes. While they are trying to roll everything together and get all their money back, the court did not buy that for a second. The jurisdictional line claim will almost surely apply to the ad valorem but under the best of circumstances we are going to stay proceedings against those folks with ad valorem taxes instead of spending a lot of public tax dollars paying lawyers to defend this; the judge basically saying if you have a fight against Sun 'n Lake that's where it will have to go. The court has not yet issued a ruling, I heard her say that we're going to dismiss all

this against the ad valorem folks with prejudice and as far as the non ad valorem folks, the District, we're probably going to dismiss that but without prejudice so you'd have to sue the District directly regarding the imposition of assessments. I have not seen an order that that is what the court is going to do. At this stage of the proceedings that appears to be, according to observation, where things are. President Miller, they might re-work the complaint and come at us again? Mr. McClure, oh this isn't going to go away. It might go away as to the Tax Collector as a party or it may not. Whether they bring another action against the Tax Collector for representations made when the certificates were sold that's up to them. I'm telling you we are waiting the order, when the order comes out we will then determine what the next step will be. We'll provide that to the District as soon as we get it. Supervisor Johnson, do I understand you to say they are primarily dismissing it with prejudice according to the 60 day time frame? Mr. McClure, yes, there is case law that says basically as relates to non-ad valorem assessments, a four year statute of limitations may apply, as to the ad valorem assessments it is a 60 day window. Our argument is because you put the non-ad valorem assessments on the tax roll, then the 60 window should apply to that as well. We'll see what the court does with it. Supervisor Gangemi, I was at the court hearing, Mr. Lobo did present a very good case. I agree the judge in question took a real serious look at this and I agree with Mr. McClure that it may come back that they will separate the claim. President Miller, John, any movement on the Fifth Third situation? Mr. McClure, there has been almost daily communication between Mr. Wright and the bank's representative, they continue to request an analysis of all of our sales, tax certificates, collections, which way to go; the bank, in my opinion, is simply not making a decision. Time is of the essence in making that decision; we may be out of essence time and into problem time. The four advertisements have to be made, and a hearing held by March 1st. Clearly, if that is going to occur, that is going to have to be done fairly soon. We have been pushing for a decision; every time they ask for something, we give it to them; they ask for something else, we give it to them, etc. Mr. Wright, his staff and the County staff have been very responsive and working very hard on this. As of today, we do not have a final decision on which route they want to go. Mr. Wright, Mr. McClure is correct, we have spoken daily for the last week and a half, we've provided information and the indication I'm getting, although they have not made a specific decision, I'm getting they will not go with the uniform method of collection. They were somewhat surprised at the number of tax certificates held by the District and how few have sold. Based on that, it was probably the most telling thing. The other information we have been getting is their trying to position what they want to do, sell the note or market the properties, and so forth. They are still trying to sort it out on their side. As we get more information I will share it with you. President Miller, what are the implications of them not going with the uniform method? Mr. McClure, Mr. Wright has prepared a pro/con check-list, one of the things that is not on the check-list is probably central to their decision is the issue, if you go with the uniform method, that requires the sale the tax certificates. In my opinion, in the foreseeable future, that will be a real problem.

It's a problem before you add some of this stuff on and will be a problem after you add it on. If the certificate is not sold, the County has the right to come in and have it stricken off the account. It goes on a list of lands that are available for sale of the taxes, then the County has the right to take the land; I think that is a five year period. If the County elects to do that, the risk to Fifth Third is that they would lose everything. To me that is an unacceptable risk. The likelihood of this occurring is very high and how do you get any return on your money? The discussions have largely centered around, do we want to do that, what's the risk, will the rate of collection be higher when a higher taxing authority imposes these? I would suggest in the past that might have been true; in the current environment, all the rules are out the window. With respect to the other issue, if we go with foreclosures, how do we do that? They have talked about a staged foreclosure methodology where they start with the properties that have Fifth Third assessments only, work with the Phase V bond holder and see what they can work out. Then to assemble as much property as they can in their name, we're holding it for them of course, and have a fire sale of everything to somebody, recoup money that way. That would at least bring some money back. President Miller, should the County take ownership of some of these properties, are they under any obligation regarding bonds or assessments. Mr. McClure, those are assessments that are levied to the tax roll, that is a very good question. We have always taken the position that when the County is the owner of the property they are obligated to pay our assessments as any other entity would be required to do. The same might be true for the bond assessment. Maybe they are not responsive of the annual assessments for which period they took the property, but there would be a legitimate question if they would be obligated for the continuing future assessments. It would be up to the bond holder then, to assert an acceleration of the payments due and then direct foreclosure of the bond. President Miller, is there a precedent for this? Mr. McClure, in case of a couple of lots we have now, that the County owns, we have collected assessments from them. Mr. Wright, the County Attorney and I had this conversation in a prior life, "well do you want to give the property back to the District" then the District would turn around, it's a round robin of passing the property back and forth. The County owns a golf course lot in Unit 16, in addition to a number of properties they own. To my knowledge, at least in the past three years the County has not paid the District. Supervisor Johnson, is there an order? We have three different things, Phase V, the District Assessment, the County taxes, is there a priority system. Mr. McClure, yes, usually the District is reimbursed for the foreclosure expenses then the ad valorem taxes are a priority over our assessments. Supervisor Halbig, if we are waiting for Fifth Third to call the shots on whether we go to the uniform method, I sympathize with Fifth Third but I'm not worried about Fifth Third's risk. I'd be worried about the District's risk. As far as the District is concerned would we be better off going to the uniform method? Because I'm talking about assessments paid and people paying county taxes, not paying the assessments and certificates being sold. Mr. McClure, I'm not a financial expert but in my opinion I think the sale of tax certificates in the District will be more and more problematic. There are more and more potential

investors that do not do their homework, that's clear. They don't inquire of the District as to what they have, just what is on the tax roll, whether it's an improved or unimproved lot. Improved lots people tend to buy the tax certificates. Unimproved lots are gambling \$800 or whatever that they might get an improved lot in the future. That \$800 is not a true figure because it morphs into all the other issues and unpaid certificates that are out there that have to be accounted for if you ever apply for a tax deed or gamble that someone else will. As you know those things are only alive for seven years then they die off. You lose your investment if no one else wants to bankroll paying off all the other prior certificates under that tax deed. Supervisor Johnson, the other thing, I think is, we've always felt we've been in a more advantageous position than Fifth Third, but on the other hand we both want to get something out of this. Wouldn't we close the lines of communication or antagonize them if we took an action they didn't want to do; we might ruin any possible positive thing that might come out of this in the end. We want to sell the property as much as they do, or develop it. We have to keep in mind we have to maximize everything we might be looking for. Mr. McClure, I don't know how to answer Supervisor Halbig's question directly, I'm sorry. Mr. McClure referenced an article in the newspaper today that stated new building costs are roughly \$125 a square foot; you can get a foreclosed house for \$60 a square foot. The foreclosures this year will be higher than the preceding year. The question then becomes what is the incentive for people to buy vacant lots to be developed. You are competing against this huge collection of foreclosed properties. That's what we are faced with. Mr. Wright thinks he can answer Supervisor Halbig's question, part of the analysis we are doing internally is to look at the tax certificates and look where people have paid the county taxes but not the assessments. I need another week or so to massage 900 properties to see which way its going to go. We are doing a lot of analysis, not only on Unit 16, but as a whole, so you can make an informed decision with regards to that. I will tell you some of our efforts to collect assessments also uncovered additional information and I believe we will have additional strategies on how we can target assessment collections on behalf of the District. It's a ton of data and its mind boggling at times as you wade through it. Mr. President I need to apologize, I have an emergency, I need to go. My report is in here and did talk with Supervisor Halbig before the meeting. President Miller, we understand. Supervisor Gangemi, I know we have spoken on the uniform method and I know it depends on the Tax Collector to look upon this year, last year, how far back is he going to go? If you go back to 2005 and he tries to collect \$50,000 on a lot that might be worth \$2,000 or \$3000, it's not going to be a very successful tax sale. Mr. McClure, I had a conversation with Kevin Ashley, attorney for the Tax Collector, and to summarize, Mr. Bryant's position in 2007 was he would accept no properties for which with any delinquency existed. Mr. Ashley forwarded a response to an inquiry by Mr. Bryant regarding whether he can put the delinquent parcels on the tax roll or not. To me it was wishy-washy at best. He said send me something to justify the opinion. That's the way it read to me. Mr. Ashley indicated in his research, that it might legally be possible to add those but given his opinion, he was fairly certain that Mr.

Zawyer was unwilling to do that. According to Mr. Ashley we can do it but only the current year where Mr. Bryant said any current delinquencies, I won't accept it. That lead to the Maguire Trust to just look at the certificates and not doing due diligence with the District, realizing it wasn't just this year's taxes, but there was a whole bundle of delinquent stuff out there based on non-payment of bond. So that's why we are up against the wall with Maguire. With respect to going further, they will put only the current years on there but they will put the current year on there even if it is delinquent. The bank expressed the concern to Mr. Wright and I, that they were very concerned about doing that because if they did that the implication would be everything was current up to that year. It's kind of the same thing as with Maguire except in their opinion its worse because we have a like kind assessment on the tax roll that only shows one year when in fact there are a lot of delinquencies. They are worried about us collecting this, only to face another lawsuit and we would have to give back the money, they would be sued; they are very reluctant to pursue for that reason. Supervisor Gangemi, I know the tax collector and the district staff have been working to sort through this. You also have to look at the Phase V bond people, are they willing to take a reduce amount to clear this up. If they are getting 11%, I'm not sure anybody would want to give that up. That's the chance you take. Mr. McClure, previously Fifth Third had taken the position as to not throw any more money on this but as of our meeting in Orlando I think they are coming around to believing a meeting with the Phase V folks will ultimately be required for a solution. What that is going to be, I have no idea. President Miller, John the Quality Inn situation has gotten fairly pronounced now, they are into big bucks now, I believe about \$250,000 they owe on various taxes. Mr. McClure, \$226,000 is the last figure I saw. President Miller, where are we in our process regarding payment? Mr. McClure, we have gotten all the title work in which is a prerequisite for knowing where to go next. In the analysis on that pile of work, the Quality Inn is currently in foreclosure by their primary lender. There are no fewer than seven other lien holders, we are high on that line. Our lien is the same as ad valorem taxes. I forget how many years of unpaid taxes there are, three maybe four years of unpaid taxes that are very substantial, our assessments are substantial, the mortgage is substantial and I'm afraid everyone else will be out in the cold. The property isn't going to be able to support everything that is against it. Mr. McClure went through the process of what could happen if they find a new buyer. They will pay the taxes, assessments and mortgage. I advise we let the foreclosure process take place and we'll get our assessments paid on the flip side. President Miller, to do otherwise would be adverse financially, correct? If we assumed ownership of that property we would assume the liabilities that come with it. Mr. McClure, yes, operation of the property and everything else. We'll be much better off to sit back and let it run its course. One more item, at the last meeting you directed me to serve Mr. Severino the letter of demand. I have confirmation of service of process, January 22nd, 2011. At this point I've heard nothing. I'm confirming to you that the service process has been completed. In anticipation of potential questions I did prepare a memorandum for the Board, that has been passed out to you. It is a two

prong test the court will look at. If you want to proceed or if you want to digest this and save it for the next meeting, I think in the long run the Board will need a Resolution with whether the two prong test has not been met. President Miller, we just got it this morning, I think we need some time to digest it, perhaps discuss it later. Mr. McClure, the real question is going to be whether or not the vote was taken while in public service. That's all I've got, thank you. Board elected to digest the memo and talk about it at another time.

10) General Manager's Report - Michael Wright

President Miller, Jane is there anything in writing that somebody can obtain over at the Town Hall? Ms. Fry, we have the citizen responses under unfinished business that is on the website. President Miller, anyone can access that, those are the questions from the last meeting. Ms. Fry, yes, correct.

11) Unfinished Business - Citizen Responses by the General Manager

12) New Business

13) Committee Reports

14) Public Comment:

Rex Bond

When will we get our audit pack? President Miller, I know it is in progress, they have had one on site visit; Tanya is there a schedule for the Grau & Associates audit? Ms. Cannady, they are planning to be at the February 25th, 2011, meeting for the audit. Mr. Bond congratulates Mr. Eck and Mr. Jackson, the road in front of their house is in good shape realizing they have worked on it a great bit.

Bill Jackson,

Thank Mr. Bond, I attribute the work to the love I have received. Along with Mr. Eck, we are loved and appreciated and they took care of us. Would also like to congratulate Mr. Wright for having one of the worst roads in the District, Savona, is being worked on. We've talked before about the collection of this money from Mr. Severino. I have suggested to Mr. McClure the other option of small claims court. Mr. Wright could go in, present his case and if you won you would get your money back. President Miller, is that correct John? Mr. McClure, I believe we could make the claim in small claims court, if Mr. Severino defended with an attorney, you may need to have legal council represent you. If Mr. Severino doesn't show up and you receive the judgment, then you can enforce the judgment and do what you need to do. Agreed it is an option. At this time we are deferring on this to the next Board meeting. Supervisor Johnson, if the judge voted against us there would be court costs; the person that loses pays the court costs, right? Mr. Jackson, there is a filing fee you would lose, if you lost. There is a letter you submitted today, Mr. McClure, and I have read it. There are some factual errors. If I didn't know better, the term for this would be "soft soap". It seems as though some of this could have been written by Mr. Severino's attorney. It seems as though a lot of it is "it's not this bad", "it's not

that bad." One they investigated and found cause that Mr. Severino had casted certain votes without filing the appropriate forms acknowledging a conflict of interest. It was more than that, they just didn't find probable cause, he filed a plea at the end. He had the option of having another public hearing and he didn't do that, he went in and filed a plea. It was eleven different times. This is a two prong thing, one you have to acknowledge publicly your involvement and file the paperwork. I sat through many of these meetings and he never acknowledged this. At one meeting I told him I was going to file a complaint, after numerous warnings, then Mr. McClure got busy. He got up and talked, Mr. Guglielmi and Mr. Severino listened; Mr. Guglielmi filed the paperwork. Mr. Severino acted like a petulant child; he didn't want to say anything. It took repeated requests by Mr. McClure to get him to acknowledge, like he was insulted that we would ask for this. Mr. Severino had other problems, he opened a real estate office, it was improper and the county closed him down. He was using a District golf cart for his own personal use. President Miller interrupts, excuse me please. We just received Mr. McClure's memo at the beginning of the meeting. None of us have had a chance to read it through or digest it. Mr. Jackson, when you read it, keep in mind this is awfully soft. President Miller, we hear your point, we need time to take a look at this thing.

Pat Gangemi,

My comments are questions on the report made by Christi, especially for the kind people who attend and need to be informed. I understand there was damage to the pavilion and a holiday decoration was stolen. That was never mentioned in the report. I understand it was an outside concern that put up our decorations. I'd like to know what the cost was and which fund paid for that. Also the clubhouse was supposed to contribute to their own decorations. I would like to make known that in the five years that I have been here, there were a lot more decorations up in prior years. I find it hard to believe that they are damaged so quickly, therefore, I would like to see an inventory of all decorations. They cost a lot of money to replace. If you could comment on those Christi, thank you. Ms. Wolf, thank you for your questions. We talked a bit about this with the Beautification committee, which is where this has come up. They wanted to volunteer to put up the decorations. We did have damage at the Gazebo, I'll start with that. The timer was stolen twice, then we put a locked box on. They also damaged an electric meter on the island. One of the stand-up "Season's Greetings", we had one at each entrance, was stolen. Don't quote me but I believe they cost about \$2400, per one piece. They were bolted down; the bolt was clipped. That is one of the things we will have to consider for the future. We did use an outside service to wrap the trees with lights. This was my first holiday season here, the way I understand, Ileana purchased after the season, additional lighted stand-up decorations, for the medians. We have agreed to do an inventory this year which will be important for us to consider how we are decorating, what we are using and how we can use things that will not be vandalized. In regards to using an outside company to do our

decorating, after a conversation with Mr. Wright and Ileana, we did not have the staffing for what needed to be done; also the cost of the light, it was more cost effective to use the service. Remembering their contract, they came in twice a week, checking all the lights to make sure they were lit, and they put new ones up every year. It would have cost us between \$5,000-\$6,000 for labor alone so we made the decision to go with the vendor. Kitson and Partners decorated their own facilities. The decorating money comes out of Special Events, Ms. Gangemi, I would also like to make a comment about the lighting around the clubhouse; there is no lighting around the clubhouse. I came out at dusk and almost fell myself. It is very dark; Security came up and illuminated the entrance/exit so guests could leave to get to their vehicles. Ms. Gangemi wondered if some of the money they are transferring, the \$36,000, could it be used to get some lighting, it's a very dangerous situation. President Miller, you make a good point and that will be addressed. Mike's not here because of a family emergency. I think, if you remember, at the POA meeting there has been a lighting analysis done for the entire District in terms of correcting deficiencies. I would hope and expect that would include the clubhouse. Supervisor Guglielmi added, the lighting at the clubhouse has been a problem since it opened. Separately Progress Energy is supposed to be looking at that, I don't know what has happened. Progress Energy has been asked to do a study; do you know anything about that Jane? Ms. Fry, No. President Guglielmi, it was talked about in a previous meeting. President Halbig, I had a conversation with Mike the other day about lighting and he suggested 10' high poles, not real high, just 10' high for people walking to and from their cars and the clubhouse, or maybe some landscape type lighting that we could put up rather than Progress Energy. I think that is what he is looking at at this point in time. Supervisor Johnson, I know we've talked about some PVC pipe lighting and have taken a look at other properties where they have done their own simple lighting. There is a possibility we could get creative and do something on our own if it is too expensive to go through Progress Energy. President Miller, the important thing is that we address it and address it right now, so we will get on that.

Rusty Carino, resident

I have a form that I found that says Delinquency by County Code. Could someone tell me what this means? President Miller, funny you should ask, I asked the same question this past week. You have to have a legend next to you to pick out what the code and title is. I asked the same thing of Mr. Wright, that's going to be changed, right Tanya? Ms. Cannady agreed from the audience. Mr Carino, I was looking down here and see Phase V, interest and principal late, now he owes or we owe them \$10 million dollars. Who is Phase V? President Miller, Phase V would be the bond people for those improvements; I believe they are now owned by a subsidiary of NRP that they make payments through. I don't think we owe any money. It's the people that have the bonds on their property that make the payments. Supervisor Johnson, we just collect it and forward it. Mr.

Carino, so this is owned by NRPI? Supervisor Halbig, a subsidiary of NRPI bought that from VanCamp and Merritt, we're the collector of that Phase V and we send the money to some sort of clearing house. Mr. Carino, we collect and forward it then. All agreed. Mr. Carino, then my question is do they owe us any money? Supervisor Halbig, we collect a fee for doing the process. Mr. Carino, are they delinquent? President Miller, Yes. Supervisor Halbig, we've had that same discussion before, do we withhold the Phase V payments in lieu of the delinquencies, I think the answer was no. Mr. Carino, are we sure? Supervisor Halbig, John can you answer that? Mr. McClure, in my opinion, the answer would be no. If you want me to prepare legal research in a memorandum to you, I'll be happy to do so, so you'll have it and have an answer. President Miller, Rusty, NRP still owns approximately 800 properties in the District and they are delinquent. Mr. Carino, the other thing I'd like to know while I'm up here is, in the very beginning we had in Unit 16 the Fifth Third Bank, we had roughly about 870 lots approximately, what I'd like to know is do we have a listing of those 870 lots that are the benefitted lots in Unit 16 A & C? President Miller, the answer to that is yes. Mr. Carino, okay, I'd like to know who of the owners of those lots at the time and I also believe whenever there was the building of the utilities that were put in place, each property was supposed to have had an assessment on it. I'd like to know what is the assessment amount on those properties? President Miller, all of that has been thoroughly documented including lots at the present time that are current on their assessments; all those records can be obtained at the Town Hall. Mr. Carino, so I can go to the computer there? President Miller, I'm not sure what's on the website. Supervisor Guglielmi, the total assessment on each one of those properties have a Phase V and a Fifth Third Bond and a Sun 'n Lake assessment - approximately \$3000.00. Mr. Carino, so that information is available on the website. Supervisor Halbig, there is also an engineering document that shows the pro-rated amount for each infrastructure improvement by the lot that Polston put together before this work was done. Mr. Carino, my concern, I've been going back through the items and checking, it's interesting how this loan grew from 8.7 million dollars to at one time they have asked for 13 million dollars. I'm wondering what has happened. Were the bonds ever issued? Supervisor Halbig, no. Mr. Carino, so we are talking a short term loan all this time. President Miller, no we're talking a special assessment, it really didn't evolve into a loan. Mr. McClure, it was a bond anticipation note intended to be for a one year period. Mr. Carino, so it was always a short term loan. My question is as this short term loan came due the interest accumulated, when you re-financed this thing built up or what was the package that jumped it up to ten million dollars? President Miller, we were not able to make the interest payments so technically we are in default. We have not been able to collect enough money to pay the interest or the principal payments. Supervisor Johnson, that money doesn't come out of our pockets, it comes out of the property owners. That money is to come from the piece of property that was improved. If interest is accruing because they aren't paying it's on them. Mr. Carino, we are not budgeting money to come out of our General Fund. President Miller, no. Mr. Carino, good, thank you.

Joe Eck, resident

I checked on Sun 'n Lake Blvd. and Columbus Blvd; trees are looking good but they are all planted under power lines. How high will the trees go? Ms. Wolf, the Division of Forestry came out, inspected the areas and had to approve where the trees would be planted- the height and width of the trees. I'm sure with time they will hit the power lines; they did look at that very closely with the type of trees that we put up. Mr. Eck, who will maintain them? Ms. Wolf, the District will maintain the trees as they do with the landscaping on the Boulevard and the circles. Mr. Eck, Christi, while I've got you, have you heard anything else about the repo homes - especially the one I called you on? Ms. Wolf, no I haven't heard from them at all. Mr. Eck, they've been back over there again. Okay, from the top, we need to do something about Security. We've got golf carts, kids 11-15 years of age running up and down the Boulevard in Unit 2. Security allows it, one car stopped and told them they were not allowed in the street without being 16. President Miller, are you aware of the arrests that were made this week? Mr. Eck, I'm aware of something where some burglar's were caught, tearing up something or whatever. President Miller, five juvenile's, all from Unit 2, were apprehended, our Security people played a major role in that, and as I'm informed it's going to solve a number of things including the break-in of the two cars over in Larry Bertetto's neighborhood, damage to the pool, stealing of carts. That was a major breakthrough in that area. Mr. Eck, I agree with you there but how many arrests have they made in the past year, none, because they don't have the authority. How many times have they called the Sheriff out to do things when they should be called? President Halbig, they are present, Joe. Point taken, we have a renewal coming up this year and we can review it at that time. Do we know when that contract is up? Ms. Fry, the end of February of this year. President Miller, that close- well it will be sooner than later. Mr. Eck, the other thing is foreclosures in Unit 2, I've had two more of them this week that have gone into foreclosure. I think I have 45-50 of them right now that is foreclosed. Also the one catty-cornered behind me, it went to auction and it sold for \$20,000 - three bedroom, two bath. It's ridiculous, my property went down another \$20,000. Sidewalks, it looks like we'll get them in the next two to three weeks, maybe March. They have the contractor on board, we'll finally be getting that. Sorry Michael is not here, Jane maybe you can make a note for him, the URRIF funds, when the clubhouse was being paid off they borrowed one million dollars out of URRIF funds. If I'm correct it went in the General Fund then to pay off the clubhouse. There was a loan on that. Supervisor Halbig, it wasn't the URRIF fund it was the Utility fund and it was \$400,000 or \$800,000 that is being paid back. I can't recall exactly how much that is but it's being paid back by the month with a 5% interest rate. Can't say as I agreed with it but that's what is being done. Mr. Eck, I'm going to go back and listen to the tapes because I thought I heard there was one million dollars taken out of the URRIF fund, when Bob Saverino sat on that Board, President Miller, if you remember back some time, I think during the budget development hearings, we talked about how that was being cut up and it wasn't from the URRIF fund, there was money reallocated for the Rec

complex as well. Mr. Eck, this was strictly for the clubhouse before we even opened it up. I'll see if I can't find it again. At the last meeting I also asked Mr. Wright about the \$7.10 that was put on to the water sewer bill, why it's not showing up on the water bill. That was supposed to be URRIF money going in there. That is a separate thing from water and sewerage. I've been pushing that ever since it went in. I'd like to know why it isn't showing up on the water bill. President Miller, we'll get you an answer on that. Supervisor Johnson, we report that every month what we get from that \$7.10. Mr. Eck, that's not what I'm asking, I want to know where it's going? I want to see it somewhere on that utility bill. It should be a separate account on the utility bill. Supervisor Johnson, it goes into the URRIF separately and each month on our Financials we get a report. Mr. Eck, my water bill doesn't show \$7.10 for the URRIF fund. There's no where showing where that \$7.10 is coming out of, is it water? Is it sewer? Is it both? President Miller, we have your point. John, I'm coming back at you again. It was just asked, if the county took over some of the properties and whatever, would they be liable for assessments on it? I believe you stated, yes they are. A meeting or two back, I had asked you that same thing, and you said yes because we have no way of collecting it. Can you kind of clear that up for me? If they are liable for it then why aren't they paying for it? We are liable for the ad valorem taxes Mr. McClure, I'm sorry, and you can play it back for me, but I don't believe I would have said there was no way of collecting because we can collect it from them just as we collect any assessment in the District through foreclosure. The issue I do recall discussing was that Carl Cool and I had a discussion much like Mike Wright and the County Attorney had a discussion, that it would amount to us trading properties back and forth. We won't pay the ad valorem taxes they take it and they won't pay the assessments, we take it back; it's that kind of catch 22. Mr. Eck, well I'm going to see if I can bring that back up, record it and bring it to the next meeting so you can hear what you said. Mr. McClure, please do. Mr. Eck, I'm getting tired of getting information that isn't going all the way down the line. We've got a new Board, a new General Manager, and new Secretary and Finance Director, let's start putting all of our ducks in a row and if the Attorney isn't doing his job, give him 30 days.

15) Discussion to/from the Board :

16) Other Business

17) Adjournment - 12:15pm

Date signed: _____

Dick Miller, President

Transcribed by Jane Fry,
Administrative Assistant & Board Secretary