

**MINUTES OF MEETING
BAYSIDE IMPROVEMENT AND BAY CREEK
COMMUNITY DEVELOPMENT DISTRICTS**

A Joint Workshop Meeting of the Boards of Supervisors of the Bayside Improvement Community Development District and Bay Creek Community Development District was held on **Thursday, January 19, 2012 at 9:00 a.m.**, at the **Pelican Landing Community Center, 24501 Walden Center Drive, Bonita Springs, Florida 34134.**

For Bayside Improvement CDD:

James Patterson	Chair
Walter McCarthy	Vice Chair
Jack Lienesch	Assistant Secretary
Bernie Cramer	Assistant Secretary
T. Marvin Hancock	Assistant Secretary

For Bay Creek CDD:

Frederick McAuley	Chair
Nelson Glueck	Vice Chair
Keith Huffman	Assistant Secretary
Robert Pritt	Assistant Secretary
James Janek	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Dan Cox	District Counsel
Carl Barraco	District Engineer
Jim Murphy	PLCA Liaison
Mary McVay	Resident
Warren Minor	Resident
Wayne Edsell	Fire Commissioner

FIRST ORDER OF BUSINESS

Call to Order/Pledge of Allegiance

Mr. McAuley called the meeting to order at 9:05 a.m., and all present recited the Pledge of Allegiance.

SECOND ORDER OF BUSINESS

Roll Call

Supervisors McAuley, Pritt, Huffman, Janek and Glueck were present, in person, for Bay Creek CDD. Supervisors Cramer, Hancock, Lienesch, McCarthy and Patterson were present, in person, for Bayside Improvement CDD.

THIRD ORDER OF BUSINESS

Continued Discussion: Potential District Merger

- **Brief Review of Technical Aspects - Legal Steps, Event Timeline, Financial Implications, etc.**
- **Community Impacts - Service Levels, Representation, Efficiency/Effectiveness, Interlocal Relationships, etc.**

Mr. Adams explained that this is a working session of the Boards and there will be no motions made or directions given. He noted that this item will be placed on the January 23, 2012 Regular Meeting agenda, for further discussion, and any direction and actions will be considered at that meeting.

The Board Members agreed to allow members of the public to speak at this workshop.

Mr. Cox provided an overview of the process involved in merging the two (2) Districts. He explained that, because the Bayside Improvement CDD was established by Rule of the Board of Florida Land and Water Adjudicatory Commission (FLWAC), the Districts would have to petition them to amend their Rule to effect the merger. Once a petition is filed with FLWAC, it will be forwarded to the Division of Administrative Hearings (DOAH) for the appointment of a hearing officer. A hearing date will be established, within the boundaries of the Districts, to hear public input and build a record for FLWAC to consider. Mr. Cox stated prior to the DOAH's hearing, an optional hearing is required before the city and county. He noted that the city has agreed to waive the optional hearing, support the merger and reduce the statutory fee charged, from \$10,000 to \$2,500, plus any costs that might be incurred with regard to reviewing the petition. Mr. Cox advised that the county has not provided any feedback; thus, the estimate of costs provided at the last meeting was not modified.

Mr. Cox estimated that the Districts would recoup their costs over a period of four or five years; however, the actual numbers will not be confirmed until the merger is completed and all of the various services and contracts are rebid.

With regard to the timeline, Mr. Cox noted, conservatively, it will take approximately one year to accomplish the merger. He informed the Boards that this would be the first merger of community development districts.

Mr. Cox discussed an email forwarded by Mr. Pritt regarding a pending bill in the Senate and House, which relates to Special Act created districts. He explained that, under the existing statutes, a Special Act District can only be merged with another Special Act District or dissolved in the same manner it was created. Governor Scott has indicated that he would like to take a closer look at Chapter 190 Districts, as well. Mr. Cox feels the biggest concern is the amount of community development district debt that has been incurred. He suggested that they discuss a way for the Districts to influence that discussion to make it easier and less expensive for the Districts to merge. Mr. Cox discussed several possibilities, such as lowering the filing fee and allowing the District to perform the function of the DOAH Officer.

Mr. Cox indicated that the cost savings and return of investment on the merger should not be the decisive factor. He felt they should focus on the political considerations regarding what works best for their communities and the representation of the various entities within the community. Mr. Adams concurred.

In response to a question by Mr. Cramer regarding Chapter 163 F.S., Mr. Cox explained that what they have now was implemented by a series of interlocal agreements.

Mr. Pritt pointed out that Governor Scott wants a review of Special Taxing Districts. He referred to an article in the Miami Herald and noted that this may include community development districts. Mr. Cox advised that, in this session, the legislature needs to accomplish reapportionment and adopting the budget.

Mr. Cox discussed why the Chapter 189 legislation does not affect Chapter 190. He explained that Chapter 190 was intended to be a uniform method for the establishment of community development districts, in all circumstances, and to uniformly apply their authorities, powers and responsibilities.

Mr. Huffman indicated he would like the Boards to discuss the option of dividing the entire area into districts, each having an equal number of households, with a supervisor for each district. He stressed that he wanted representation to be a core element in their decision making. Mr. Cox advised him that while this is not a possibility under the current laws, they can look at

having this option introduced into the statute if they wish to try to influence the legislative process as it moves forward with Chapter 190.

Mr. McAuley asked Mr. Cox if WCI would be able to create a new district in The Colony. Mr. Cox explained that WCI would have to ask Bayside Improvement CDD to cut The Colony from its jurisdiction. The District would then go through the contraction process.

Mr. Patterson discussed the history of the two districts. He recalled that, eight or nine years ago, Bay Creek's fees, per homeowner, were higher than those for Bayside Improvement. In an effort to reduce those fees, Bay Creek approached Bayside Improvement with regard to a merger to standardize the costs throughout the community. It was determined that the costs involved were substantial and the Districts decided to work together as two groups meeting jointly. Mr. Patterson commented that they have not progressed from that point. He noted that they must have two votes on every topic and much more discussion is involved. Mr. Patterson expressed his feeling that five Board Members would be sufficient to run all of the development within the two Districts and recommended combining them into one District called Pelican Landing Community Development District. He felt this would perpetuate more interest from the community and the residents would put more effort into running for election. If someone wanted to represent a particular community, it would be that individual's responsibility to solicit the majority of votes from that community. Mr. Patterson stated he believes they should proceed as quickly as possible to establish one district.

Mr. McAuley noted that, each time a new member was elected, the Board improved because of the particular skills the new member possessed. He provided examples of the Boards Members' accomplishments. Mr. McAuley pointed out that, with only five board members, there may not be representation throughout the community.

Mr. Pritt expressed his opinion that the proposal to merge the districts has nothing to do with deficiencies; it is more of a philosophy of government. He stated they are one Pelican Landing and have an opportunity to become more efficient with one district, one unit, and everyone will still be represented. With regard to projects, he feels they will be able to accomplish as much with volunteers as with Board Members. Mr. Pritt commented that people want to see more efficiency in government with the least expenditure of funds.

Mr. Huffman expressed his hope that the Boards will base their decisions on facts, not on speculation or projections of what may or may not happen in state government.

Mr. Glueck discussed his concerns regarding representation.

Mr. Lienesch recalled that he suggested combining the Districts when he first became a Board Member. He noted that, from an operating standpoint, it would be more efficient to have one district. With regard to representation, Mr. Lienesch stated if there are concerns in the communities of not being represented, they should get together to support a representative and vote that person in.

Mr. Hancock expressed an interest in selling the Districts' bonds to Pelican Landing. He feels they are paying money to others, who are holding their debt when they should be paying it to Pelican Landing. Mr. Hancock indicated he is in favor of the idea of having sub-districts within the community.

Mr. Patterson recalled a conversation he had with Ms. Judy Brown, Chairperson of the PLCA Audit and Finance Committee, regarding a loan to the Districts in the amount of \$2.3 million. Ms. Brown discussed this with the committee and the PLCA attorney and advised Mr. Patterson that the PLCA could not legally lend money to the Districts, due to their position as a homeowners association. The fact that the bonds are not rated was part of the decision. Mr. Patterson informed Ms. Brown that the Districts would be asking for the loan and would use the funds to pay off the bondholders and the debt would be the responsibility of the CDDs. Ms. Brown gave him the same answer.

Mr. Adams advised he is looking into obtaining a private placement loan through SunTrust Bank to pay off the debt and reduce the interest rate. He explained that, in a scenario like this, an institution like SunTrust will conduct an internal review of their concentration of credit risk and creditworthiness, rather than relying on a credit assessment. Mr. Patterson clarified that any savings would go to the individuals currently paying the debt and will not affect the Districts' finances. Mr. Adams confirmed and stated that he will contact Wells Fargo and FineMark Bank.

Mr. McCarthy expressed his support for maintaining two districts and pointed out that it provides the opportunity to have representation by ten individuals, as opposed to five. He also noted that the amount of additional discussion involved in making decisions has made them a better group and resulted in a better product and more benefits for the community. Mr. McCarthy expressed concerns over the cost of merging the two districts and stressed that he is in favor of more representation.

Mr. McAuley opened the meeting for public comment.

Ms. Mary McVay, a resident of Bay Creek, expressed her support for merging the districts into one entity and inquired about the possibility of increasing the number of representatives from five to seven. Mr. Cox advised this cannot be done under the statute. Ms. McVay suggested instituting "Meet the Candidate" nights. She feels this would improve representation. Ms. McVay also commented that one entity would make more sense to the public and the purpose of a governmental body is to serve the public.

Mr. Huffman asked if they could combine the districts into one entity and keep the current number of supervisors. Mr. Cox suggested they may wish to lobby for the types of improvements they feel are necessary to the statutes that would help them govern a bigger district, such as increasing the number of supervisors, having the option to create voting districts for each supervisor and looking at the merger statute as it relates to expenses.

Mr. McCarthy expressed that they are currently one district with ten supervisors and feels this is the ideal model.

Mr. Warren Minor, a resident, noted that they have made a great deal of progress. He feels that the management company is doing an excellent job and the Board Members have made significant contributions. Mr. Minor indicated that if they were to bring in an outside consultant to look at consolidating the districts, the consultant would recommend one district. He advised he is in favor of consolidation. Mr. Minor stressed that even though some of the Board Members may lose their positions, they have to look at what is best for their fellow residents.

Mr. Pritt indicated that he sees Pelican Landing as one community and feels comfortable having five members from anywhere in the community because, once they sit on the Board, they represent everyone. He feels that it would be easier to have one single district for one single development than to have two or three with different representatives arguing with each other.

Mr. Jim Murphy, PLCA liaison, agreed with Mr. Pritt and feels that there should be one board; the Districts should merge and would be doing the right thing for the community.

Mr. McCarthy feels that together, they create the initiative to have more focus on what is good for the community because they come from different areas. He stated they have ten elected individuals representing eight different communities and this is close to perfect.

Mr. Huffman noted that diversity is something they take advantage of and benefit from with representation. He stated the mix on the Board and variety of backgrounds that come into

play provide a better service to the community of Pelican Landing. Mr. Huffman stressed that representation by districts should be the ultimate goal.

Mr. Lienesch pointed out that sometimes no one wants to serve and other times, there may be three individuals from one area that are very involved in the community but they are restricted from running because they live in the same community. Mr. McAuley commented that the residents love the way they run this community.

Mr. Hancock discussed a recent issue with the PLCA Board regarding the expansion of parking spaces on the street in Palm Colony. He recalled that the residents questioned how five individuals could decide their fate. He felt their words meant something.

Fire Commissioner, Mr. Wayne Edsell, reported that his district decided against consolidation. He expressed his support for maintaining two Boards because of the diversity of representation.

FOURTH ORDER OF BUSINESS

Adjournment

There being no further business, the workshop adjourned at 10:40 a.m.

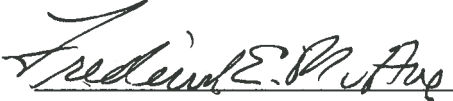
FOR BAYSIDE IMPROVEMENT:


Secretary/Assistant Secretary


Chair/Vice Chair

FOR BAY CREEK:


Secretary/Assistant Secretary


Chair/Vice Chair