

**MINUTES OF MEETING
GOLDEN LAKES
COMMUNITY DEVELOPMENT DISTRICT**

A continued meeting of the Board of Supervisors of the Golden Lakes Community Development District was held on Tuesday, August 23, 2016 at 10:00 a.m. at the Club at Eaglebrooke, 1300 Eaglebrooke Boulevard, Lakeland, Florida.

Present and constituting a quorum were:

Rich Weaver	Chairman
John L. Knapp	Vice Chairman
Donald L. Adams	Assistant Secretary
Richard A. Howe	Assistant Secretary
Anthony J. Stevens (via telephone)	Assistant Secretary

Also present were:

Gary Moyer	Manager
Scott D. Clark, Esq.	Attorney
Steven C. Shealey, PE	Engineer
JoAnna Likar	LE Wilson & Associates, Inc.
Several of Residents	

The following is a summary of the minutes and actions taken at the August 23, 2016 Golden Lakes CDD Board of Supervisors meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Weaver called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

Residents, questioned the benefits of purchasing the clubhouse and what information related to this acquisition is public record. The residents in attendance wanted to know what information will be made available to them so they can have a better understanding of the benefits of this purchase.

Mr. Weaver indicated they will do their best to answer all questions during the course of the meeting. He mentioned a two-page memo release was posted on the blog as well as the Golden Lake CDD website.

THIRD ORDER OF BUSINESS

Discussion of Bond Issuance

There being none the next item followed.

FOURTH ORDER OF BUSINESS

Consideration of Sale and Purchase Agreement of Club Facilities

The following was discussed:

- Mr. Weaver indicated at the last meeting the National Golf Foundation contract was approved to do a thorough appraisal and business review of the club.
- Mr. Weaver met with Mr. Richard Singer, Mr. Dale Jacobs, and Mr. Rick Fontaine, the Golf Course Superintendent, last week. A tour of the facility and golf course were completed.
- Mr. Singer expects his deliverables within 30 days as per his proposal. Stage 2 of the proposal has the independent Golf Course Superintendent coming to provide a physical look at the golf course, review all maintenance equipment and look at the policies and procedures, specifically as it relates to the maintenance and the operation of the golf course.
- Mr. Weaver indicated this is a two-part proposal; the base proposal relates to the business side and condition of the club and the other part deals with the entire operation. It was decided to engage Mr. Singer's company for the entire operations. This process is currently under way and there is no reason why the final report base will not be available before the end of September.
- The Board had a conversation with the attorney engaged for the issuance of bonds, and met with the underwriters to discuss the viability of what the District is trying to do with the bonds; and whether they felt the bonds were sellable based on the structure. They received positive feedback was from the underwriter and attorney.
- Mr. Weaver had a conference call with the attorney for the property owners along with Mr. Dale Jacobs, Mr. Gary Moyer and Mr. Scott Clark to review some of the provisions related to the sale and purchase agreement. The latest version of the agreement was emailed to the board yesterday.

Mr. Weaver presented the following concerns and questions:

- The vacant property located across from the club, called the *future building site*, was not addressed anywhere by name in the contract. We are all under the understanding, and it has been made verbally clear, this property would be part of the acquisition. Confirmation is needed as there is a reference to 2.5 acres of undeveloped area. There was also no specific reference under the trademark sections to ownership of the web address for the golf club. This may be covered under general trademark items, however, it should be spelled out as well as the procedures for transferring.
- The length of the process to transfer or acquire the alcohol and beverage license, the length of the process is unknown but it is an important part of the business and if it is a lengthy process like the purchase, this process needs to get started
- Since the District will be acquiring the inventory, we need to retain assessments and ensure all bills are paid. This is addressed in section 2.3 but Mr. Weaver wants to make sure his reading of the contract is correct.
- There was some discussion in a previous review about any deposits that need to be paid and will be interest bearing; however, it still states non-interest bearing and later in the document it refers to retention of the deposits including any interest earned. This seems to be contradictory. It appears to have been changed in one location of the contract and not another.

Mr. Clark presented the following information:

- The big picture is the proposed contract to purchase the golf club, the associated facilities, this facility, the ongoing business of the golf club and the food and beverage businesses for \$2.5 million. There is an outstanding loan for some of the maintenance equipment referred to as Platinum Bank, which totals \$167,000 and needs to be verified. This is an additional obligation the seller has indicated would be part of the purchase. The financial deal is the sum of \$2.67 million.
- There is a lot of work to be done the way the contract is set up. Once the contract is signed the District is given access to financial records, membership records and other things. This process has begun already with Mr. Singer who will be analyzing the financial records and giving the District an opinion on viability and an opinion on value. This need to be completed and the bond market needs this to go forward with the deal.

- Mr. Singer will look at the condition of the course and indicate where the deficiencies are, and what needs to be improved; such as the irrigation system.
- Mr. Singer will look at the finances. When private owners run a golf course there is profit motives and there are usually compensations built into the deal to the owner. Mr. Singer will weed it out to let the District know the hard numbers and what it costs to run the club, if it breaks evens or doesn't break even and show how much it would cost to operate in the hands of the District as a governmental entity and not a profit making entity. This information will be critical.
- Today the District is looking at approving the formal contract and moving forward. The real critical meeting will be prior to the end of the 60 days when the report is received with the information. At 60 days the bond market will also make its decision on whether this is something which can be financed.
- There are a lot of questions, but the District needs to dive into the financials and membership documents to understand what all the agreements and obligations are which the golf course entered into over the years and make sure it makes sense. If it does not make sense, the District needs to go back and ask for modifications before getting to the 60-day point.
- In addition to the National Golf Foundation analysis, the District needs to get a survey and an environmental analysis during the 60 days. The engineer is going to talk about this. There needs to be an inspection of the building facilities as the roof is a concern. Mr. Clark recommended hiring a professional to look into these things.
- There were questions while going through the contract and negotiating. There were a number of things the District will have to find out during the 60-day period, which could not be definitively addressed in the contract. This is why the inspection period is there. This will be a very detailed process if we move forward to closing and determining the value of inventory which is one of the question mark issues.
- The seller will essentially pay all the bills up to the day of closing and keep the receivables until the day of closing other than the over 60 days. The District will transfer utilities and other things in their name. The District will cancel the insurance and issue their own insurance.

Steven Shealey presented the following information:

- Mr. Shealey received two proposals, one from EnviroSouth Technologies for phase one and the budget for phase two ESA depending on what Mr. Clark feels needs to be done.
- Mr. Shealey apologized in advance for the survey proposal. When the Board met a couple weeks ago he thought the survey would be completed in two weeks. He did not realize the golf course is comprised of 29 separate parcels so based on this information the survey will take at least 9 weeks at a cost of \$64,000. Mr. Shealey questioned what the legal description in the contract is. Mr. Shealey indicated it would make a difference if there is a better legal description. Mr. Shealey also has another call in for another survey firm to get another proposal before finalizing either one of them.
- Mr. Clark stated his concern was if they need to do financing before they have had to create a single boundary and indicated somewhere along the line, there must have been a survey done and this is a question that needs an answer to.
- Mr. Shealey stated the phase 1 ESA survey cost is approximately \$2,500. He felt the golf course has chemicals and pesticides in the maintenance facility and there may even be a fuel storage tank. Phase 2 survey is necessary for at least a part of the property with some soil borings and soil testing, which is estimated at another \$5,000.
- Mr. Shealey contacted EnviroSouth to get costs for completion of both Phase 1 and 2. Bond counsel may not make a big deal for this to be done but he indicated if this was being financed by the bank. Phase 2 would definitely have to be completed. Mr. Shealey received the cost for both Phase 1 and 2 and the total cost is \$7,500.

Mr. Stevens had the following comments/questions:

- 2.12 in the contract. Why the exclusions? Are they excluded just to say they are not part of the purchase price? It is discussed later at 3.3 referencing the inventory in the pro shop will be purchased as it exists on the day of closing. There is an additional adjustment at closing for the value of inventory within the restaurant bar and the golf pro shop, which the District will later sell the inventory to recoup the money.
- Why is Dale Jacobs being hired as a consultant for three years?
 1. Is this the way the deal was presented?
 2. Are there benefits?

- Mr. Clark indicated the District will not just be writing him a check. He will have a contract and there are certain things he has to do. He will have to attend a certain number of meetings. When the buyers presented their terms for sale this was part of the agreement.
- Mr. Shealey indicated he met with Mr. Singer after the walk thorough. Mr. Shealey was satisfied that Mr. Singer was looking at the kind of things the District expressed it wanted looked at; everything from the building to the grounds to the actual operations. As Mr. Clark eluded to earlier, in order to gain access to the information a contract is required for purchase. A contract for purchase has a 60 days out, which allows the District to see if there is anything we don't like in the 60-day inspection period. We walk away and we things lost are time and professional fees but deposits are fully refundable and this is the whole purpose for the due diligence. The District will receive a report from Mr. Singer within 30 days and it should be no later than the last week of September, which is well short of the 60-day due diligence period.

Mr. Knapp had the following comments:

- On exhibits and attachments, he was concerned we had reached this point and have not received them. He indicated when the Chairman and staff get them and have a chance to review them, Platinum Bank is one item which jumps out of the contract.
- Mr. Weaver indicated they have not seen it, but are aware of what the amount is. The amount was represented to the District as the financing of the greens and the golf course, maintenance equipment, and the only other agreement of any substantial amount, is the lease agreement for the golf carts. Mr. Weaver stated they cannot sign a contract without the exhibits.
- Mr. Knapp questioned the number of exhibits available. It was indicated approximately 8 exhibits, and membership documents

Mr. Weaver stated the following:

- He is aware there has been three other draft contracts before this fifth one. Some are providing an existing survey. If they have any environmental audits it will give them a beginning point to look at. Mr. Weaver suggested the District try to get hold of any or all reports, which may have been completed as they would like to see this included. The earlier

copies of surveys are obtained the better the cost can be refined. Getting more than one proposal is better.

- It was noted, the survey will take nine weeks which puts the District past their due diligence. An extension of the due diligence, will need to be requested or the surveys will need to be done faster before the cost can be discussed.

Mr. Shealey stated the following:

- Mr. Shealey contacted ECON which use to be Taylor McVay, the original company who did the golf course, to have a proposal to do the survey.

Mr. Weaver stated the following:

- He indicated the extension would be based on many pieces; however, he would like to wait for the National Golf Foundation's report before going further. He does not see a reason to spend money on a survey until the due diligence is completed and the Board has a chance to look at it.
- Mr. Shealey indicated the environmental analysis is a relatively quick process, approximately two to three weeks; and this can also wait.
- If it will take nine weeks then an extension is needed unless they have a current survey. Mr. Shealey does not recall seeing stakes on the golf course and to the best of his knowledge does not believe a survey was done.
- Mr. Weaver understands where the District is headed as far as the proposal for the environmental analysis and survey are concerned. With regards to the survey, the District needs to try to communicate with Taylor McVay to reduce the nine weeks timetable.
- Mr. Shealey contacted ECON and tated the need to reduce the nine-week timetable. They are looking at how this can be done but did question if there is a legal description which combines these parcels as this would make it easier and less expensive.
- Mr. Weaver will make a request on behalf of the Board to contact the seller and their representative for a copy of any prior survey as well as to discuss extending the due diligence from 60 to 90 days.

Mr. Weaver stated the following:

- We have a contract before us and the general framework is okay. There are two major questions:
 1. Due diligence period
 2. The Board has not seen the exhibits

Mr. Clark stated the following:

- Could the supervisors vote to allow the Chair and staff to review the exhibits and make a determination. Mr. Clark stated he felt comfortable having heard the description of the items and not seeing them, as he does not imagine the Chair and staff would collectively go forward with something the remainder of the Board would find unacceptable.

Mr. Weaver stated the following:

- He is not not comfortable with staff and himself looking at the review. He feels the supervisors need to have a copy of the exhibits and be given a period of time for them to forward questions back to the staff.

Mr. Moyer stated the following:

- The Board can delegate the Chairman, attorney and staff to proceed and execute the contract subject to certain conditions. One of those conditions would be extending the due diligence period and having the exhibits to the contract which need to be reviewed. If during the review the Chairman, attorney or staff are uncomfortable, another meeting of the Board will be called or a continued meeting as recommended by Mr. Weaver.
- Mr. Weaver stated he would be comfortable with doing it within the 60/90 days period and going ahead based on what is in front of the Board right now, assuming nothing big was in there. When Mr. Weaver receives the report from National Golf Foundation another meeting will be set. A copy of the report will be provided to staff and the Board to review prior to setting the meeting.
- In the survey, the title objections in the first draft and fifth, the seller is not going to cure the title objections. There was discussion about this because we wanted those provision changed. Their answer was they would try to cure it but they do not want to be put in the position of having to file a lawsuit and litigate an issue for 18 months before closing the golf course. So

if there is something which is very difficult, and they don't want to undertake it, then they can say no we are not going to do this and we get to decide whether it is important or not.

- Once again:
 - a. The survey is important.
 - b. The District still has an opportunity to walk away during due diligence if needed.

On MOTION by Mr. Knapp seconded by Mr. Adams with all in favor the sale and purchase agreement was approved subject to the Chairman and staff's review and obtaining an extension of the due diligence to 90 days.

FIFTH ORDER OF BUSINESS

Manager's Report

A. Resolution 2016-5, Changing Registered Agent

- Resolution 2016-5 Changing Registered Agent is presented for consideration to change the registered agent from Robert Koncar to Scott Clark.

On MOTION by Mr. Adams seconded by Mr. Knapp with all in favor Resolution 2016-5, Changing Registered Agent to Scott Clark was approved.

B. Consideration of Engagement Letter with Berger, Toombs, Elam, Gaines, & Frank for Fiscal Year 2016 Financial Audit

There were no questions, concerns or discussion.

On MOTION by Mr. Knapp seconded by Mr. Adams with all in favor Consideration of Engagement Letter with Berger, Toombs, Elam, Gaines & Frank for Fiscal Year 2016 Financial Audit was accepted.

SIXTH ORDER OF BUSINESS

Attorney's Report

There being none, the next item followed,

SEVENTH ORDER OF BUSINESS

Engineer's Report

A. Grandview – Environmental Audit and Survey

- As discussed at the previous meeting, Mr. Shealey drafted a letter for Mr. Clark to review to send to property owners about plugging up the wall which have holes in them. This is

the first draft with Mr. Clark's markup which he wanted to run by the board to make sure there were no board objections.

- The letter states "...any drainage issues you may have must be addressed by arranging to drain the water in the street." It should be more direct in saying it is the homeowners' responsibility for arranging this. It does state any drainage issue must be addressed but does not say by whom. He suggested inserting "...must be addressed by the property owner by arranging to drain the water to the street..." At least two letters are going to be sent out by staff.

B. RFP Process

- Mr. Shealey indicated a letter was sent to Mr. Moyer to forward to the Board but brought copies and is requesting approval of an additional \$5,000.00. Mr. Shealey stated they went above and beyond the normal scope of work and asked for this to be done. The work over in Osprey Landing was pretty involved with getting those drainage inspections done so it was a pretty busy year.

On MOTION by Mr. Howe seconded by Mr. Knapp with all in favor to increase contract by \$5,000 was approved.

- Mr. Weaver indicated he really wants the expansion joints addressed. Once these letters go out, he has two contractors lined up to come out and look at where the holes are to get a repair estimate. Mr. Weaver stated the expansion joints need to be addressed right away as it is affecting the side.
- Mr. Weaver asked Mr. Shealey to join him to review the holes. Mr. Weaver stated it is cracked where the sidewalk curbing and the gutter is settled. They need a proposal to do something where the sidewalk and gutter ends at the outbound side.
- A recommendation is needed so the water drains out. It is not going out the concrete apron it is going right across the pavers which is causing settling problem and they need to figure out if there are some cost effective means of modifying this to get it to the concrete apron rather on top of the pavers. This needs to be on the top of the list.

EIGHTH ORDER OF BUSINESS

CAM Report

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Supervisor's Report

- The Chairman requested staff stay in contact with Mr. Singer. Upon receiving a definitive date when his report will be completed a meeting will be scheduled.

TENTH ORDER OF BUSINESS

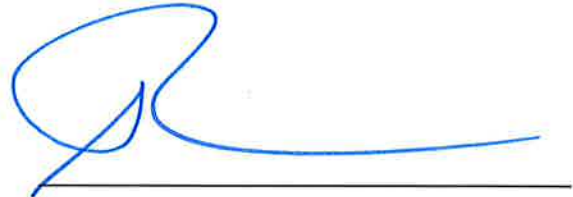
Adjournment

There being no further business,

On MOTION by Mr. Knapp seconded by Mr. Adams with all in favor the meeting was adjourned.



Gary Moyer
Secretary



Rich Weaver
Chairman