

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

A public hearing meeting of the Board of Supervisors of the Golden Lakes Community Development District was held on Thursday December 12, 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
Anthony J. Stevens	Assistant Secretary
Richard Howe	Assistant Secretary

Also present were:

Gary Moyer	Manager
Scott D. Clark, Esq.	Attorney
Steven C. Shealey, PE	Engineer

The following is a summary of the minutes and actions taken at the December 12, 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

- Mr. White indicated many individuals would have like to attend todays' meeting but were disappointed the meeting time had reverted back to 10:00 am.
- Mr. Weaver stated the calculations for the bond issue changed and a resolution was passed at the last meeting.
- Mr. Weaver stated the information provided to the residents as it related to this purchase is based on fact and reason.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2017-05

Mr. Moyer indicated the following:

- The purpose of today's meeting is to consider a resolution that amends a resolution, which the Board previously adopted.
- The market moved so substantially the amount we are currently going to address at the meeting today for which you will be receiving letters from the District in the next day or two indicates the amount is \$531.63. The primary purpose of today's meeting is to go back and adopt a subsequent resolution that shows the \$531.63 assessment.
- Mr. Moyer stated the issue the District faces looking at private financing, is the banks the District has dealt with recently will not go beyond 20 years. The District may be able to get a lower interest rate but a shorter maturity, which effects what everyone pays and bumps the number up.
- The original methodology is based upon the square footage of lots within a given neighborhood. It is the opinion of the Manager and the Attorney this is the proper way to do this for recreation is per parcel.
- Mr. Clark stated at the January 12, 2017 meeting this very issue will be decided upon by the Board. Anyone who wishes to attend this meeting can.
- The law says, the Board has some discretion to do it one way or the other as long as it is not obviously wrong, which is what the law calls arbitrary. If the board chooses one method or another method and it has a good faith reason to do so, then the Board has latitude to do so.

On MOTION by Mr. Knapp seconded by Mr. Howe with all in favor, Amending and Restating Resolution 2017-01; Declaring 2017 Special Assessments to secure capital improvement revenue bonds, Series 2017; affirming the location, nature and estimated cost of the improvements to be financed, the cost of which will be defrayed by the 2017 special assessments; providing the portion of the estimated cost of the improvements to be defrayed by the special assessments; providing the manner in which such special assessments shall be made; designating lands upon which the special assessments shall be levied; providing for an assessment plat; adopting a preliminary assessment roll; and providing for publication of this resolution, Resolution 2017-05 was adopted.

- The methodology associated with Resolution 2017-05 will be posted on the website. In the letters sent to the residents it is referenced and indicates to go to the website to view the methodology.
- The law requires the methodology be available at the District Managers' office so it is located on the website and the letter will summarize the effect on each lot owner.
- A discussion ensued regarding the methodology.
- It was suggested on the summary page of the District website to add a hyperlink which says assessment methodology which links to 1.3.

FOURTH ORDER OF BUSINESS

Review and Discussion of Terracon Report

- This is the report received from the consulting engineer. Some of it, is duplication of the National Golf Foundation where they did both the business and financial sides.
- There were no surprises in the report.
- We have a tentative agreement with the seller. The steel issue with the support structure of the cart barn estimate of \$5000 to \$20,000 to repair were seen. The District has a verbal agreement with the seller that this will be fixed at their expense, whether we fix it and it comes off the sale price or whether they fix it ahead of time. There is at least a verbal agreement in place and hopefully it will become a written agreement.
- Discussion ensued regarding the re-structure of the cart barn.

FIFTH ORDER OF BUSINESS

Discussion of Timeline for Golf Course Acquisition

- Discussion ensued and an update on the timeline was discussed.
- We asked the seller to extend the entire due diligence deadline out past the January 12, 2017 public hearing. They were unwilling to do so, and stated to let them know what we still needed time to complete and they will take a look at those items and let us do those items.
- In the proposed amendment which Mr. Clark shared with the Board today, there is one late breaking change on that. They have identified some items which are still outstanding:

- The appraisal is currently being worked on
- The financial audit opinion
- Phase 2 of the environmental assessment on the maintenance facility
- Zoning verification from the county
- Cart barn, seller fulfilling his agreement to fix as verbally stated they would.
- The survey, we are expecting this week or late next week
- The Board proposed a contingency period which will extend only for these items. If these items come back and they are issues, then we will maintain our termination right.
- Today, we either terminate the contract and indicate we cannot get there as yet or enter into this amendment with the changes noted by Mr. Clark. Mr. Clark's recommendation to the Board is that they enter into this amendment, which the seller indicated he is willing to do.
- Mr. Weaver met with Mr. Jacobs and explained to him where we were and explained to him where we were going, and that we are not going to have all of our due diligence back and that we are not comfortable about giving up those rights effective Monday. Mr. Jacob was adamant that he needs this done and the other agreement is give us a month to close, they have moved the closing date to March 31, 2017 which gives breathing room on the bond issue. Mr. Weaver reported back to Mr. Clark and Mr. Moyer the results of his meeting
- Mr. Clark stated if the District signs this amendment to the due diligence process, that comes off the table unless the appraisal comes in under \$2,500,000 plus whatever the payoff note is, which is around \$167,000 and would \$100,000 consulting come off the table?
- Anything that has been pre-paid is accrued and goes with the sale. Receivables is the only issue and there is a formula in the contract for the receivables.
- Discussion ensued regarding the number.
- Mr. Moyer indicated the issue with the audit is inventory and to audit the inventory there are two ways to do that, and that is to show up on December 31, 2016 and go through inventory with the club personnel. If it is a perpetual inventory system, they can monitor a software for the perpetual inventory system and compare that to some random selections of inventory and make a determination of what their daily printout of inventory shows in

fact is reasonable and accurate. The concern is, if they don't do inventory, and then they are going to give us a qualified opinion.

- Mr. Weaver questioned Mr. Moyer if the purchase contract provides for an adjustment to the contract based on inventory on the closing date.
- Mr. Moyer informed Mr. Weaver the auditor they are speaking with is the auditor that does the Districts audits. Mr. Moyer explained the nuance to the auditor and he said he cannot give us a 100% clean opinion without doing inventory.
- Can we be comfortable with an opinion that says we express no opinion about the inventory. Mr. Moyer stated this would be at the judgement of the Board, however the gentleman who is advocating for a full audit may not accept this.
- Mr. Weaver went back to the purchase agreement which is very explicit. On closing an inventory is done and adjustment is made to the purchase price based on that inventory, is this not correct?
- Mr. Stevens indicated he spoke to a CPA after the last meeting regarding an audit. He was puzzled about first a full blown audit and the ability to have the owners agree to it. He had a provisional review and he said that would be better than a full blown audit. He talked about whether there is a back office component to the operations here or not. Mr. Moyer will get a proposal.
- Mr. Weaver indicated the Board has options:
 1. The District is terminating the contract if the due diligence is not extended.
 2. Accept the amendment as amended.
- Is it worth the risk? This is basically what we are talking about, the risk of not buying or feeling comfortable enough at this point to go forward with the \$50,000 risk because we feel the likelihood of continuing to purchase is high enough at this point.
- Mr. Weaver states we are basically at \$531 and we had talked of a ceiling of \$600. Lets' say for a moment it comes in at \$531, it gives us \$70 a year, per lot to try to defray any shortfalls. There is already \$300,000 built in. We wanted to have more of a cushion built in so we didn't have to come back to people in a year or two to increase it.
- One of the things the NGF study identified was the club was labor heavy.
- Discussion ensued regarding management services, profitability debt service.

- Based on the discussion the Board had, an unofficial poll was taken on choosing one of the two options:
 - A conditional termination conditional upon extending the current due diligence to January 15, 2017 or
 - Agreeing to the amended due diligence that was presented at today's meeting.
- All the Board members chose the amended due diligence as presented at today's meeting.
- Mr. Stevens commented on what Mr. Knapp stated earlier. There has been no marketing of the club as far as he knows. Except for the past two months, on local radio there is an ad about the club and the golf course. There are no newspaper ads. Wednesday is the golf ads in the Ledger and all our competitors are showing their specials.

On MOTION by Mr. Howe seconded by Mr. Adams with all in favor the timeline as discussed and the amended due diligence for the Golf Course acquisition was accepted.

SIXTH ORDER OF BUSINESS

Staff Reports

Mr. Shealey provided the following:

- The contract for repairing the pavement at Osprey Lane Drive has been approved and notice to proceed with the work has been given except they are not allowed to do any work during the Christmas holidays.
- The contract for the stormwater has been signed and returned along with their insurance and has been forwarded to Mr. Moyer to get executed. The stormwater work will begin after January 1, 2017.
- The survey has been completed for drainage and they are going to try to regrade the sidewalk to the dump the water back to the North and will get it priced out at the first of the year.
- The Board cancelled the December 29, 2016 meeting and opted to have a workshop on January 12, 2017 at 6:00 p.m.

SEVENTH ORDER OF BUSINESS

Supervisors' Request

There being none, the next item followed,

EIGHTH ORDER OF BUSINESS

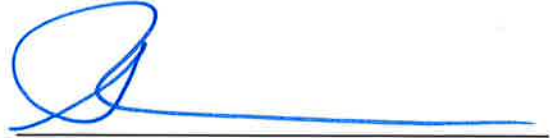
Adjournment

There being no further business,

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



Gary Moyer
Secretary



Rich Weaver
Chairman