



Portofino Isles

Community Development District

Dan Duncan, Chairman

Ronald Willemstyn, Vice Chairman

Juan Azcona, Assistant Secretary

Earl Baker, Assistant Secretary

Brian Mamo, Assistant Secretary

October 10, 2017



Portofino Isles

Community Development District

5385 N. Nob Hill Road, Sunrise, Florida 33351
Phone: 954-721-8681 - Fax: 954-721-9202

October 3, 2017

**Board of Supervisors
Portofino Isles
Community Development District**

Dear Board Members:

The regular meeting of the Board of Supervisors of **Portofino Isles Community Development District** will be held on **October 10, 2017 at 10:00 a.m. at the Newport Isles Clubhouse, 1856 SW Newport Isles Blvd., Port St. Lucie, Florida 34953**. Following is the advance agenda

1. Roll Call
2. Approval of the Minutes of the August 8, 2017 Meeting
3. Update on Wall and Fence Project
4. Staff Reports
 - A. Attorney
 - B. Engineer
 - C. Field Manager
 - D. CDD Manager
5. Financial Reports
 - A. Approval of Check Register
 - B. Balance Sheet and Income Statement
6. Supervisors Requests and Audience Comments
7. Adjournment

Enclosed for your review is a copy of the minutes from the August 8, 2017 meeting.

The financials are also enclosed. The balance of the agenda is routine in nature and staff will present their reports at the meeting. Any additional documentation will be provided under separate cover as soon as it becomes available or presented at the meeting. I look forward to seeing you at the meeting and in the meantime if you have any questions, please contact me.

Sincerely,



Paul Winkeljohn
Manager

cc: Dennis Lyles Steve Sanford Butch Terpening Jacob Ensor

**MINUTES OF MEETING
PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Portofino Isles Community Development District was held Tuesday, August 8, 2017 at 10:00 a.m. at the Newport Isles Clubhouse, 1856 SW Newport Isles Blvd., Port St. Lucie, FL.

Present and constituting a quorum were:

Dan Duncan

Ron Willemstyn

Juan Azcona

Earl Baker

Brian Mamo

Chairman

Vice Chairman (by phone)

Assistant Secretary

Assistant Secretary

Assistant Secretary

Also present were:

Ginger Wald

Paul Winkeljohn

Pat Ferland

John Jado

Marc Tunis

District Counsel

District Manager

District Engineer

Resident (Field Supervisor)

Advantage Properties

FIRST ORDER OF BUSINESS

Roll Call

Mr. Winkeljohn called the roll and stated we have a quorum.

SECOND ORDER OF BUSINESS

**Approval of the Minutes of the
June 21, 2017 Meeting**

Mr. Winkeljohn: The minutes from the June 21st meeting have been circulated, if there are any corrections I can take those, or a motion to approve would be in order.

On Motion by Mr. Willemstyn seconded by Mr. Baker with all in favor, the Minutes of the June 21, 2017 Meeting were approved.
--

August 8, 2017

Portofino Isles CDD

THIRD ORDER OF BUSINESS

Update on Wall and Fence Project

Mr. Winkeljohn: And not the only reason we're here today, but the update on the wall and fence project, John or Dan would you like to say a few words about our wonderful progress?

Mr. Duncan: Well it's going pretty well, they are on schedule. We had to move away from the plans a little bit in order to maximize the backyard of some people, and that resulted in increased costs for cleaning the CDD land in the back. So we passed all this and we are doing both the picket fence and the wall at the same time. We hope in about 2 months to have a lot of it done.

Mr. Jado: It will be done tomorrow with the Jamesport picket fence. Gates will be installed, we're not going to install the gate between the townhouse walls and the new concrete fence that's going out of the cul-de-sac at the townhouses because we don't want them to get beat up, let the accessibility come in and out and then they'll grade a little bit and then we'll put them in so we have no damage to them. Eddie just contacted me two seconds ago, and maybe Pat would want to drive over and look at it, he's only got a 100' left.

Mr. Duncan: Well whoever wants to go at the end of the meeting, we'll take you there and show you.

Mr. Jado: So he's almost done with that section.

Mr. Duncan: But the wall, is actually controlling the schedule and by the time it will be painted and sealed and finished and completed, in my opinion it would take at least 2 months.

Mr. Jado: I would agree with you, it's very hot out there.

Mr. Duncan: Yes, it's very hot and it's very dark, and we'll have to really bring a chipper in the back to remove some of the debris and so forth, and we will have a proposal shortly for the cost and we are pretty close to finalizing the contract with Precast for the entrances at Rosser.

August 8, 2017

Portofino Isles CDD

Mr. Winkeljohn: Right and I have the agreement and I have copies if anybody wants to see it. It's our standard agreement but it's all been modified to meet the needs of Precast. Do you want to take action on that? We could have the Board authorize execution of this by motion since we're here today.

Mr. Duncan: Yes, please.

Mr. Winkeljohn: So as I as stated it's our standard form of agreement and the attorneys have blessed the final document but it will need to be executed. Is there a motion?

On Motion by Mr. Baker seconded by Mr. Willemstyn with all in favor, authorizing execution of the Precast agreement with the District as stated on the record was approved.

Mr. Winkeljohn: So we're moving on that.

Mr. Duncan: So just to give a view of the future, after the entrance is done at Brigantine and Rosser, plus the wall at Rosser, going north and south, we will actually have the electrical contract. That's a little bit of a problem because the initial plan didn't consider the removal of the existing FPL posts. So I traced the old contracts and we contacted FPL and the contracts are written in such a way that you cannot get out of it. So FPL says, I'm putting in the posts for you, and you pay \$13 a month for electricity and maintenance for 10 years. After 10 years, there will be a 5 year renewal, if you don't tell me 90 days in advance that you want to terminate, so ok, but then when I asked how much would be the cost of removal because you cannot touch them, they tell us, well maybe it will be \$30,000. I can tell you that's a lot of magnitude, I never heard of a cost estimate being an order of magnitude, and you have to pay them \$3,000 up front for them to do the engineering studies. So if you actually look at the economics of putting your own in, versus removal of FPL, it will take 22 years to breakeven. So, then we have to live with these ones and they don't give enough light, you cannot put a mishmash of new and old ones because they don't look good. You can go to FPL and ask them to put new ones but you get into this agreement that you pay a fortune over the lifetime. So

August 8, 2017

Portofino Isles CDD

what we have to do is to put our posts in the median, leave FPL on the side, and put ours in the median. We have not found the fixtures and the posts and everything else.

Mr. Jado: We were looking at something very similar to the double light fixtures going out to Tradition, they're nice poles, they come in different sizes, they have a nice double fixture coming out. We're also going to be putting lights on top or 8 columns on each side that we're going to be adding electricity to, we're basically looking at about 5 on the inside island, we're going to have a signage inside the guard gate with lights on it and two columns with lights on it there, and then another signage on the outside with lights and another 4 or 5 of those double light fixtures going into the community because it's really pretty dark. Basically the same thing at Rosser, we only have 4 street lights there in that whole entry, there's nothing there, so we want to put 3 or 4 on the outside, 3 or 4 on the inside, light the columns there and I think we can get this all done and save about 30% roughly from the contract amount.

Mr. Winkeljohn: From the original plan?

Mr. Jado: We don't know for sure yet though.

Mr. Duncan: See the original plan, we paid a lot of money to an outside electrical designer to actually give us the lumens over the total, and that was a waste of time now because we actually cannot put the lights that were suggested because we have to leave the lights that we have. So now I have two choices, either I go back and I pay \$5,000, and I don't know what the cost was of using that computer program that actually moves the lights to give you the most uniformed lighting for that, or just put a set of double light fixtures in the middle.

Mr. Winkeljohn: Right.

Mr. Jado: Which even if we use the same post, the fixture itself would be more money because it's got arms on it.

Mr. Winkeljohn: And the one we used on Brigantine?

Mr. Jado: Well that pole with a double lighting.

Mr. Winkeljohn: Ok, so you would go ahead with the double head version of it, that's perfect.

August 8, 2017

Portofino Isles CDD

Mr. Jado: Right.

Mr. Winkeljohn: Right, it's within the style we've already adopted.

Mr. Duncan: Yes, so this is what we tried to do now but the major differences are that we tried to add light both to Brigantine and Rosser by putting these light fixtures on top of each column, so I'll have maybe 1,400 watts here and about 1,200 watts at Rosser.

Mr. Jado: We can adjust that according to the fixture and the bulb capacity.

Mr. Winkeljohn: And you guys are doing the weeds and the detail of this part of the project, for our purposes what I think is it sounds like you're staying within the scope, in essence in the budget, so there's no action. The only thing that I would bring up is that when we get a consolidated plan we need to communicate that to our friends at the HOA, just so they know that we are altering the light plan for obvious reasons.

Mr. Jado: I've actually brought that up to the president and some of the people on the Board.

Mr. Winkeljohn: So we want to make sure they know and put it in writing so there's no doubt.

Mr. Jado: Yes, we'll have them sign on it.

Mr. Winkeljohn: I like the statement that it might be below budget, and that's the way I function.

Mr. Jado: Well we have 33 lights done?

Mr. Duncan: No I look at every expenditure so it will be, by the time we finish it will be below budget.

Mr. Winkeljohn: That's awesome.

Mr. Willemstyn: That is, considering where we came from, that is absolutely awesome, and it's only because of Dan's expertise and John's expertise that we're able to achieve that.

Mr. Duncan: It takes a lot of time because the field is so different than the plans.

Mr. Winkeljohn: The field conditions?

Mr. Duncan: Yes.

August 8, 2017

Portofino Isles CDD

Mr. Jado: Also, one other point since we're talking about it, the fencing for Marshfield which you don't know, just came in, I'm going to be going over there and counting all the pieces with him and that should start next week so within 10 days Marshfield should be all completed from the day they start which should be Monday.

Mr. Duncan: We have a process that when the vendor gets the materials, John goes to the vendor and actually counts the pallets of materials. So then we put them aside and allow the vendor to charge us 75% of the cost of the materials, signed by me and John.

Mr. Winkeljohn: Right and we made sure our insurance covered if there is theft or anything like that, we covered all of those issues in any circumstance.

Mr. Jado: Well it's inside his warehouse.

Mr. Duncan: Yes, it's inside.

Mr. Winkeljohn: Right.

Mr. Jado: So they bring it out in daily usage.

Mr. Winkeljohn: Perfect.

Mr. Willemstyn: John, how many feet have we completed so far on the fencing and the lower wall?

Mr. Jado: We have about 1,000' completed on fencing right now, and we have over 1,000' of the wall.

Mr. Willemstyn: Completed?

Mr. Jado: Well, the cap is not on, it's not painted, but for draw purposes, yes, and you can't get through that 1,000', we left one or two sections open for access.

Mr. Duncan: So for safety purposes they are completed, for beautification purposes there is work to do.

Mr. Willemstyn: That's excellent.

Mr. Duncan: So we are now in the process of finishing 3,000'.

Mr. Jado: And, no complaints from the homeowners because Dan took the initiative to move the wall out from 3' beyond the property line to 19' beyond the

August 8, 2017

Portofino Isles CDD

property line, we got the clearing at a minimal amount of money, I mean a miniscule amount of money.

Mr. Baker: That's on each homeowner but it's generally 19'.

Mr. Jado: No, the general is 3' and we pushed certain sections because of the way some of these houses were, or we would have been putting it 2' off their screen enclosure, it would have been detrimental to their resale value, so we took it out on a 45 degree and went down about another 1,000' or 1,200' feet to 1,9' beyond the original stake, so they have 1,9' of added area to their backyard.

Mr. Duncan: I'm still convinced that the CDD made a mistake agreeing on the wall at Jamesport. The reason that I had, that nobody would see, was not actually the right reason because when I started building it I realized that their resale value of the homes will go down because of our actions.

Ms. Wald: As long as you did it legally.

Mr. Winkeljohn: Right.

Mr. Duncan: And sometimes you have to extend it much further, and I stood as firm as I could, to protect them from themselves.

Mr. Jado: I think they'll be fine.

Mr. Duncan: Right, now they are fine.

Mr. Jado: No complaints, we're not getting a lot of complaints, we're getting a few but out of 54 or 58 people that have the wall, you're going to get a couple.

Mr. Winkeljohn: Right, thank you. Anything else?

Mr. Duncan: Well we think everything is going good and it will be done eventually.

Mr. Willemstyn: Well done Dan.

Mr. Winkeljohn: Very good.

FOURTH ORDER OF BUSINESS

Appointment of Audit Selection Committee

Mr. Winkeljohn: Today the other main item on our agenda is the audit selection process. As some of you are fairly new to the Board and didn't go through this before but, the way the State statutes govern the selection of the auditor is they ask that a body be formed as an audit selection committee. For CDDs it doesn't spell out who makes up that body but for your sake, it's often chosen that the Board itself serve as the audit selection committee, so your first action is, if you agree with that idea, would be to by motion appoint the Supervisors of the CDD as the audit selection committee. Is there a motion?

On Motion by Mr. Baker seconded by Mr. Willemstyn with all in favor, appointing the entire Board of Supervisors to serve as the audit selection committee was approved.

Audit Selection Committee Meeting

- A. Opening Audit Selection Committee Meeting**
- B. Roll Call**
- C. Ratification of Criteria for Evaluation**
- D. Ratification of RFP**
- E. Ranking of Respondents to the RFP**
- F. Adjournment**

Mr. Winkeljohn: Moving on, now the statute also says you have to sit as an audit selection committee when you discuss the parameters of an audit in the selection of an audit, so at this time I'd like to call to order the audit selection committee meeting and the members that are present are on the record as previously stated. The first item that you need to do is ratify actions taken on your behalf, so we could do this all at one time. The requirement is that a criteria for evaluation be approved by the Board. In your packets that you received is a scoring sheet, which lists the 5 criteria that were advertised in advance, and these are the criteria that we knew, and 4 of them are listed in the statute and there's only 1 more that you can add which is price, and we knew that was

important as well. So this is the criteria that was advertised and will be used today, so I do need a motion ratifying that criteria.

On Motion by Mr. Willemstyn seconded by Mr. Azcona with all in favor, ratifying the criteria for evaluation was approved.

Mr. Winkeljohn: Ok the second item is that staff put in the advertisement in the property circulatory documents to get these for you in time for today's meeting, so I'd like to get a motion ratifying the staff's actions issuing the request for proposals.

On Motion by Mr. Azcona seconded by Mr. Willemstyn with all in favor, ratifying the RFP was approved.

Mr. Winkeljohn: Ok now here's the fun part, you had the literature of each firm and you have a scoring sheet. There's not real specific guidance on how you come about your ranking. I'll give you some ideas, some groups individually score it privately before or at the meeting, and then you talk about it among yourselves and you come up with a group consensus. Another quicker way to do it is, one person says their ranking, and if no one objects that seems to skip over a lot of talking, so one of those two works. Now the way the criteria works is, obviously you evaluate them on the criteria, and many times all the firms, which is the case here, are all specialists for Community Development District auditing so in most cases, and this is just me speaking in general, they're going to score almost identical in staffing, experience, understanding the scope of work, and the ability to furnish the required services. Sometimes, ability to furnish the services varies, maybe they have a few more people dedicated, and we don't know that from their proposals unless you saw that, but I've never seen that.

Mr. Azcona: Have you guys worked with these firms?

Mr. Winkeljohn: Yes, that was my next sentence, all 4 of them are qualified and they do CDD business, and I've done business with all of them and there's been no problem with any of them basically meeting deadlines and finishing the audit.

August 8, 2017

Portofino Isles CDD

Mr. Azcona: I would say in addition to the feedback of the Board members, I think it would be important to get individual feedback from you guys because you represent us and you have a lot more experience working with them.

Mr. Winkeljohn: Right, and that's the extent of my feedback, is that all of them can do it.

Mr. Azcona: Ok.

Mr. Willemstyn: Who is the most local Paul?

Mr. Winkeljohn: Well there's one from Fort Pierce.

Mr. Willemstyn: That's this one, Berger, Toombs.

Mr. Winkeljohn: And I wouldn't be surprised if that's an important criteria to you.

Mr. Duncan: I have one suggestion when you do a RFP, don't ask for feedback from 3 previous auditors because they will give you what they had before, just ask for a list of contact names for all, and you'll get a bigger list and you randomly contact a couple of people.

Mr. Winkeljohn: Well, I'm more simple than that, I do what the statute tells me to do, and I just put the ad in as it's written in the statutes, I don't write, it's statutory. So what goes in the ad is literally what the statute says.

Mr. Duncan: That you need 3.

Mr. Winkeljohn: Yes that's what the statute says.

Mr. Azcona: That's the legal requirement but if you don't mind doing that.

Mr. Winkeljohn: Yes, I get it and let's jump ahead a little bit, one of the things you can do, you have a little bit of time, a meeting or two, so what you could do is if you rank them down and you have this committee recommend a #1 firm, a #2 firm and a #3 firm, you can ask for more detail, or you can talk to the #1 firm and talk about what you want them to do and their references, and if you're not satisfied with that you can go to the #2 firm, and so on. So for today it's procedural in that respect.

Mr. Duncan: Right and I looked through all 4, and they are all qualified, they have the same type of people, they have experience up the kazoo, and I bet they have a

August 8, 2017

Portofino Isles CDD

computer program that takes your information. So if you look at experience, some of them have a lot of young people, some of them are old timers, so you can look at that. Finally if you look at the price, 3 of them are within \$300. Now the one, I'm worried that people that spend too much money in marketing, so 1 of the 4 put together this pure marketing package that's telling me that, you'll be treated like 1,000 other CDDs and so forth, and buzzwords are plentiful, and they're charging maybe \$800 more and you understand why. So my conclusion is that all of them are qualified, all of them can do the job, some of them are in Orlando, and you cannot say you like someone in Fort Pierce versus somebody in Orlando, that's relatively low.

Mr. Willemstyn: Are they flexible on these prices?

Mr. Duncan: And by the way, this is a 5 year contract, and they charge you \$100 more a year.

Mr. Willemstyn: That's meaningless.

Ms. Wald: But you're only obligated for 1 year.

Mr. Winkeljohn: Right, you could do this every year if you wanted.

Mr. Duncan: But, they basically say this does not include per diem or extra work that we feel that we need to do. Now, that's interesting stuff because it's telling me, yes I can charge you, this is the basic fee, but I can charge you what we think we need to do.

Ms. Wald: They're going to charge you more if you ask for more than what's required in the statute.

Mr. Willemstyn: Do we need more, or do we do with just what is required on the statute?

Mr. Duncan: We have this problem that is still in my view unresolved that they are trying to resolve it, and at this moment I personally agree that if they put words that can, but eventually this has to be resolved somehow, and if they are not willing to consider any resolution that would be a problem.

Mr. Winkeljohn: So do you have a recommendation of ranking, or a scoring?

Mr. Duncan: Not yet, I think we have to consult.

Mr. Azcona: What about pricing for additional hours? Is that information stated?

August 8, 2017

Portofino Isles CDD

Mr. Duncan: Yes, \$175 to \$250.

Mr. Winkeljohn: Right, and rarely will you get charged more than their proposed price, and they usually get under this price, but if you ask for a meeting, or you want multiple reviews, and it's very subjective whether they charge you or not.

Mr. Duncan: Well we will try to get together and talk about it.

Ms. Wald: Well you can't get together and talk about it except for right here.

Mr. Azcona: Right we have to talk about it here.

Mr. Duncan: No, I mean we just got the packages because some of us were out of town, so how can we talk about it if they haven't had enough time to review?

Mr. Mamo: Do you have a recommendation? Do you have a breakdown?

Mr. Duncan: Not at this moment because the only thing that I've done, I read their proposals. The proposals are marketing tools that everybody's great, everybody's done the work.

Mr. Winkeljohn: So they usually don't tell you what they're not good at.

Mr. Duncan: Right, so actually you have to do a little bit of research, but anyway, this is not my decision, it's the Board's decision.

Mr. Winkeljohn: So how would you like to proceed?

Mr. Mamo: I think there's value in location.

Mr. Willemstyn: I do too, I agree.

Mr. Duncan: Well, you have the one in Fort Pierce.

Ms. Wald: We need to do the ranking.

Mr. Winkeljohn: Right, so you would score out the ability to furnish your services because there is some unique proximity to yours that you would score them higher for that, and the others lower. So if you guys want to write in some numbers we can crunch them, or if somebody wants to write in on one sheet and pass it around and you can each adopt the same score, that would speed it up a little bit.

Mr. Duncan: But they haven't read any of the proposals.

Mr. Winkeljohn: Some of them have.

August 8, 2017

Portofino Isles CDD

Mr. Azcona: And another thing, for me to assess their ability of personnel, I don't have a background with these, so for me to pretend that I'm going to know what it is, so I cannot be rating something that I'm not an expert at.

Mr. Winkeljohn: Clearly it's an imperfect process.

Mr. Duncan: But they are all CPAs.

Mr. Winkeljohn: And that's what your residents put you here for is your good judgement, not necessarily your expertise.

Mr. Baker: I was on the Board of Directors for the Homeowners Association when we turned over from the builders, and we happened to use Grau at that time, and I notice if you look at Grau, they have a whole long list of Districts and they also do obviously homeowners associations. I went and did our own audit, I only had a couple courses of accounting but I worked with a CPA who was a resident here, and we went through all the records finding things like, the builders were charging us a hundred dollars for each parcel of their sales homes to do their lawn per month, charging it to the homeowners association. Grau came up with about, and I'm trying to remember from 13 years ago, something like \$40,000 or \$50,000, and we came up with \$230,000 roughly that they owed us, based on all the stuff that was charged to the homeowners that should have been illegal. So we went back to them and told them what we did, document by document and found out that they don't go through the documents at all. What they did is, went through the December balance sheet, input expense documents, and that's what they did, and they said if we were to go through what you did, we'd have to charge you, and I forget what they said, five times as much as we do. So they do a cursory audit, that's all it is, and they do it because the state says that all the homeowners or the Districts have to have an audit, so to me it was a meaningless audit, and would pay the least amount possible for the homeowners association, notwithstanding the District, which is a whole different ballgame.

Mr. Winkeljohn: That would not be an uncommon approach.

Mr. Baker: Right.

August 8, 2017

Portofino Isles CDD

Mr. Duncan: So let me try to answer this. They are all CPAs, they are members of the association, they got their certificates, the top senior guys have been in it for 30 years, so if I look at all of them, all of them have the required qualifications as required by the state. Some of them do even less, some of them have a program that goes into your finance program, it takes all your numbers, they match it to their numbers, they get your tables, and I bet they have a program that actually writes the audit itself. So this is the extent, I don't even think that they're interviewing, they are going and talking to Patti?

Mr. Winkeljohn: They have a process, most of them, where they contact attorneys for litigation, they contact us, they sample, they don't just ignore the documents but they sample, they'll take 5 random invoices, or some randomness, that's the accounting technique that they use because they don't need to go through everything, if the numbers are balanced then they just test.

Mr. Duncan: I'll tell you, the lowest cost is \$5,200.

Mr. Winkeljohn: Right, Berger, Toombs, and they are local, so that's two checks in the box, that you might want to score.

Mr. Mamo: I think that's what we're going to do.

Mr. Baker: And what I've seen is, they had documents from other homeowners associations mixed in with ours and they had no idea.

Mr. Duncan: Now, I would not vote for these guys.

Mr. Winkeljohn: Carr, Riggs?

Mr. Duncan: Yes, CRI, because when it's telling me something like, helping you shine, that's something I don't really care about.

Ms. Wald: What you need to do is you need to take this sheet, you just need to, and you don't have to do it today, you need to put in the numbers, and then you'd be able to rank them #1, #2, #3 and #4.

Mr. Winkeljohn: Right, and I think you're in a position to do it today and I would encourage it, it sounds like you're ready, a majority of the Board is.

Mr. Mamo: Now am I correct in understanding this is for 1 year?

August 8, 2017

Portofino Isles CDD

Mr. Winkeljohn: It can be. The pricing is provided for you for several years, so that if everything continues, and if the market shifts and these things get more expensive, you're locked in, but if the market dips which it does sometimes as well, you would be able to issue a new RFP and benefit from the market change, so you have all options.

Mr. Mamo: I'm with you Ron.

Mr. Willemstyn: Yes, I agree.

Mr. Winkeljohn: So does somebody want to do some scoring and a motion on the ranking?

Mr. Mamo: Where do we put our score on? This sheet?

Mr. Winkeljohn: Yes.

Mr. Azcona: But with regard to ability of personnel, we're just mentioning that they're pretty much equal?

Mr. Winkeljohn: That's up to you, but yes, it's hard to argue they're not.

Mr. Duncan: Now they are all qualified, based on their resumes and everything else.

Mr. Azcona: And the service they are going to be performing is basically the minimum requirement by the state for the audit, so it's not like they're going to be doing anything extra.

Mr. Winkeljohn: Unless you ask for me.

Mr. Azcona: Right, unless we ask for it.

Mr. Winkeljohn: Right.

Mr. Azcona: So the scope of work is basically standard and equal.

Mr. Winkeljohn: Right, that is true.

Mr. Azcona: And all firms are comparable with regard to their personnel.

Mr. Duncan: The only thing is the price, I would say.

Mr. Winkeljohn: And possibly the ability to perform the services because if you take Brian's logic was that if they are more local, and we need them to meet with us, they are going to be more available, so it's a small difference.

August 8, 2017

Portofino Isles CDD

Mr. Azcona: And they may be willing to come without an extra cost versus if they are in Orlando.

Mr. Winkeljohn: Right, exactly.

Mr. Willemstyn: They don't have an hourly cost on that sheet for extra work?

Mr. Duncan: Yes, they do.

Mr. Winkeljohn: Most of them do, it's \$100 or \$150.

Mr. Duncan: Where is Miramar Beach?

Mr. Winkeljohn: It's in Broward County, near Fort Lauderdale.

Ms. Wald: Yes, it's just above Miami, off of I-75.

Mr. Azcona: So understanding the scope of work is pretty much a standard what they're going to be doing so there's not much understanding needed.

Mr. Duncan: Yes, right.

Mr. Azcona: Then ability to furnish the required services, they all have the same tools pretty much.

Mr. Mamo: Yes, but ability to furnish the services I would say the closest company would get the highest points because they would be most accessible.

Mr. Willemstyn: If they're all ranked the same, you just have pricing and you have location.

Mr. Winkeljohn: Right, so that can be what tips the scales, yes.

Mr. Azcona: And also previous experience.

Mr. Duncan: Ok.

Mr. Winkeljohn: Alright, so the first sheet I have has a ranking in order of 1, 4, 3, 2 going right down the list, so that would be Berger, Toombs #1, Carr, Riggs #4, Grau & Associates #3 and McDirmit Davis as #2.

Mr. Duncan: So what I did is I ranked them on cost and distance to us.

Mr. Azcona: I would like to know if you guys have any experience with these firms, like any positive or negative experience with regard to these people that you could share with us because our assessment is based just on pricing and location, but if you tell

August 8, 2017

Portofino Isles CDD

us, listen we've worked with these people and they are very reliable and we find that they're not going to nickel and dime you.

Mr. Winkeljohn: They're all equal, they all do the same business, the same way.

Mr. Azcona: Ok then I guess we'll just go with price and location.

Mr. Winkeljohn: I mean I work with all of them, and they all do great work, I've never had a problem.

Mr. Azcona: Ok, so here's my ranking, so you don't have to do the math, I simplified it for you.

Mr. Winkeljohn: Ok.

Mr. Duncan: And we would like to interview them, at least the #1 firm.

Mr. Winkeljohn: Yes, I would encourage that in this community.

Mr. Duncan: Yes, we'd like to talk to them.

Mr. Winkeljohn: So, for the committee's purposes your job is to produce a ranking and I think I can see a consensus in the ranking of Berger, Toombs being #1, then #2 being McDirmit Davis, #3 and #4 look like they're almost tied but Grau & Associates is #3, and Carr, Riggs is #4, and there were two Board members that flipped those two, so it washes out. So the consensus ranking is #1 Berger, Toombs, #2 McDirmit Davis, #3 Grau & Associates and #4 Carr, Riggs. So with that ranking, the next action from the committee would be a motion to recommend that ranking as I just said. So I'll say it one more time, the motion would be Berger, Toombs as #1, McDirmit Davis #2, Grau & Associates #3, and Carr, Riggs #4, is there a motion?

On Motion by Mr. Willemstyn seconded by Mr. Baker with all in favor, ranking the respondent to the RFP as stated on the record by Paul Winkeljohn was approved.

Mr. Winkeljohn: And now we can adjourn the audit selection committee meeting.

August 8, 2017

Portofino Isles CDD

FIFTH ORDER OF BUSINESS

Selection of Audit Firms

Mr. Winkeljohn: Back to our regular meeting, the action from the Board itself is to take the ranking provided by the audit selection committee and authorize staff to bring back an engagement letter, and in this case arrange for an interview at our next meeting with the #1 ranked firm and if they don't want to do that, I would go to the second ranked firm, if that is your motion, I would take that at this time as a "so moved."

Mr. Azcona: Question, is there any reason why you are not so much in favor of interviewing, do you feel like it's a waste of time?

Ms. Wald: The only reason why, number one, Districts normally do not do it. You can do it, there's no problem with doing it because they're providing just the service that is statutorily mandated, so unless you're going to get them to provide something else which this Board may want to do, then that would make a difference. You may want to go ahead and do that interview because of that. So if this Board is looking for additional work to be done from an auditing process, which you will have an hourly rate, they'll be able to provide you that information, and you'll be able to ask them questions, and that would make sense for this District.

Mr. Winkeljohn: Right, and there's two ways to do that, you can delegate that to one person, or you can do it as a Board, that's up to you.

Mr. Azcona: I see.

Mr. Duncan: Well now I have two concerns. The responsibility of resolving the issue with SPE is in your hands.

Ms. Wald: Yes, and I'm going to talk about that in my report.

Mr. Duncan: Right, it's in your hands, it's not in the hands of the auditor, and so for that I don't want them to charge us more money for nothing. So from that I don't maybe need an interview or whatever, but we have to make sure that you do a phone call, or whoever, explain to them the issues that we had previously with the auditing firm so we don't get into September and they have to explain how they would address that issue.

August 8, 2017

Portofino Isles CDD

Mr. Winkeljohn: And I think we can do it that way, and that might be a better sequence of events. So what you're authorizing is a negotiation with Berger, Toombs and returning of a letter of engagement, and I will have that conversation with them and give them the background and assuming they react positively, that they accept that's an issue and they know how they'll handle it.

Mr. Duncan: They will have to tell you how such issue is being handled.

Mr. Winkeljohn: Right, so do you want me to communicate that with you?

Mr. Azcona: And not just that, if they have any recommendation that they can share with our attorneys with regard to something that they may have experienced in the past with other CDDs.

Mr. Winkeljohn: Right, and I don't see any problem with that.

Mr. Duncan: Ok.

Mr. Winkeljohn: So you don't need to interview them.

Mr. Duncan: No we don't need to interview them.

Mr. Winkeljohn: Ok. So the motion is to offer and bring back a letter of engagement with Berger, Toombs, with the discussion as mentioned by Dan.

On Motion by Mr. Willemstyn seconded by Mr. Baker with all in favor, selecting the #1 ranked auditing firm of Berger, Toombs, Elam, Gaines & Frank, authorizing staff to bring back an engagement letter, and also authorizing staff to have a conversation with the audit firm explaining how they would handle the previous issue as stated on the record was approved.

Mr. Winkeljohn: Ok, so we'll do that.

Mr. Duncan: And what bothers me is, that the requirements for the State of Florida are a façade, in other words, there is a huge difference between New York, with the consumer protection and what's happening here. It gives a false sense of security when you have an auditor that looks at your stuff and actually they don't, they would not find anything wrong because they don't look for anything.

August 8, 2017

Portofino Isles CDD

Mr. Winkeljohn: And the audit is actually, just generally speaking, the audit's goal is to verify that the revenue is going to match the needs of the bonds, that's the first pass, in that there isn't a mistake and that they're not using the wrong kinds of funds to pay those bonds and have a topple or domino effect of tax issues, so that's the real goal, it's not an operational audit. There are certainly characteristics of proper financial controls and all, that part is included, but no it doesn't go much further than that.

Ms. Wald: It's making sure also that your District management company that you're utilizing is doing what they said they're going to be doing and then that shows in your books, that's the limitation of the statutory requirements from the audit.

Mr. Winkeljohn: Right, it definitely gives you that. Very good.

Mr. Azcona: And just thinking about that maybe, and again, it's not that I want to spend hundreds of millions here, however, we're spending a substantial amount for what we're doing and maybe it's something to consider when we're doing an audit, the purpose of the audit should be, instead of just complying with the statutory requirements is to maybe have that firm look a little bit further into details as we had in the past to see if money is being properly spent or not.

Mr. Duncan: They are not required by the state.

Mr. Azcona: No, I know they're not required but as a CDD, for us to have full knowledge that the money is spent correctly.

Mr. Duncan: No, it's our responsibility, we are getting a checkbook every month, and a summary of all the expenses, and where the District put every penny and I consider this to be the most important task of the Board. So I look at it very closely, and it's the responsibility of the Board to actually make sure that the actual expenses have been paid appropriately and they are charged to the appropriate account, and we get that every month from them.

Mr. Azcona: Yes but in addition to that there may be additional accounting that we're not going to be scrutinizing in detail, and again, I'm just brainstorming ideas of what I would expect from an auditing firm. Again, it may not be applicable because we

August 8, 2017

Portofino Isles CDD

already have a breakdown of expenses and so forth, but that's what I would expect based on the previous experience we have with auditing firms.

Mr. Winkeljohn: They do but they do it in a sampling technique, they don't necessarily go through every single invoice, but they certainly do a random sampling and they go through the resolutions of the Board, so that part is not completely void. They go through your actions as a Board, if you said, only spend \$10,000 on landscaping and the landscaping budget was \$60,000 that would make it into the audit, they would know that, so it goes a little bit deeper than just the statutory bond requirements, but it's not as deep as every detail. Very good.

SIXTH ORDER OF BUSINESS

Staff Reports

Mr. Winkeljohn: So moving on to staff reports, Ginger?

A. Attorney

Ms. Wald: Yes, so at the last meeting the Board directed for us to look to provide certain possibilities of legal options based upon what has come up from the audit, and manager's response and what can you do in regards to specifically the agreement that you have, or did enter into with the SPE back in 2012. So Gerry and I discussed it, unfortunately Gerry couldn't be here today, he's got some things going on, but we did discuss it, we put together a few different options. Not all of these are options that we're going to recommend so keep an open mind in that regard too because they're really not going to get you to the end goal that we think you want, which is how do we resolve what's going on which is, these properties are not selling and therefore they were stagnant and you have a continuing problem with your audit responses. One of the options was the option that we previously had discussed and Gerry had already done which was engaging with the legal representative for the bondholder and the trustee to see if the bondholders would accept a cancellation of the debt completely. The reason being is those properties that the SPE is the owner of holding, and we've talked to them too, even though they're holding them and they're marketing them, aren't going anywhere. So they're not going anywhere, they have debt on them, they have taxes that

August 8, 2017

Portofino Isles CDD

haven't been paid, some are already going as we know for the tax certificates which aren't being sold, so is there a way potentially if the debt was removed it would cancel what was forgiven, the bondholders would be willing to accept that, maybe it would be more attractive for those properties to be marketed to sell. So that's one of the things that we'll ask, we spoke to, actually it was just last week, I was on the call with Mr. Bloom to have him, again, engage the bondholders to have that conversation to see if that was possible. As of yet, he hasn't gotten back to us saying yes, or no, or maybe somewhere inbetween but that was just again, as I said, last week. I know Gerry had talked to him before, the chances are very slim, we have not seen these bondholders do that in other situations and as I said at the last meeting, this is not the first one where a community such as yourselves in this District where during the downturn of the economy bad things had happened, and the developer basically went under and didn't make those payments.

Mr. Duncan: There are very few left.

Ms. Wald: Yes, there are very few left, I still am in litigation with two of them, but there are very few left, that is true, but they're also not moving either. So they haven't gotten to that level where they're being sold. Along with that, we did have a discussion that actually was just yesterday, we called last week and we spoke yesterday to Lerner & Associates, to the individual that's involved with this District, the SPE and also with marketing of these properties. One of the problems that he had expressed is, beyond the SPE and owner, which is a foreign company that owns other properties, other lots, that actually purchased those properties from the bank after the foreclosure, and that settlement, has been unwilling to negotiate to try to do something because some potential investors, what we were being told, were looking at the entire property as one, and not just one little section of the SPE lots, but also another section that is also owned. The problem with that is, they weren't interested in doing a few things, you also have this wonderful declaration from Portofino Court that kind of ties the hands of some of the potential investors that want to take it over and buy that property. So that is one of the problems dealing with that too, and other than that, they just haven't had anybody interested in a serious nature to attempt to sign them. So that's where we are with

August 8, 2017

Portofino Isles CDD

having conversations with those individuals from the SPE and also with the bondholders in an attempt to try to do something to spark this, to make these properties more attractive so somebody will come in as a developer and so that's where we are on that. We haven't gotten a definitive no from the bondholders but it doesn't look good, so that's number one. Number two, and this is more from a legal perspective of what can you do. So you have one District now, you could do two things, you could file a petition to contract the boundaries of this District, that being, remove Portofino Court from the boundaries of this District, they would have to then also at the same time, be established as to their own District, and the reason why is because they still have that debt on there. So they would have to be established as to their own District, and they would be removed from this District, so what would that do? Well what that would do for this District is now when you have those audit reports, you no longer have that bad debt, and you no longer have that section, so your audit report will be, or should be "clean" because that's going to be elsewhere.

Mr. Azcona: Is there any precedent for such a thing, can you just expel a part of the CDD to get out of the District?

Ms. Wald: Yes, there is precedent. On a regular basis for different methods had contracted boundaries, have expanded boundaries of Districts, and what it consists of is you have to file a petition to contract the boundaries of the District. The problem that you're going to have in this instance is it's more than just SPE that owns those lots within Portofino Court. You have multiple property owners. The catch is, every single one of those property owners have to agree, they have to do a consent to contract, this is legally required, a consent to contract the boundaries of the District and then to form their own. The only thing that you could potentially get with that is they would have to be offered more likely than not, some type of an incentive to make them do that because what's the incentive to that?

Mr. Duncan: For us to pay them?

Ms. Wald: Well I'm not saying pay because you can't just give money, that's not what I'm saying. What type of incentive could you come up with such as improvements,

August 8, 2017

Portofino Isles CDD

and say look, we're all in the District together, and we would be willing to provide certain types of improvements to Portofino Court now, as you're a District now. Those improvements would be done, or those improvements would be put aside for a certain amount of money, all being legal, all being public improvements that are allowed from the District perspective. That's one of the potential "carrots" that you could use for convincing all those owners and Portofino Court to do that. Without 100% of them agreeing, you will not be able to file the petition with the city to get them removed, and therefore they will remain part of your District.

Mr. Duncan: What about the money that was for maintenance that they haven't paid?

Ms. Wald: They don't have the money, they haven't paid it, and that I'm going to talk about in second also, as another thing at the end of an option that Gerry and I talked about, and we talked about it with Rich, I don't know if Rich talked to you about it.

Mr. Duncan: I will forgive this money if they sign.

Mr. Azcona: Would that be a "carrot" forgiveness of that debt?

Ms. Wald: For the O&M, but that's only on the SPE, what about the rest of it?

Mr. Winkeljohn: The residents have paid.

Ms. Wald: But the concern I'm not having with the SPE, and a concern I think you have is, the other property owners.

Mr. Azcona: There's a foreign entity?

Mr. Winkeljohn: No, there's residents there.

Ms. Wald: Right there's residents.

Mr. Winkeljohn: So some of it sold, and that's where it gets sticky.

Ms. Wald: Yes, right. I think the hardest problem you're going to have is the individual residents that actually live over there, and that's also from past experience, is when we have attempted to contract the boundaries and we have residents that are there, they have to agree, and they're not going to do that.

Mr. Azcona: And those residents actually, they did pay their part of their debt.

August 8, 2017

Portofino Isles CDD

Ms. Wald: Right, and the debt still stays, but they're going to have their O&M on their own property. Now, one of the "carrots" to them is, your O&M is going to be reduced because now you're not part of this collective, you're an individual collective, but it could also go up too.

Mr. Azcona: So your non ad valorem taxes will be reduced as well.

Ms. Wald: Not your debt, your O&M could potentially be reduced because you're taking care of less things.

Mr. Duncan: That's not a "carrot" because as you become a part of a smaller CDD, these fees will actually go up, you still have to pay the maintenance of the new CDD that you form which actually has less capabilities than we have.

Ms. Wald: Well it's going to be over a smaller area.

Mr. Duncan: Right.

Ms. Wald: You can play with certain things, you can play with administrative, you can have less as to that, because you're already providing a certain administrative cost from here, so there are different things that you can do, you can enter into agreements because you'll be two governmental entities. As you know you can enter into interlocal agreements as governmental entities, so this one could provide services to that other one, so there are different things you can do. I just think it's going to be a very difficult concept for an individual homeowner to understand and be willing to say, why would I do that.

Mr. Azcona: With nothing in return right.

Ms. Wald: Yes, with nothing, with not being able to show them money in their pocket, it's going to be difficult, or some type of improvement.

Mr. Azcona: Right.

Ms. Wald: But it is an option that you would have, it would not be cheap because you have to pay \$1,500 to the city for the contraction of the boundaries, then you have to create, as I said, their own District itself, and that's \$15,000 to create a new District that just goes to the city, so that's \$16,500 hard cost, that doesn't include what you're going to

August 8, 2017

Portofino Isles CDD

need to do from the engineering standpoint to have a new agreement, from an attorney standpoint, and also from your District manager.

Mr. Winkeljohn: It's cost prohibitive.

Ms. Wald: So it's costly, and all you're going to be doing is just moving them to their own entity and the debt.

Mr. Mamo: It's also distancing yourself from them which is something.

Ms. Wald: You are, and what is your goal, what are you trying to accomplish, you have to keep that in mind too, but it is again, we came up with the options, we're not saying there are any great options, we just want to provide the legal options that are possible to resolve what we had talked about in the last meeting and the meeting before that. The other thing that we were talking about is consulting a bond tax attorney, and not the one that you already have through your bonds but an independent one, to see if there is any potential options in speaking to that bond tax attorney, that specialist, as the current defaulted debt and what potential options you would have that you wouldn't think of automatically to negotiate with the bondholders and the SPE from a tax consequent standpoint. We are not tax attorneys at the firm, that is not what we do, that is not our expertise, our expertise is local government but, that is something that Gerry and I talked about because we were thinking of different ideas but not being tax attorneys, we didn't want to just put those out there, but we thought it would be a good idea maybe for somebody independent, you may want to think about retaining somebody. We could obviously give you some names, but not who you have now, and to look at this and see if they can come up with some type of options too. Again, that's just another option that we had talked about. The last one is, everybody's favorite because we're always attorneys, bringing legal action. So what do we have, we have the agreement with the SPE that was entered into on June 12, 2012. It specifically has the capital special assessments, the debt, held in advance, and it stays that way until the District actually receives notice from the majority bondholder to proceed with collection, that has not occurred, so keep that in mind. Two, the District agreed not to pursue its rights under the trust indenture and institute remedial actions against the SPE unless

August 8, 2017

Portofino Isles CDD

instructed by the majority bondholder, so you can't move forward and say, you haven't paid therefore you're going into foreclosure.

Mr. Duncan: Now, that was actually very interesting when I started studying the history, how come you guys even agreed on a clause, that I cannot get remedy, if they would not allow me?

Ms. Wald: This is an agreement, and again, this was an agreement that was entered into by the District and the SPE and the trustee back in 2012.

Mr. Duncan: Who was the legal firm in 2012?

Ms. Wald: No, our office was, but the attorney does not make the decision whether to actually enter into the agreement or not.

Mr. Duncan: No, I'm talking about the clause, the agreement was fine, the clause, the second clause that basically says, I cannot get remedy if you don't allow me to do that, so in any agreement that's not an agreement. You take any tools if you misbehave, you take any tools in my toolbox of asking for a remedy.

Ms. Wald: Well let me finish the rest of the agreement, and then we can go into potential remedies that you have because I understand where you're coming from, but let me go through the rest of this just so you have full understanding, and the rest of the Board has full understanding. The O&M assessments also state that the District will bill directly to the SPE, the O&M assessments on a quarterly basis. The SPE has to bare all the costs on expenses directly related to the property, including also paying those O&M which they have not done. The SPE agrees to pay delinquent capital assessments once the forbearance period ceases, and assumes the true up and completion agreements, and the agreement terminates upon mutual written agreement of the parties or sale of the property by the SPE. The default, entitles another party to actual damages, specific performance and/or injunctive relieve and is entitled to legal fees and costs if court proceedings ensue. Now, there is no specified drop dead date for the termination agreement, there's not 10 years, there's not 20 years, whatever it may be, there's no specific date. The date, because it is not set forth, it is set forth by certain conditions being made, those triggers. So those triggers are as we just stated before, the sale of the

August 8, 2017

Portofino Isles CDD

property, would be one of the triggers, that's one of the automatic, the bondholders say, go ahead and do it, that's the other automatic. So the legal action that you're looking at, the type of cause of actions is how do you get out of this agreement, that's one of the things that you were talking about before, what type of legal action could you bring to get out of the agreement, you've got a few things. One, you can bring what's called a declaratory action, or declaratory relieve, you can ask the court because you have some concern in regards to the rights of the parties and the obligation of the parties that you do not believe that you should be held for this long of a period of time under the agreement, and you can ask the court to say, this agreement no longer exists, that's one potential option. The other one that you have is, what you have already under the agreement which is similar to a breach of contract, to breach an agreement, and the breach of the agreement is, the SPE has not paid their O&M when they directly billed and I'm going to go into my last part in a little bit in regards to that, and therefore they have made that breach, with that you can also, pursuant to the contract ask for specific performance which is, pay the money, pay up, do what you need to do, that is one potential option that you can move forward with, and with that remedy. The litigation is an option but what is it really going to get you because the end goal is to resolve this problem. Well the problem is, the property is sitting there, nobody is buying it, nobody is developing it, nobody is moving forward. If you bring legal action and a lawsuit against the SPE, or even the trustee or the bondholder that is not necessarily, even if you're successful going to get you what you need because you're still going to have the problem with that property there.

Mr. Azcona: And make it less attractive because of that shifting litigation.

Ms. Wald: Bingo, it's going to cost money, so it's going cost money out of the District's pockets to do it, and even if you're successful and you're only going to recoup your attorney's fees and costs back, what are you actually going to be successful in obtaining, are you still going to be in the same position that you are now? The way I was looking at it from an outsider's point of view, reviewing everything was this, yes, we have a shot of being successful, we would have to do a couple things before we would do

August 8, 2017

Portofino Isles CDD

that but, what is this District going to get? The District is not going to get the property, the District is now going to have on their audit that there was litigation involving the property, and now you're going to show an active litigation on each one of the audits, so it's not going to resolve your audit issue, it's going to show that. What can you get, or what can you make happen, well what does the District actually want? The District actually wants this property to move forward.

Mr. Duncan: No, see that's what I don't understand obviously. I'm not a lawyer but, I'm trying to understand the issues. What I really want, I want them to declare the bonds in default. So what the litigation will give me, they will owe me a lot of money.

Ms. Wald: Who's they?

Mr. Duncan: SPE or the bondholders.

Ms. Wald: Why would they owe you a lot of money?

Mr. Duncan: Because the only way for the bonds to be paid is actually, it's based on that property taxes, right?

Ms. Wald: Right.

Mr. Duncan: So in this moment they either provide me the money, and what this agreement says is, I don't go after you, you don't go after me, that's basically it.

Ms. Wald: So the property can be marketed and sold.

Mr. Duncan: Right. At this moment, after 7 years, I say hey, you either default on the bonds, and we are even.

Ms. Wald: Ok, so let's take what you just said in reality because you had this before this agreement right? If those bonds, let's say the bondholders say, ok no problem, put the debt back on to the property, and you go ahead and you don't do a direct bill, but you go ahead and you put it on the tax roll, they're not paid by the SPE because the SPE doesn't have one, so they're not paid, they go into default, they go to a tax sale. Is anybody buying any of these tax certificates now, no. So what's happening with those tax certificates, nobody is redeeming them, and they're eventually going to shoot over to the county, and then guess what, then what happens, then the county has on their rolls properties available for sale, the debt is still on there, nobody is going to

August 8, 2017

Portofino Isles CDD

buy those properties, and I understand what you're saying, but your end goal isn't really getting you what you need.

Mr. Duncan: And maybe I don't understand that, but any judge will basically say if a bond has been issued and the income stream is not there, the bond is in default.

Ms. Wald: Ok, so let's step back for a second. Let's say prior to this occurring, you now have a situation where, and let's just not even use this District, let's just use another one. Where the developer who's a property owner defaulted, and didn't have money, didn't pay the bonds, the District says ok we're going to bring a foreclosure action because the bonds are in default. The bondholders say, go ahead file the foreclosure action, let's see what happens. You file the foreclosure action from the District's perspective, and we move through the process, and let's say, the property owner says, yes we defaulted, whatever, you can have it. The District then gets a judgment, you get a final judgment, the District then is going to bid or what happened here, a SPE is usually what happens, and they've gone ahead and its put together, and it's set up by the bondholders because the bondholders still own that debt. The District still owes that money to the bondholders, the District gets to, pursuant to law, file the foreclosure action. So one or two things are going to happen at the end of that foreclosure action, it's either going to go to a SPE because that's going to be set up for the bondholders to accept that property when you do a credit bid after the final judgment when it goes on to the bid, or the District. If the District has it, the District still owes the money to the bondholders. It hasn't been defeased, the District still has certain obligations under the agreement, under the trust indenture to pay the bondholders. The District now has property that it owns and has to take care of, and the District is not in the business of owning property, that's why they do set up the SPEs for that to happen so they can market the property. I have one now, it's actually more of a successful one because the market has started to uptick, that's in Satellite Beach, Florida where the market completely crashed, we had a foreclosure case, and it lingered on and on, and it was fought in a very difficult foreclosure case, and ultimately what occurred was a settlement was entered into. There were 3 major property owners, one of the property

August 8, 2017

Portofino Isles CDD

owners said, I'll keep my property, I'll do a few things here, I'll stay in the District, I'll pay "X" number of dollars to the administrative cost, we'll do a hook up when the property starts becoming marketable, and then you, the bondholders of the District can have this other property that we own, and we'll do that sale off to you to a SPE. That SPE, similar to your agreement, the bonds as to the debt aren't being paid because the property wants to market it, they want to be able to do it. They hadn't finished the infrastructure, the District then contracts with the different contractors to put the rest of infrastructure in and now the property is marketed or it's being sold to another developer who's going to put up townhouses and finish the rest of it. So in that instance, because the market has gotten better in that area, it has worked with having the SPE in place, not having the debt, and moving forth. It doesn't work everywhere, but that's how it is actually supposed to work and it works, and I'm just talking practicalities from a legal standpoint and litigating these cases. If you take out that agreement, whether they agree to do it, the bondholders, or you go to court, and you're successful in going to court say, this agreement terminates due to whatever. Then what are you going to do? You're going to then go ahead and foreclose, potentially end up with the property, but you still have the bond debt.

Mr. Jado: I have a question. You gave us 4 or 5 scenarios, to defend those things and to take them to court, what would the bracket that you put the cost of lawyer's fees and anything else in those 3 or 5 different scenarios, what would it cost us?

Ms. Wald: As to litigation or the other ones?

Mr. Jado: To litigation, any one of the 5 scenarios you gave us.

Ms. Wald: Ok so litigation, depending on how thought out it is, and the type of action that you're going to move forward, you're looking at minimum of \$50,000 in attorney's fees.

Mr. Jado: Ok, so we said \$16,000, plus \$1,000 to get rid of this and take it off this entire Board's problems, so let's call it \$20,000 and this issue from that whole thing versus going through the scenarios that you've explained to us, I think it's a bargain.

Ms. Wald: Which one?

August 8, 2017

Portofino Isles CDD

Mr. Jado: Paying the \$20,000.

Ms. Wald: But wait, the problem you have with that is you will have to get every single one of the property owners to agree.

Mr. Azcona: Right, that one requests a 100% agreement from every person, and you have to offer them something else.

Ms. Wald: So to understand the, and I know it's not a perfect system, by any stretch of the imagination.

Mr. Duncan: Listen, with all due respect, a bond that is issued that actually has only one income stream, that I am actually not allowed to use any other income to serve as a balance, and that income stream disappears, and the bondholders, it's not my problem, it's the bondholder's problem.

Ms. Wald: And you know what, you're right, stop right there, it's exactly what you just said, it is not your problem, it is the bondholder's problem, and in fact the agreement that you have in place, whether it's a good agreement, bad agreement, no matter what, it's still the bondholders problem. It's still not the District's problem, it's still the bondholder's problem. What we don't like about it is, what comes up on the audit, and I understand that, and you don't like being held in limbo, nobody does, does anyone like that?

Mr. Duncan: Ok and each day that passes puts more debt on the property and at this moment and I'm a student of the market and so forth, at this moment the real estate damage is almost to the 2008 values, so if you cannot market the property at the top of the cycle of real estate that will go on forever and even the maintenance, did we actually send them a check every month?

Mr. Winkeljohn: For what?

Ms. Wald: Of the bill?

Mr. Duncan: Yes, the bill.

Mr. Winkeljohn: It's quarterly.

Mr. Duncan: Ok quarterly.

August 8, 2017

Portofino Isles CDD

Ms. Wald: But that's something else and remind me to talk to you about it as a different option too if we're going to look at something else in regards to this is because a while back this Board went ahead as opposed to continuing sending the quarterly bills, they put it on the tax roll, and the problem with that is, nobody is paying them, as you said, nobody is buying the tax certificates and then they're going to shoot to the county, so that's a problem in and of itself.

Mr. Duncan: The Board did that?

Ms. Wald: Yes. So one thing you may want to look at, again another option, one thing you may want to look at is changing that, going ahead and moving that.

Mr. Duncan: Sure, I want to send them a bill and they don't pay it every quarter.

Ms. Wald: But wait, before you go ahead and do that, you're going to have to amend your resolution that you just went ahead and approved, and you're also going to have to go ahead and do corrective certificates.

Mr. Winkeljohn: It's early enough, we can do it.

Ms. Wald: Right. So that is something the Board can do, and that is something I was talking to Rich Hans about from Paul's office.

Mr. Duncan: You should never put it on the tax roll.

Mr. Winkeljohn: In many scenarios that is an excellent choice because the tax certificates sell and you get the money.

Ms. Wald: Right, but the tax certificates aren't selling.

Mr. Azcona: That was the reason why it was done.

Ms. Wald: And it's happening in some of the defaulted Districts in Fort Myers where people are now investing and they're buying these tax certificates and the District is getting paid, so it's not perfect if there's not perfect answers for each place.

Mr. Duncan: If the property cannot sell, and the property has more debt every year, nobody will get the tax certificates, ever.

Ms. Wald: Right.

Mr. Duncan: So every year will be worse.

August 8, 2017

Portofino Isles CDD

Ms. Wald: Which is why the bondholders have to look at this saying, wait a second, I'm not going to get my money, I'm not going to get money, but I have to do something because it's going to get worse and worse like you said.

Mr. Duncan: Then give it to the city, the only answer is give it to the city.

Mr. Azcona: Do we know what the bondholders are doing at this point in time, their legal team?

Mr. Duncan: They're doing nothing.

Ms. Wald: That's why I'm waiting to hear back to see if they're going to be willing to do something to negotiate into something because it doesn't make sense from their perspective either.

Mr. Azcona: Because they're the ones that up-fronted the money and they are sitting with paper and there's no money coming back to them, so it seems that, and to their legal representation, they're the ones that should be doing something about it.

Mr. Duncan: Ok, I got the picture and we'll talk to the Board, I got the picture. At this moment we'll talk to the auditor to have the disclaimer, the appropriate disclaimers on the audit and they will have to put a history, they will have to include the 2012 agreement as a part of each audit.

Ms. Wald: Correct.

Mr. Duncan: And refer to it.

Ms. Wald: And that would be my recommendation and then talking to the #1 ranked firm.

Mr. Duncan: It's clear, I do not want to spend CDD money on an issue that's not resolvable.

Mr. Winkeljohn: Right.

Mr. Willemstyn: Exactly.

Mr. Duncan: Because if I end up with the land, that's the worst possible solution.

Ms. Wald: Unfortunately I wish and even if you could get out of the agreement, if you were successful and that was the whole thing with litigation because I ran through it all, you're not going to end up with what you want.

August 8, 2017

Portofino Isles CDD

Mr. Duncan: Well my idea was, how do I force their hand to give the land to the city, that's actually what my objective is?

Ms. Wald: Do you want, and I think when I was talking through the actions I think it was the third one, with talking to a tax specialist, a tax attorney, to see if there's anything that they can come up with from their end as to some type of negotiating tactic or leverage to the bondholders?

Mr. Baker: That's like forgiving some of, or all of the back taxes?

Mr. Duncan: No the city would have to get involved, and there is no reason for the city to get involved in that.

Mr. Winkeljohn: Well are you going down the road that the federal tax exemption that they're using might have been disrupted to a point where there might be some leverage?

Ms. Wald: Yes.

Mr. Duncan: I understand, but the remedy, what is the remedy?

Mr. Winkeljohn: Well that might force their hand, if they're not going to get their tax exemption in the future because of this history.

Ms. Wald: Well the best remedy for this District which is what we started to say, for the bondholders to forget the debt.

Mr. Duncan: Ok, so what would be the cost to talk to a tax attorney?

Ms. Wald: Let me do this, let me get a few individuals that we will contact, because I didn't want to do it until the Board would discuss it, and get them a basic scenario, have them give us an estimate as to what their time would be at their hourly cost, and then we can come back and I can inform the Board.

Mr. Duncan: I want them first to answer a very simple question. In the State of Florida, can the federal tax exempt force the hand of the bondholders to forgive the debt? That's actually the only question.

Ms. Wald: Ok.

Mr. Duncan: If we see a precedent, that basically will tell me something about the risk and worth of going that route.

August 8, 2017

Portofino Isles CDD

Ms. Wald: You got it, ok.

Mr. Azcona: One last question to finally kill the horse, the bondholders, do they have any recourse in which the CDD has a liability in which they can request to get paid by the CDD with CDD assets?

Ms. Wald: The assets are the property, and the assessments are what was pledged from the property, and this CDD did it, and the bondholders are the ones that directed this CDD to enter into the agreement where those bondholders are saying, don't put that on the tax roll, let them stay in advance. So the CDD has done everything that they have been directed to do, pursuant to the trust indenture with the bondholders. If the CDD decided to do something else that would violate that, then the CDD would have some type of liability. Right now, the CDD in and of itself as the governmental unit, has done everything the bondholders have requested and therefore there's nothing they can do either.

Mr. Azcona: And we have not breached the contract in any way.

Ms. Wald: We have not, other than what we're going to talk about, we're putting the O&M back as a direct bill.

Mr. Duncan: Yes, I would like to always have an option to show all that, and this is why I thought that moving it to the tax bill was actually a continuation of an agreement that was flawed in the first place.

Mr. Winkeljohn: So you can do it two ways, you can do it for the 2018 fiscal year tax bill which is being processed now, we could pull it off of that and do a direct bill quarterly, that would be the cleanest way. To go back would be more difficult.

Mr. Duncan: No, not going back.

Ms. Wald: Well here's the thing, and just so you know, and I know you were out of town and we didn't get an opportunity to talk and obviously you didn't get a chance to talk to Rich, but what we talk about is, the resolution currently that you just went ahead and adopted at the last meeting, resolution #2017-07, we would do an amendment to that, change exhibit A so it would only show going on the tax roll all of the properties, other than the SPE properties for the O&M.

August 8, 2017

Portofino Isles CDD

Mr. Duncan: Right.

Ms. Wald: So under that, it would show that, so the next tax year, then you'll go back to that quarterly billing pursuant to the agreement to the SPE. So that's fairly easy to do, and you could do a motion to do that. The next question would be, would you want to, and you can do this with a correction of the tax certificates that have already been issued, do you want to do a corrected tax certificate because I don't know how many years it's been on the roll.

Mr. Winkeljohn: Three or four years, something like that.

Ms. Wald: Ok, so do you want to do a corrected tax certificate where you're removing those from what was done, and then you're sending that direct bill, which you can do also. You can always go back and do that because it hasn't been paid.

Mr. Winkeljohn: Right, you can go backwards.

Mr. Duncan: I would not, the only reason that I'm thinking of removing off the tax roll is actually to have leverage, so I would like to let them know that we are moving starting in 2018.

Ms. Wald: Starting the next fiscal year.

Mr. Duncan: Right, and that we are thinking, just thinking about removing the prior year taxes, just put it in their heads, and they might receive a bill for the prior years.

Ms. Wald: Got it, ok.

Mr. Azcona: So use that as leverage.

Mr. Duncan: Absolutely, we get nothing either way.

Mr. Azcona: Right.

Mr. Duncan: But doing it this way I have a breach of contract leverage.

Mr. Winkeljohn: Because they haven't paid it, right.

Mr. Duncan: Right, they haven't paid it, they will not pay it, and that actually makes the previous agreement in breach of contract.

Ms. Wald: Yes, I would agree with that. So then you would have to do a motion to amend the resolution.

August 8, 2017

Portofino Isles CDD

Mr. Winkeljohn: Yes, so we'd be looking for a motion to amend the resolution for the 2018 assessment collection, removing the O&M from the SPE areas and having them be directed in quarterly billing per the agreement. Is there a motion?

On Motion by Mr. Azcona seconded by Mr. Willemstyn with all in favor, amending resolution #2017-07 for the 2018 assessment collection, removing the O&M from the SPE areas and directing staff to quarterly bill as per the original agreement was approved.

Mr. Winkeljohn: Ok, so we'll do that.

Mr. Duncan: Ok, the horse is dead.

Mr. Winkeljohn: Anything else Ginger?

Ms. Wald: I don't think so.

B. Engineer

Mr. Winkeljohn: Moving on to the engineer, Pat anything?

Mr. Ferland: I don't have anything to report.

C. Field Manager

Mr. Winkeljohn: John, any updates?

Mr. Jado: No.

Mr. Winkeljohn: We already heard your story, and thanks for what you've been doing in the preserve.

D. CDD Manager

Mr. Winkeljohn: I just want to talk about what he's doing for a moment. We originally had proposals from the lake contractor to add more aggressive lake cleaning, we have that in our pocket if we need it, but when I found something, or hear of something, or he hears of it, if he's able to get it, we don't pay a penny other than our additional. There were a couple of items that had been in the lake for a while that are

August 8, 2017

Portofino Isles CDD

outside the scope of the lake contractor, and he was able to get them, so I'm going to leave it that way.

Mr. Duncan: I'm not sure, if this is the debris that goes into the lake, but I don't want to pay twice, so let's give it to John.

Mr. Winkeljohn: That's exactly what I'm saying, I'm not going to trigger that agreement, we have it in our pocket.

Mr. Azcona: But let's make sure that it's not something that we're doing one month and then we get busy and then we forget to do it.

Mr. Winkeljohn: Right, and that's the eyes that solves that problem.

Mr. Jado: No I did the front entry this morning because they cut the lawn, they picked up a few things.

Mr. Winkeljohn: Right and in this industry there's always been a gap between the lake folks and the landscapers that he's filling in, so far so good.

Mr. Duncan: Ok.

Mr. Winkeljohn: That's all I had.

SEVENTH ORDER OF BUSINESS

Financial Reports

A. Approval of Check Register

B. Balance Sheet and Income Statement

Mr. Winkeljohn: Item No. 7, financial reports, did you have something you wanted to talk about?

Mr. Duncan: Yes, I would like to sit down with you for 10 minutes to go over some items.

Mr. Winkeljohn: Sure, I'm here, so after the meeting.

Mr. Duncan: Ok, and if you guys wait 10 minutes we can go see the wall.

Ms. Wald: Let's do it this way, not all of you are going to go together to be talking about any discussions dealing with the Community Development District, you're just going to point out what you were talking about and then everyone is just going to look at it on their own, correct?

Mr. Duncan: Sure.

August 8, 2017

Portofino Isles CDD

Mr. Azcona: Yes.

Ms. Wald: Thank you.

Mr. Winkeljohn: So the financial reports, include the check register, the balance sheet and income statement, so if they're ok to accept we would just need a motion on those.

Mr. Duncan: Those are fine.

Mr. Winkeljohn: Ok.

On Motion by Mr. Mamo seconded by Mr. Azcona with all in favor, the Check Register, Balance Sheet and Income Statement were approved.

EIGHTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Winkeljohn: Are there any comments from our Supervisors? Not hearing any, we can move to the last item.

NINTH ORDER OF BUSINESS

Adjournment

Mr. Winkeljohn: Is there a motion to adjourn the meeting?

On Motion by Mr. Willemstyn seconded by Mr. Baker with all in favor, the Meeting was adjourned.

Secretary / Assistant Secretary

Chairman / Vice Chairman

Portofino Isles
Community Development District

Check Run Summary - General Fund

October 10, 2017

Date	Check Numbers	Amount
<u>Operating Account</u>		
September 21, 2017	1246	\$ 391,952.71
September 28, 2017	1247-1252	\$ 14,764.83
October 2, 2017	1253-1255	\$ 11,101.63
<u>Perimeter Project Account</u>		
September 21, 2017	9-11	\$ 60,369.70
		\$ 478,188.87

PORTOFINO ISLES - GENERAL FUND
BANK A GENERAL FUND

CHECK DATE	VEND#	.....INVOICE..... DATE INVOICE	...EXPENSED TO... YRMO DPT ACCT# SUB SUBCLASS	VENDOR NAME	STATUS	AMOUNT	....CHECK..... AMOUNT #
9/21/17	00031	9/21/17 PERIMETE	201709 300-10100-10400	TRANS TO PERIMETER ACCT	*	391,952.71	
PORTOFINO ISLES CDD							391,952.71 001246
9/28/17	00051	8/31/17 3011406	201708 320-53800-46500	IRRIGATION REPAIRS	*	116.40	
		9/10/17 5423579	201709 320-53800-46200	LANDSCAPE MAINT-SEP 17	*	700.00	
		9/10/17 5423579	201709 320-53800-46200	ARGONOMICS-SEP 17	*	220.00	
		9/10/17 5423579	201709 320-53800-46500	IRRIGATION-SEP 17	*	150.00	
BRIGHTVIEW LANDSCAPE SERVICES, INC.							1,186.40 001247
9/28/17	00013	8/31/17 80298	201708 310-51300-31100	ENGINEERING SVCS-8/31/17	*	996.32	
CULPEPPER TERPENING, INC.							996.32 001248
9/28/17	00009	8/21/17 5-913-08	201708 310-51300-42000	DELIVERIES THRU-8/21/17	*	25.43	
		8/29/17 5-919-41	201708 310-51300-42000	DELIVERIES THRU-8/29/17	*	18.24	
FEDEX							43.67 001249
9/28/17	00025	9/11/17 37661-93	201709 320-53800-43001	2517 SW BRIGANTINE PL #SL	*	121.23	
		9/11/17 61293-92	201709 320-53800-43001	1905 SW VIA ROSSA # IRR	*	444.48	
FLORIDA POWER & LIGHT							565.71 001250
9/28/17	00020	8/30/17 160	201708 320-53800-12000	REIMBURSEMENT-JOHN JADO	*	2,500.00	
		9/01/17 159	201709 310-51300-34000	MGMT FEES-SEP 17	*	3,551.33	
		9/01/17 159	201709 310-51300-35100	COMPUTER TIME-SEP 17	*	83.33	
		9/01/17 159	201709 310-51300-44000	RENT-SEP 17	*	200.00	
		9/01/17 159	201709 310-51300-31300	DISSEM AGNT SVCS-SEP 17	*	208.33	
		9/01/17 159	201709 310-51300-49500	WEBSITE ADMIN-SEP 17	*	41.67	
		9/01/17 159	201709 310-51300-42000	POSTAGE-SEP 17	*	7.82	
		9/01/17 159	201709 310-51300-42500	COPIES-SEP 17	*	5.25	

PORT -PORT ISLES-- PPOWERS

*** CHECK DATES 09/01/2017 - 10/02/2017 ***

PORTOFINO ISLES - GENERAL FUND
BANK A GENERAL FUND

CHECK DATE	VEND#	.....INVOICE..... DATE INVOICE	...EXPENSED TO... YRMO DPT ACCT# SUB SUBCLASS	VENDOR NAME	STATUS	AMOUNT	....CHECK..... AMOUNT #
		9/21/17 162	201709 310-51300-34000	FACILITY MGMT-SEP 17 JADO	*	2,500.00	
				GOVERNMENTAL MANAGEMENT SERVICES -			9,097.73 001251
9/28/17 00030		9/01/17 1877	201709 320-53800-46300	LAKE MAINTENANCE	*	1,600.00	
		9/01/17 1877	201709 320-53800-46400	WETLAND MAINTENANCE	*	1,275.00	
				LAKE AND WETLAND MANAGEMENT, INC.			2,875.00 001252
10/02/17 00026		8/31/17 144231	201708 310-51300-31500	AUG 17 - GENERAL COUNSEL	*	3,089.00	
				BILLING, COCHRAN, LYLES, MAURO			3,089.00 001253
10/02/17 00020		9/19/17 161	201710 310-51300-31400	ASSESS ROLL CERT - FY18	*	1,001.00	
		10/02/17 163	201710 310-51300-34000	OCT 17 - MGMT FEES	*	3,551.33	
		10/02/17 163	201710 310-51300-35100	OCT 17 - COMPUTER TIME	*	83.33	
		10/02/17 163	201710 310-51300-44000	OCT 17 - RENT	*	200.00	
		10/02/17 163	201710 310-51300-31300	OCT 17 - DISSEMINATION	*	208.33	
		10/02/17 163	201710 310-51300-49500	OCT 17 - WEBSITE ADMIN	*	41.67	
		10/02/17 163	201710 310-51300-42000	OCT 17 - POSTAGE	*	6.90	
		10/02/17 163	201710 310-51300-42500	OCT 17 - COPIES	*	33.45	
		10/02/17 163	201710 310-51300-41000	OCT 17 - TELEPHONE	*	11.62	
				GOVERNMENTAL MANAGEMENT SERVICES -			5,137.63 001254
10/02/17 00030		10/02/17 1908	201710 320-53800-46300	OCT 17 - LAKE MAINTENANCE	*	1,600.00	
		10/02/17 1908	201710 320-53800-46400	OCT 17 - WETLAND MAINT	*	1,275.00	
				LAKE AND WETLAND MANAGEMENT, INC.			2,875.00 001255
				TOTAL FOR BANK A		417,819.17	

*** CHECK DATES 09/01/2017 - 10/02/2017 ***

PORTOFINO ISLES - GENERAL FUND
BANK E PERIMETER ACCOUNT

CHECK DATE	VEND#	INVOICE DATE	INVOICE	EXPENSED TO YRMO	ACCT#	SUB	SUBCLASS	VENDOR NAME	STATUS	AMOUNT	CHECK AMOUNT	CHECK #
9/21/17	00013	9/07/17	80233	201708	320-53800-60200			CULPEPPER TERPENING, INC.	*	1,419.70	1,419.70	000009
			AUG 17 - ENGINEERING SVCS									
9/21/17	00056	8/30/17	4	201708	320-53800-60200			DECORATIVE CONCRETE SPECIALIST OF	*	49,500.00	49,500.00	000010
			2ND DRAW - 1K LINEAR FT									
9/21/17	00050	9/15/17	17-404	201709	320-53800-60200			VETERANS FENCE CONTRACTORS INC	*	9,450.00	9,450.00	000011
			PAY REQUEST #3									
										TOTAL FOR BANK E	60,369.70	
										TOTAL FOR REGISTER	478,188.87	

PORT -PORT ISLES-- PPOWERS

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
COMBINED BALANCE SHEET
August 31, 2017

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u> <u>2017</u>
ASSETS:				
Cash - Assessments	\$275,160	---	---	\$275,160
Cash - Perimeter Road Project	\$362,992	---	---	\$362,992
Investments:				
State Board	\$351,554	---	---	\$351,554
<i>Series 2005</i>				
Reserve	---	\$406	---	\$406
Revenue	---	\$342,044	---	\$342,044
Deferred Cost	---	\$42,696	---	\$42,696
Construction	---	---	\$86,036	\$86,036
<i>Series 2013</i>				
Reserve	---	\$216,796	---	\$216,796
Prepayment	---	\$2,208	---	\$2,208
Revenue	---	\$169,356	---	\$169,356
Cost of Issuance	---	---	\$1,230	\$1,230
Assessments Receivable	\$61,091	\$541,192	---	\$602,283
Due from General	---	\$1	---	\$1
Prepaid Expenses	\$5,778	---	---	\$5,778
	<u>\$1,056,575</u>	<u>\$1,314,699</u>	<u>\$87,266</u>	<u>\$2,458,540</u>
TOTAL ASSETS				
LIABILITIES:				
Accounts Payable	\$57,665	---	---	\$57,665
Due to Debt Service	\$1	---	---	\$1
Due to Other	\$0	\$0	---	\$0
Due to Bondholders	---	\$2,839,800	---	\$2,839,800
Deferred Revenue	\$61,091	\$541,192	---	\$602,283
FUND BALANCES:				
Reserved for Debt Service	---	(\$2,066,293)	---	(\$2,066,293)
Reserved for Capital Projects	\$0	---	\$87,266	\$87,266
Unassigned	\$937,817	---	---	\$937,817
	<u>\$1,056,575</u>	<u>\$1,314,699</u>	<u>\$87,266</u>	<u>\$2,458,540</u>
TOTAL LIABILITIES & FUND EQUITY & OTHER CREDITS				

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

GENERAL FUND

Statement of Revenues & Expenditures
For The Period Ending August 31, 2017

	ADOPTED BUDGET	PRORATED BUDGET THRU 8/31/17	ACTUAL THRU 8/31/17	VARIANCE
REVENUES:				
Maintenance Assessments	\$175,152	\$175,152	\$155,927	(\$19,225)
Storwater Rebate	\$186,678	\$186,678	\$185,888	(\$790)
Interest Income	\$0	\$0	\$1,564	\$1,564
Misc Income - Gaitlin Blvd Escow	\$0	\$0	\$50,000	\$50,000
Permitter Project Contributions	\$0	\$0	\$506,458	\$506,458
TOTAL REVENUES	\$361,830	\$361,830	\$899,836	\$538,006

EXPENDITURES:

ADMINISTRATIVE:

Engineering	\$30,000	\$27,500	\$8,816	\$18,684
Engineering - Perimeter Project	\$0	\$0	\$3,270	(\$3,270)
Arbitrage	\$2,400	\$2,400	\$2,400	\$0
Dissemination	\$2,500	\$2,292	\$2,292	\$0
Attorney	\$25,000	\$22,917	\$24,315	(\$1,399)
Assessment Roll	\$1,001	\$1,001	\$1,001	\$0
Annual Audit	\$5,900	\$5,900	\$5,900	\$0
Management Fees	\$42,616	\$39,065	\$39,065	\$0
Computer Time	\$1,000	\$917	\$917	\$0
Telephone	\$100	\$92	\$32	\$60
Postage	\$250	\$229	\$1,532	(\$1,303)
Printing & Binding	\$1,000	\$917	\$1,461	(\$545)
Rentals & Leases	\$2,400	\$2,200	\$2,200	\$0
Insurance	\$6,332	\$6,332	\$5,778	\$554
Legal Advertising	\$1,100	\$1,008	\$974	\$35
Other Current Charges	\$1,000	\$917	\$1,391	(\$474)
Website Admin	\$500	\$458	\$458	(\$0)
Office Supplies	\$250	\$229	\$185	\$44
Dues, Licenses, Subscriptions	\$175	\$175	\$175	\$0
Capital Outlay	\$300	\$275	\$0	\$275

FIELD

Salaries	\$0	\$0	\$12,250	(\$12,250)
FICA Taxes	\$0	\$0	\$459	(\$459)
Environmental Services	\$2,500	\$2,292	\$0	\$2,292
Electric - Irrigation Pumps	\$6,000	\$5,500	\$3,398	\$2,102
Electric - Lighting	\$4,000	\$3,667	\$1,409	\$2,258
Repairs & Maintenance	\$15,000	\$13,750	\$700	\$13,050
Landscape Maintenance	\$20,000	\$18,333	\$15,359	\$2,974
Lake Maintenance	\$21,120	\$19,360	\$17,600	\$1,760
Wetlands Maintenance	\$19,200	\$17,600	\$14,025	\$3,575
Irrigation System	\$10,000	\$9,167	\$6,636	\$2,530
Landscaping - Contingency	\$20,000	\$18,333	\$600	\$17,733
Contingencies	\$10,000	\$9,167	\$2,625	\$6,542
Stormwater Mgmt System	\$50,000	\$45,833	\$0	\$45,833
Chemicals	\$6,600	\$6,050	\$0	\$6,050
Capital Projects - Perimter Wall Project	\$150,000	\$137,500	\$234,832	(\$97,332)

TOTAL EXPENSES	\$458,244	\$421,374	\$412,055	\$9,319
EXCESS REVENUES (EXPENDITURES)	(\$96,414)		\$487,781	
FUND BALANCE - Beginning	\$96,816		\$450,037	
FUND BALANCE - Ending	<u>\$402</u>		<u>\$937,817</u>	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT

DEBT SERVICE FUND - SERIES 2013

Statement of Revenues & Expenditures

For The Period Ending August 31, 2017

	ADOPTED BUDGET	PRORATED THRU 8/31/17	ACTUAL THRU 8/31/17	VARIANCE
<u>REVENUES:</u>				
Assessments	\$432,649	\$432,649	\$436,435	\$3,786
Interest Income	\$0	\$0	\$947	\$947
Prepayments	\$0	\$0	\$0	\$0
<i>TOTAL REVENUES</i>	\$432,649	\$432,649	\$437,381	\$4,732
<u>EXPENDITURES:</u>				
<i>Series 2013</i>				
Interest Expense - 11/1	\$107,359	\$107,241	\$107,241	\$0
Interest Expense - 05/1	\$107,359	\$107,241	\$107,241	\$0
Principal Expense	\$220,000	\$220,000	\$220,000	\$0
Other Debt Service Costs	\$9,183	\$9,183	\$9,167	\$16
<i>TOTAL EXPENDITURES</i>	\$443,902	\$443,664	\$443,648	\$16
EXCESS REVENUES (EXPENDITURES)	(\$11,253)		(\$6,267)	
FUND BALANCE - Beginning	\$165,404		\$394,626	
FUND BALANCE - Ending	\$154,151		\$388,360	

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

DEBT SERVICE FUND - SERIES 2005

Statement of Revenues & Expenditures

For The Period Ending August 31, 2017

	ADOPTED BUDGET	PRORATED THRU 8/31/17	ACTUAL THRU 8/31/17	VARIANCE
<u>REVENUES:</u>				
Tax Receipts	\$440,879	\$440,879	\$180,916	(\$259,963)
Direct Assessments	\$84,500	\$0	\$0	\$0
Interest Income	\$0	\$0	\$865	\$865
<i>TOTAL REVENUES</i>	\$525,379	\$440,879	\$181,781	(\$259,098)
<u>EXPENDITURES:</u>				
Interest Expense - 11/1	\$147,700	\$147,700	\$147,700	\$0
Interest Expense - 05/1	\$147,700	\$147,700	\$147,700	\$0
Principal Expense - 05/01	\$145,000	\$145,000	\$145,000	\$0
<i>TOTAL EXPENDITURES</i>	\$440,400	\$440,400	\$440,400	\$0
<u>OTHER SOURCES/(USES):</u>				
Other Debt Service Costs	(\$8,233)	(\$8,233)	(\$41,830)	(\$33,597)
<i>TOTAL OTHER</i>	(\$8,233)	(\$8,233)	(\$41,830)	(\$33,597)
EXCESS REVENUES (EXPENDITURES)	\$76,746		(\$300,449)	
FUND BALANCE - Beginning	\$144,499		(\$2,154,203)	
FUND BALANCE - Ending	\$221,245		(\$2,454,652)	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND - SERIES 2013

Statement of Revenues & Expenditures
For The Period Ending August 31, 2017

	ADOPTED BUDGET	PRORATED THRU 8/31/17	ACTUAL THRU 8/31/17	VARIANCE
<u>REVENUES:</u>				
Interest Income	\$0	\$0	\$3	\$3
TOTAL REVENUES	\$0	\$0	\$3	\$3
<u>EXPENDITURES:</u>				
Cost of Issuance	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES	\$0	\$0	\$0	\$0
<u>OTHER SOURCES/(USES):</u>				
Refunding Proceeds	\$0	\$0	\$0	\$0
<i>TOTAL OTHER</i>	\$0	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	\$0		\$3	
FUND BALANCE - Beginning			\$1,227	
FUND BALANCE - Ending			\$1,230	

PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
CAPITAL PROJECTS FUND - SERIES 2005
Statement of Revenues & Expenditures
For The Period Ending August 31, 2017

	ADOPTED BUDGET	PRORATED THRU 8/31/17	ACTUAL THRU 8/31/17	VARIANCE
<u>REVENUES:</u>				
Interest Income	\$0	\$0	\$346	\$346
TOTAL REVENUES	\$0	\$0	\$346	\$346
<u>EXPENDITURES:</u>				
Capital Outlay	\$0	\$0	\$0	\$0
Default Expenditures	\$0	\$0	\$58,060	(\$58,060)
TOTAL EXPENDITURES	\$0	\$0	\$58,060	(\$58,060)
<u>OTHER SOURCES/(USES):</u>				
Interfund Transfer Out	\$0	\$0	\$0	\$0
TOTAL OTHER	\$0	\$0	\$0	\$0
EXCESS REVENUES (EXPENDITURES)	\$0		(\$57,715)	
FUND BALANCE - Beginning			\$143,750	
FUND BALANCE - Ending			\$86,036	

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT**

Bond Issue:	<u>Series 2005 Special Assessment Bonds (Court Project)</u>	
Original Issue Amount:		\$6,375,000
Interest Rate:		5.60%
Maturity Date:		May 1, 2036
Reserve Fund Requirement:	Lesser of:	
	(i) Max Annual Debt Service for Bonds Outstanding	
	(ii) 125% of Average Debt Service for Bonds Outstanding	
	(iii) 10% of Original proceeds	
Bonds outstanding - 9/30/13		\$6,105,000
Less: 11/1/2013		\$0
5/1/2014		\$0
Current Bonds Outstanding:		<u><u>\$6,105,000</u></u>

Bond Issue:	<u>Series 2013 Special Assessment Revenue Refunding Bonds</u>	
		\$5,730,000
Interest Rate:		4.750%
Maturity Date:		May 1, 2033
Reserve Fund Requirement:	50% of Max Annual Debt Service Requirements @ date of issuance	
Bonds outstanding - 9/30/13		\$5,730,000
Less: 11/1/2013		\$0
5/1/2014		(\$205,000)
11/1/2015		(\$5,000)
5/1/2016		(\$215,000)
5/1/2017		(\$220,000)
Current Bonds Outstanding:		<u><u>\$5,085,000</u></u>

Portofino Isles

Community Development District Tax Collections Fiscal Year Ending September 30, 2017

\$ 459,645.10 \$ 204,703.04 \$ 186,327.68 \$ 850,675.82

Series 2013 Series 2005
Debt Debt
Service Fund Service Fund General Fund Total

Date Received	Gross Tax Received	Commissions	Discounts	Net Amount Received	Service Fund	Service Fund	General Fund	Total
								0.00%
	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
11/18/2016	\$ 14,782.26	\$ 283.82	\$ 591.30	\$ 13,907.14	\$ 10,771.74	\$ -	\$ 3,135.40	\$ 13,907.14
11/23/2016	\$ 7,068.99	\$ 135.43	\$ 297.59	\$ 6,635.97	\$ 5,139.88	\$ -	\$ 1,496.09	\$ 6,635.97
11/23/2016	\$ 70,377.04	\$ 2,702.48	\$ 1,463.94	\$ 66,210.62	\$ 47,482.73	\$ 3,904.68	\$ 14,823.20	\$ 66,210.62
11/25/2016	\$ 35,911.52	\$ 716.84	\$ 69.54	\$ 35,125.14	\$ 25,913.39	\$ 1,328.12	\$ 7,883.62	\$ 35,125.14
12/2/2016	\$ 305,935.12	\$ 5,933.98	\$ 12,166.21	\$ 287,834.93	\$ 168,467.31	\$ 55,967.14	\$ 63,400.48	\$ 287,834.93
12/9/2016	\$ 102,548.42	\$ 1,968.93	\$ 4,102.10	\$ 96,477.39	\$ 69,658.94	\$ 5,206.24	\$ 21,612.21	\$ 96,477.39
12/22/2016	\$ 4,689.84	\$ 90.98	\$ 140.68	\$ 4,458.18	\$ 3,453.07	\$ -	\$ 1,005.11	\$ 4,458.18
12/30/2016	\$ 8,143.22	\$ 158.14	\$ 236.74	\$ 7,748.34	\$ 4,721.42	\$ 1,315.11	\$ 1,711.81	\$ 7,748.34
12/15/2016	\$ 16,662.48	\$ 320.54	\$ 635.14	\$ 15,706.80	\$ 12,165.67	\$ -	\$ 3,541.13	\$ 15,706.80
2/1/2017	\$ 795.42	\$ 15.59	\$ 15.91	\$ 763.92	\$ 591.69	\$ -	\$ 172.23	\$ 763.92
1/6/2017	\$ 6,322.02	\$ 122.64	\$ 189.64	\$ 6,009.74	\$ 4,654.83	\$ -	\$ 1,354.91	\$ 6,009.74
1/9/2017	\$ 3,243.10	\$ 63.17	\$ 85.39	\$ 3,094.54	\$ 2,396.87	\$ -	\$ 697.67	\$ 3,094.54
1/13/2017	\$ 7,299.56	\$ 141.89	\$ 204.72	\$ 6,952.95	\$ 5,385.39	\$ -	\$ 1,567.56	\$ 6,952.95
1/20/2017	\$ 1,508.16	\$ 29.56	\$ 30.16	\$ 1,448.44	\$ 1,121.89	\$ -	\$ 326.55	\$ 1,448.44
1/27/2017	\$ 754.08	\$ 14.78	\$ 15.08	\$ 724.22	\$ 560.94	\$ -	\$ 163.28	\$ 724.22
3/1/2017	\$ 3,140.34	\$ 62.18	\$ 31.39	\$ 3,046.77	\$ 2,359.87	\$ -	\$ 686.90	\$ 3,046.77
2/15/2017	\$ 2,303.58	\$ 45.62	\$ 23.03	\$ 2,234.93	\$ 1,731.06	\$ -	\$ 503.87	\$ 2,234.93
2/22/2017	\$ 3,935.76	\$ 77.92	\$ 39.34	\$ 3,818.50	\$ 2,957.61	\$ -	\$ 860.89	\$ 3,818.50
2/13/2017	\$ 5,534.94	\$ 108.53	\$ 108.05	\$ 5,318.36	\$ 4,119.32	\$ -	\$ 1,199.04	\$ 5,318.36
4/6/2017	\$ 16,644.80	\$ 332.91	\$ -	\$ 16,311.89	\$ 11,314.70	\$ 1,355.79	\$ 3,641.40	\$ 16,311.89
4/13/2017	\$ 3,227.55	\$ 64.43	\$ 5.64	\$ 3,157.48	\$ 2,445.62	\$ -	\$ 711.86	\$ 3,157.48
4/13/2017	\$ 5,556.84	\$ 111.14	\$ -	\$ 5,445.70	\$ 4,217.95	\$ -	\$ 1,227.75	\$ 5,445.70
3/15/2017	\$ 4,689.84	\$ 93.80	\$ -	\$ 4,596.04	\$ 3,559.85	\$ -	\$ 1,036.19	\$ 4,596.04
3/23/2017	\$ 3,140.34	\$ 62.80	\$ -	\$ 3,077.54	\$ 2,383.70	\$ -	\$ 693.84	\$ 3,077.54
3/29/2017	\$ 3,140.34	\$ 62.81	\$ -	\$ 3,077.53	\$ 2,383.69	\$ -	\$ 693.84	\$ 3,077.53
3/13/2017	\$ 6,769.96	\$ 134.32	\$ 54.04	\$ 6,581.60	\$ 5,097.76	\$ -	\$ 1,483.84	\$ 6,581.60
4/27/2017	\$ 2,415.26	\$ 48.31	\$ -	\$ 2,366.95	\$ 1,833.32	\$ -	\$ 533.63	\$ 2,366.95
5/4/2017	\$ 819.28	\$ 16.39	\$ -	\$ 802.89	\$ 621.88	\$ -	\$ 181.01	\$ 802.89
6/1/2017	\$ 3,968.66	\$ 79.37	\$ -	\$ 3,889.29	\$ 3,012.44	\$ -	\$ 876.85	\$ 3,889.29
6/8/2017	\$ 5,649.80	\$ 113.00	\$ -	\$ 5,536.80	\$ 4,288.52	\$ -	\$ 1,248.28	\$ 5,536.80
4/20/2017	\$ 1,638.56	\$ 32.77	\$ -	\$ 1,605.79	\$ 1,243.76	\$ -	\$ 362.03	\$ 1,605.79
6/9/2017	\$ 147,723.56	\$ 2,954.47	\$ -	\$ 144,769.09	\$ 16,860.30	\$ 111,838.48	\$ 16,070.31	\$ 144,769.09
7/5/2017	\$ 622.72	\$ 12.45	\$ -	\$ 610.27	\$ 472.68	\$ -	\$ 137.59	\$ 610.27
5/4/2017	\$ 2,372.68	\$ 47.45	\$ -	\$ 2,325.23	\$ 1,801.00	\$ -	\$ 524.23	\$ 2,325.23
5/30/2017	\$ 1,638.56	\$ 32.77	\$ -	\$ 1,605.79	\$ 1,243.76	\$ -	\$ 362.03	\$ 1,605.79
TOTALS	\$ 810,974.60	\$ 17,192.21	\$ 20,505.63	\$ 773,276.76	\$ 436,434.57	\$ 180,915.57	\$ 155,926.62	\$ 773,276.76

95% 88% 84%

Date	To Debt Service			Check #s
	Series 2013	Series 2005		
1/5/2017	\$ 89,307.74	\$ 5,232.81		1163/1164
1/27/2017	\$ 246,300.75	\$ 62,488.49		1169/70
	\$ 5,934.37	\$ 2,572.39		Prop Appr
3/27/2017	\$ 23,302.77			1186
4/19/2017	\$ 20,122.70			1194
4/28/2017	\$ 6,663.57			1202
5/19/2017	\$ 15,258.33			1208
6/14/2017	\$ 7,922.83			1214
6/23/2017	\$ 18,104.06	\$ 110,621.88		1217/1218
7/10/2017	\$ 472.68			1227
8/15/2017	\$ 3,044.77			1239
	\$ 436,434.57	\$ 180,915.57		

Balances to Transfer \$ (0.00) \$ 0.00
001.300.20700.10100 V# 14 V# 12