

**MINUTES OF MEETING**

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**ZEPHYR RIDGE  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Zephyr Ridge Community Development District was held on **Tuesday, November 19, 2013 at 11:09 a.m.** at the offices of Rizzetta & Company, Inc., located at 5844 Old Pasco Road, Suite 100, Wesley Chapel, and FL 33544.

Present and constituting a quorum:

|                 |  |
|-----------------|--|
| Michelle Pierce | <b>Board Supervisor, Chairman</b>            |
| John Blakley    | <b>Board Supervisor, Assistant Secretary</b> |
| Bob Bishop      | <b>Board Supervisor, Assistant Secretary</b> |

Also present were:

|                |   |
|----------------|---|
| Tim Murray     | <b>Board Supervisor, Vice Chairman</b><br>(via conference call)             |
| Matt Huber     | <b>District Manager, Rizzetta &amp; Company, Inc.</b>                       |
| Tracy Robin    | <b>District Counsel, Robin &amp; Robin</b><br>(via conference call)         |
| David Jae      | <b>Representative, Lerner Real Estate Advisors</b><br>(via conference call) |
| Scott Campbell | <b>Representative, Lerner Real Estate Advisors</b><br>(via conference call) |

**FIRST ORDER OF BUSINESS**

**Call to Order**

Mr. Huber called the meeting to order and performed roll call confirming a quorum for the meeting. He noted that there were no members of the general public in attendance.

**SECOND ORDER OF BUSINESS**

**Consideration of Minutes of the Audit  
Committee Meeting Held on August 20,  
2013**

Mr. Huber noted that he made a change to page two of the minutes reflecting that McDirmit Davis was the number one ranked firm.

On a Motion by Ms. Pierce, seconded by Mr. Bishop, with all in favor, the Board of Supervisors approved the minutes of the Audit Committee Meeting held on August 20, 2013 as amended for the Zephyr Ridge Community Development District.

**THIRD ORDER OF BUSINESS**

**Consideration of Minutes of the Board of Supervisors' Meeting Held on August 20, 2013**

On a Motion by Ms. Pierce, seconded by Mr. Blakley, with all in favor, the Board of Supervisors approved the minutes of the Board of Supervisors' Meeting held on August 20, 2013 as presented for the Zephyr Ridge Community Development District.

**FOURTH ORDER OF BUSINESS**

**Consideration of Operation and Maintenance Expenditures for July, August, September and October 2013**

There were no questions regarding any of the invoices paid.

On a Motion by Mr. Bishop, seconded by Ms. Pierce, with all in favor, the Board of Supervisors approved the Operation and Maintenance Expenditures for July (\$512.36), August (\$2,236.43), September (\$514.41) and October (\$4,609.96) as presented for the Zephyr Ridge Community Development District.

**FIFTH ORDER OF BUSINESS**

**Consideration of SPE Funding Agreement for Fiscal Year 2013/2014**

Mr. Robin stated that the agenda item is not correct in that the agreement does not relate specifically to Fiscal Year 2013/2014, but is an agreement between the SPE, Trustee and the District whereas the bondholders are willing to fund/loan the District the funds to better position itself to sell the property and attempt to regenerate the project. He stated that the bondholders have authorized up to \$560,000 towards this end and up to \$350,000 to cover the expenses to restructure the bonds should that become an option. Mr. Robin reviewed the terms of the agreement that calls for 7½ % interest to be paid on the loan. He explained that he received a revision to the agreement yesterday that calls for the interest rate on any restructuring to be 7 1/2% or the maximum allowed by Florida law and it has raised the question about the ability of his firm to prepare an opinion letter on the restructuring without obtaining the consent of all landowners that would be subject to this increased interest rate. At any rate he would like to see Staff provided with the ability to make some structural amendments to the document as part of any approval.

Mr. Campbell stated that he spoke with Trustee's Counsel regarding this concern and they are prepared to provide an opinion that it is not necessary to obtain the consent of the landowners. Mr. Robin indicated that there might be some confusion on this matter and recommended that Mr. Taylor be contacted regarding obtaining his consent.

Mr. Robin and Mr. Campbell responded to questions from the Board and clarified that the agreement does not impact the apartments or increase the assessment levels on the commercial property and property zoned for residential unless a bond restructuring occurs. Following a brief discussion the Board asked to review the SPE Agreement prior to taking any action on the Funding Agreement.

Mr. Robin reviewed the terms of the SPE Agreement that provides for a payment of \$186,000 to the District. He explained that the payment is not the amount of back assessments owed the District and reflects a reduction in that amount based on actual expenses incurred by the District since 2008 plus the amount needed to reimburse the other property owners for the additional assessments paid over the years that were based on budgeted expenses not actual expenses. Mr. Robin stated that going forward the SPE would be direct billed for their full share of whatever the annual assessments are. Ms. Pierce asked that she be provided with a breakdown on how the reimbursements were calculated. Following a brief discussion, Ms. Pierce asked that a recess be taken so that she could speak with Mr. Robin and her attorney outside of the meeting regarding the matter.

*(A brief recess was taken at 11:52 a.m. The meeting reconvened at 12:16 p.m. with all those present at the onset of the meeting still in attendance).*

Ms. Pierce stated that she would like her property to be exempt from future legal costs associated with any bond restructuring since there is no bond debt on it and Mr. Blakely questioned how this could be managed. Mr. Robin stated that his firm breaks out the billing hours by service provided and if approved any charges relating to bonds would not be passed on to the apartments. He also stated that the funding agreement contemplates that the bondholders would fund the costs of a bond restructuring up to \$350,000 and they would not be part of the District's O & M expenses. Mr. Blakley stated that he would like to see a resolution come before the Board regarding this matter before agreeing to anything.

Ms. Pierce stated that she was uncomfortable making a decision on these agreements based on the last minute changes and not having time to thoroughly review them. She also opined that it would be a mistake for any of the Board members to approve them without receiving consent of all the landowners regarding the increased interest rate. Mr. Murray stated that he was fine with the agreement based on the Trustee's Counsel approval. Further discussion ensued regarding the limited options the District has to move forward and the ability of the landowner in question to have attended the meeting if so desired. Mr. Robin stated that while the meeting was publicly advertised it is not the same as a public hearing where the landowners are also notified individually.

Mr. Murray made a motion to approve the SPE Funding Agreement. Mr. Robin stated that, based on an opinion by the Attorney General, Mr. Murray is not eligible to make motions or vote on matters that come before the Board as he is attending by phone for a reason other than an extraordinary situation such as a medical emergency. Mr. Bishop made the motion.

On a Motion by Mr. Bishop, seconded by Mr. Blakley, with two in favor and one against (Michelle Pierce), the Board of Supervisors approved the SPE Funding Agreement without the consent of the landowners pending receipt of a legal opinion from Trustee's Counsel that consent is not needed for the Zephyr Ridge Community Development District.

On a Motion by Mr. Blakley, seconded by Mr. Bishop, with two in favor and one against (Michelle Pierce), the Board of Supervisors approved the SPE Agreement for the Zephyr Ridge Community Development District.

**SIXTH ORDER OF BUSINESS**

**Consideration of Request to Transfer  
SWFWMD Environmental Resource  
Permit to Zephyr Ridge CDD**

Mr. Bishop updated the Board on discussions with SWFWMD and he was able to transfer the Environmental Resource Permit into the District's name. Mr. Huber confirmed that technically Jeff Hills is still the engineer of record, but since he is no longer licensed the SPE has reached out to its engineer to certify the required documents.

**SEVENTH ORDER OF BUSINESS**

**Consideration of Fiscal Year 2010/2011  
and 2011/2012 Audits**

Mr. Huber reviewed the audits prepared by McDirmit Davis for the Fiscal Years of 2010/2011 and 2011/2012 outlining the findings noted in the audit relating to the District's inability to meet its bond debt obligations and those related to internal control issues also related to the bond debt causing non-compliance issues. He stated that the 2012 audit also addresses the involvement of the SPE in the District's finances.

On a Motion by Mr. Blakley, seconded by Ms. Pierce, with all in favor, the Board of Supervisors accepted the Fiscal Year 2010/2011 Financial Audit for the Zephyr Ridge Community Development District.

On a Motion by Ms. Pierce, seconded by Mr. Bishop, with all in favor, the Board of Supervisors accepted the Fiscal Year 2011/2012 Financial Audit for the Zephyr Ridge Community Development District.

Mr. Huber confirmed that the District is now current on its audits.

**EIGHTH ORDER OF BUSINESS**

**Discussion Regarding Public Comments on  
Agenda Items**

Mr. Robin reviewed the law that was passed during the last legislative session that provides the public with the right to comment on matters prior to the Board taken any action on them that took effect on October 1<sup>st</sup>. He stated that his firm is recommending that Boards include a public comments section at the beginning of the meeting allowing for comments on agenda items or allow for comments after each non-ministerial item. Mr. Huber stated that an item was included on the agenda addressing this law and he will continue to do so.

**NINTH ORDER OF BUSINESS**

**Staff Reports**

A. District Counsel

Mr. Robin stated that there are conditions of financial emergency noted in the audits and therefore the District can expect to receive a request from the Inspector General for an explanation until the funding issues no longer exist. He stated that it is standard procedure and not cause for alarm.

B. District Engineer  
Not present.

C. District Manager

Mr. Huber stated that the next meeting was scheduled for December 17, 2013 at 11:00 a.m. unless the Board chooses to cancel the meeting.

**TENTH ORDER OF BUSINESS**

**Audience Comments and Supervisor  
Requests**

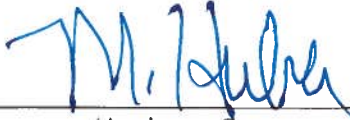
There were no members of the general public in attendance.

There were no Supervisor requests put forward.

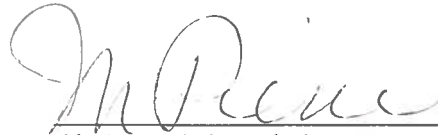
**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

On Motion by Ms. Pierce, seconded by Mr. Bishop, with all in favor, the Board of Supervisors adjourned the meeting at 12:44 a.m. for the Zephyr Ridge Community Development District.



Secretary/Assistant Secretary



Chairman/Vice Chairman