

MINUTES OF MEETING NORTH SPRINGS IMPROVEMENT DISTRICT

The regular meeting of the Board of Supervisors of the North Springs Improvement District was held Wednesday, October 6, 2010 at 5:00 p.m. in the district office, 10300 N. W. 11 Manor, Coral Springs, Florida.

Present and constituting a quorum were:

Steve Mendelson	President
David Gray	Secretary
Vincent Morretti	Assistant Secretary

Also present were:

Doug Hyché	District Manager
Dennis Lyles	District Counsel
Rod Colon	Director of Operations
Jane Early	District Engineer
Brenda Schurz	Administrator
Nick Schooley	Drainage Supervisor
Kay Woodward	Accountant
Donna Holiday	GMS-South Florida, LLC
Barbara Brewin	United Community Management
Cynthia Preziosi	Castle Group
Maria Schnall	Castle Group
Ana Weiss	Castle Group
Craig Vaughan	Castle Group
Jodi Mirabito	Design Forum
Shari Leslie	Design Forum
David Caldwell	WCI Communities
Dough Schwartz	WCI Communities
Rob Stiegele	Centerline Homes
Jeff Kronengold	Centerline Homes
Donald Barnes	Toll Brothers
Sal Fiore	West Broward Community Management
Holly Krulik	resident
Karen Mazurek	resident
Arlene Becker	resident
James Weiss	resident

FIRST ORDER OF BUSINESS

Roll Call

Mr. Hyche called the meeting to order at 5:00 p.m.

SECOND ORDER OF BUSINESS

Approval of the Minutes of the September 1, 2010 Meeting

Mr. Hyche stated the second item is approval of the minutes of the September 1, 2010 meeting. Are there any changes?

There not being any,

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor the minutes of the September 1, 2010 meeting were approved as presented.

Presentation to Nick Schooley

Mr. Mendelson stated we have a gentleman who has dedicated 35 years to the North Springs Improvement District and the board would like to recognize him. This plaque is given to Nick Schooley in appreciation of 35 years of service to the district.

THIRD ORDER OF BUSINESS

Award of Contract for Management Services of Heron Bay Commons

Mr. Hyche stated the next item is award of contract for management services for Heron Bay Commons. The board assigned me the task of doing due diligence on three companies that applied for management of Heron Bay Commons. Each company is very well qualified. I met personally with each one of them and listened to their presentations. They all gave good presentations. Nothing really separates them, they all submitted letters willing to match each other's proposal. My opinion is that we need a fresh face, new ideas and my recommendation at this time is to go with West Broward Community Management.

Mr. Mendelson stated we have gone through a lot of changes and we have to do what is best for Heron Bay Commons and I have a tendency to agree with what he said that it is time for new management and time for us to get the job done. I think it is a good idea to vote for a new management company to come in.

Mr. Gray stated I am in agreement. We have had previous conversations in each of the meetings regarding the way it has been run and that hasn't been working so I think bringing in something different is a good idea and our contracts are clear that if it doesn't work we still have our options. I don't think there is a downside to seeing if we can get something different and better.

Mr. Morretti stated I agree also.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor the contract for management services of Heron Bay Commons was awarded to West Broward Community Management.

FOURTH ORDER OF BUSINESS

Consideration of Encroachment Agreement to Install a Fence at 8561 N.W. 47th Street, Coral Springs, Florida

Mr. Hyche stated the next item is consideration of encroachment agreement to install a fence at 8561 N. W. 47th Street, Coral Springs, Florida.

Mr. Gray asked is staff fine with it?

Mr. Hyche responded yes.

On MOTION by Mr. Gray seconded by Mr. Mendelson with all in favor the encroachment agreement for the installation of a fence at 8561 N.W. 47th Street, Coral Springs was approved.

FIFTH ORDER OF BUSINESS

Staff Reports

A. Manager

Request for Right of Way to be Included in the Local Bill by the City of Parkland to be Submitted to the Broward Legislative Delegation

Mr. Hyche stated the next item is a request for a right of way to be included in the local bill by the City of Parkland to be submitted to the Broward Legislative Delegation.

Mr. Colon stated both NSID and the City of Parkland have annexation bills that will be going before the state. We received a call from the City of Parkland asking if we wanted to include our property located in the Wedge in their annexation bill and in return I asked if they would include their property in our annexation bill. By doing so we are supporting their local bill and they are supporting ours. It is more of a formality than anything.

Mr. Gray asked is there any action required by the board?

Mr. Colon responded there is a resolution in front of you.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor Resolution 2011-01 was approved.

Consideration of Assignment of Developer Obligations for Parkland Golf & Country Club

Mr. Hyche stated the next item is consideration of assignment of developer obligations for Parkland Golf & Country Club.

Mr. Lyles stated there are actually two agreements that are before you that were distributed under separate cover in a supplemental agenda. This is a reflection of the fact that WCI is in the process of selling certain property it owns that is generally referred to as Parkland Golf & Country Club to another development entity, Toll Brothers. There are certain obligations that the developer of this property has to the district under the bond issues that were approved in 2005 by this board, things like a completion agreement, acquisition agreement for the infrastructure that is going to be constructed, true-up agreement and a continuing disclosure agreement with respect to events that occur within the project that would be required to be disclosed by securities laws to the securities

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community. All of those things are allowed to be assigned under the original documents with your consent. Toll Brothers has agreed to take those obligations on to be the substitute developer of that project. WCI is here with these documents, which I have been allowed to revise in certain ways. This is about the eighth version of this document that has gone back and forth among Toll Brothers' legal staff, WCI's legal staff and your legal staff. The final version was nailed down with a minor tweak earlier today and that is what is in front of you and that is why it wasn't in your package. What this essentially says is not that you are in agreement with anything but that you consent to WCI assigning these obligations to Toll Brothers and to Toll Brothers taking them over from WCI. If there is any fallout, any expense, any problem, any issue it is between the two of them but they require your consent evidenced in writing for the obligations to be transferred from WCI over to Toll Brothers. The reason this document is so thick is because the original agreements that you are a party to the true-up and other things I mentioned are exhibits and specifically picked up and taken over by Toll Brothers as a result of this instrument. There are two, one is for what is called the Parkland Golf & Country Club Assessment Area and the second one is Parkland Golf & Country Club Assessment Area A both of which are sub assessment areas that get assessed to pay these bonds down over a period of time for improvements within those particular communities. I welcome any supplementary comments from WCI if there are any and by way of explanation or any further information you think might be helpful to the board.

Mr. Caldwell stated I am with WCI Communities and a representative of Toll Brothers is also here today. As to the agreements they are essentially the same but because there are two separate bond issues there is one agreement for each bond issue. The other issue that would be important for you to understand is even if you agree to it tonight and is executed by all parties, it only becomes effective upon an actual closing on the property. Until that does occur and it is not expected to occur until sometime in the later part of November this year up until then we continue to be the obligated party under those

agreements and upon closing if you approve this agreement Toll becomes the obligated party.

On MOTION by Mr. Gray seconded by Mr. Mendelson with all in favor the consent of the district to the assignment of the developer obligations for Parkland Golf & Country Club Assessment Area and Assessment Area A to Toll Brothers was approved.

Utility Billing Work Orders

There being no comments, the next item followed.

B. Attorney

Discussion Regarding Water and Sewer Connection Fees Associated with the Installation and Conveyance of the Water and Sewer System within Parkland Reserve Pod B

Mr. Lyles stated I think one or more of you board members have maybe received communication about this subject from Centerline. I know that the staff has not only had a meeting but also had communications as well and I think everybody agreed with all the communication flying around that maybe it ought to be on the agenda for an update of where we are and what is going on. You are all aware of the project that is now called Parkland Reserve it used to be a TOUSA project, TOUSA went bankrupt, we got involved in litigation, the bankruptcy proceedings and a number of different things and without going into the very convoluted and lengthy history Centerline came along wanted to take over the project and make a go of it. They wanted to do the financing of the infrastructure and build-out of the project of the public infrastructure portion in a different way than what had originally been envisioned which was the issuance of assessment bonds by the district to pay for all of this. Ultimately a settlement agreement covering a number of issues including them taking back some of the obligations to construct certain things, how

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certain things were going to get paid for was reached and approved by this board. It was primarily negotiated by and worked out with your previous management company, Severn Trent. It was actually finalized and executed after new management took over. All the things that were intended to be done were done, everybody performed on both sides.

One of the provisions of the agreement that I refer to, however, specifically relates to Pod B of the property which was a residential component that was to be developed that really hadn't got going all that much at the time this was going on and this is a mechanism by which an issue that was on the table at the time but really wasn't clear how and when all this would get resolved and how the dollars would shake out was taken aside and put for another day and it says that the developer of Parkland Reserve and NSID shall negotiate a separate agreement for design, construction and completion of water and sewer system and drainageways for Pod B and that as negotiated by Parkland Reserve and NSID the agreement may provide credits in an amount to be agreed upon which credits may be applied to all applicable impact fee and or connection charges for water and sewer service for the residences to be constructed in Pod B.

Centerline has recently come to the district staff and said we want to now have that number ironed out and the staff's response was the situation that this assessment area and this project is in, in terms of the district's own outlay of money is such that we can't really pay anything for it at this time, our calculations don't show us that we have a way to pay you anything for this infrastructure. We have precedent confirmed by the district engineer for other projects and other scenarios around the district in other assessment areas where infrastructure is in fact constructed by the developer and given for no consideration for no payment to the district, which takes it over becomes responsible for owning and maintaining it and of course providing utility service to the residences that are served by it. That I believe is a thumbnail overview of how we have gotten to where we are today. Centerline is here and I know they are going to ask to address the board, which is their right but management staff wanted me to kind of summarize what the legal obligation is

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and what it arises from. What it arises from is from this agreement that was negotiated several years ago and the language says it is permissive as opposed to mandatory, the district may negotiate what this is going to be and may provide for credits against connection fees and impact fees and at this point management staff indicates it is not in a position to either write a check or give credits against those connection fees. In the future further negotiations or discussions might take place but at this time the answer is and you can confirm this as of today the financial situation does not permit the district to make such an expenditure or give such a credit at this time.

Mr. Mendelson stated we voted on this as a board.

Mr. Gray stated that was a provision of the other one to lay out some conversations that were taking place at the time but they are a provision of the original document.

Mr. Lyles stated I was reading a quote from the agreement both parties signed.

Mr. Gray stated but it is a provision that basically sets out a potential future.

Mr. Lyles stated it says, we will talk about it at some future time and we may or may not do something at a future time.

Mr. Gray stated it is in the original document but there was no agreement made.

Mr. Mendelson stated by this board.

Mr. Gray stated that agreement we approved but the conversation that is taking place in there never came to fruition as an agreement.

Mr. Lyles stated that is correct.

Mr. Stiegele stated not to rehash this but the relationship between NSID and Centerline has always been based on good faith and Centerline has acted in good faith on behalf of the district, the city and we have a viable community out there. When we started discussions on a settlement agreement with NSID it was in September 2008 and that is how long ago that document was first drafted. We did not include the multi-family portion of it for the simple reason we did not know what it was going to be. It was proposed to be four story active adult condominiums sitting in the heart of Parkland. We

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knew that wasn't going to work. For the sake of brevity to keep moving through and clean up the mess that was sitting behind us we agreed to clean up the single family home portion of it and agreed to move forward in good faith which we did, we funded every single agreement, we took ownership of the East/West right of ways, we maintained it and took ownership of all of the medians and didn't agree on a settlement or finalize a settlement that we thought was done back in 2008 until February of this year. The document was done so long ago that it never included the multi-family portion, however, I think your district manager at the time was Mr. Ken Cassel submitted a letter and I don't know if everybody received a copy of that letter.

Mr. Hyche stated I asked Mr. Cassel to write me a letter explaining his knowledge of what had taken place and what was agreed to at that time. I believe everyone has a copy of his letter and he copied Dennis on it as well.

Mr. Stiegele stated we relied heavily on Mr. Cassel representing the district at the time and entering into the agreement that was ultimately finalized back in February. More importantly what I want to share with the board is we went out built, delivered, held up to every part of this agreement. We have maintained an East/West right of way, built and maintained it, a right of way which you own that we were not supposed to incur costs until the day it was deeded to us which is now two years later. We still maintain it and we don't own it because it hasn't been deeded it over. We started maintaining and we continue to maintain the maintenance and the median on Trails End. The city finally came back and hit us for \$50,000 to replant all the landscaping in there. We have continued to do things in good faith moving forward. The agreement with Mr. Cassel and you will read in there Centerline knew a couple things, we knew we didn't want to layer any more debt on this property going forward, it was very clear, other than the supplement 2 and 3 that was already there. We would fund everything that needed to be done and in return and in consideration we would go in once we finalized what Pod B was going to be, we would design it, develop it, certify it and bring it complete back to the district and

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consideration would be made for the system itself. What wasn't discussed was how that consideration was going to be made, whether the district was going to write a check for it, whether the district was going to credit us back connection fees up to the amount of the system that we had put in and that was always the intent and the good faith that we went forward on, Centerline Homes, and come here today requesting the board's consideration to be compensated for a system that ultimately you are going to own and benefit from for years to come. The funding agreements that were done were always intended for Pod B to be a part of it. We settled them all and canceled them all out because it was easier to do that than try to go back and reconcile it all at the time. We settled it all, moved forward just to get moving on the right foot. It was important to the district at the time and some of the other members politically I think it was a great move on Centerline Homes' part. We now come back two years later or more to ask for compensation and you are saying, sorry guys there is no money to compensate you for the system and we said that wasn't the intent of our agreement. We have done a lot of things above and beyond and now at the last minute we feel the district is coming up short on what we had agreed to. If you read Mr. Cassel's letter I think it will clearly tell you that it was represented to Centerline there would be some form of compensation, not how because remember this all started two years ago, but we would be compensated for the system. We were never interested in revenue sharing. In that meeting with Mr. Cassel I said to Ken very clearly we want to be compensated up to the cost of the system. If the fees do not wholly pay for the system we are okay with that if there is a shortfall so I guess it was whatever was less.

Mr. Mendelson asked the district never agreed to any of this?

Mr. Colon stated basically Ken Cassel's letter talks about discussions. If you look at the third page it says there was never any firm commitment. We usually have a developer's agreement prior to the developer turning over any type of infrastructure to us and there is a firm commitment that we are going to pay them. In the agreement they are talking about although it is true they are stating the prior agreements in that agreement

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was basically executed the question remains on Pod B. There is some very vague language there is not committed language. Basically we went ahead and we raised rates. I don't think it would justify any citizens for us to give money to a developer if we don't have to, that is my opinion on it. In addition to that if you read the letter it just says we are only talking about discussions nothing was firmly stated that we were going to give them anything.

Mr. Mendelson stated if that is the case that means it never came across the board.

Mr. Colon stated nor did anything come across the board.

Mr. Mendelson stated we never voted on any of this stuff. We are not obligated.

Mr. Hyche stated the agreements involving Centerline Homes and Ken Cassel never came before this board, none of that conversation.

Mr. Mendelson stated I don't see any obligation for the district financially to pay what they are asking.

Mr. Colon stated I will take it a step further, WCI just conveyed almost \$1 million of infrastructure to the district and we gave them \$10 for it.

Mr. Hyche stated actually WCI in Parkland Golf & Country Club it was \$7.1 million worth of infrastructure that we purchased for \$10.

Mr. Colon stated we didn't have a developer's agreement that is historically what we do with developers. I wasn't part of the discussions that is why we asked Mr. Cassel to write the letter but it was very firm that there was no commitment ever given.

Mr. Mendelson stated therefore, there is no obligation by the district to pay that money. Is that correct?

Mr. Colon stated in my opinion, yes.

Mr. Lyles stated the contract provides that the district at some future non specified point in time will discuss this with Centerline. We did have a commitment to discuss it with them but it does not provide a dollar figure, a formula, a threshold, it says that we will discuss it and we will negotiate a separate agreement covering design, construction

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and completion of the system and drainageways for Pod B. We certainly have the obligation to talk with them about it, we have done that. They are not satisfied with the conclusion of the discussions with staff. They want this addressed to the board and staff is of course going to take direction from the board as to where we go from here.

Mr. Gray asked are the items in question now complete?

Mr. Hyche responded yes.

Mr. Gray asked so this has been on the table for two years during the entire construction and never been discussed again until completion?

Mr. Hyche stated that is correct.

Mr. Gray stated so it is not that there wasn't ample time to have a conversation and get it done. Basically it came up when they came for payment.

Mr. Hyche stated that is right.

Mr. Colon stated as it stands right now if there is a water break in there it is really their responsibility, the district has no liability to take the infrastructure unless they want to convey it over to us. If they want to give it to us we will give them \$10 for it in my opinion.

Mr. Gray stated I was told we had precedents on another previous job as well.

Mr. Hyche stated that is correct. WCI at Parkland Golf & Country Club installed \$7.1 million worth of infrastructure that we purchased for \$10.

Mr. Gray asked what about the previous Lennar job?

Ms. Early stated there was Lennar in Wyndham Lakes, H.A. Cumber and another WCI project in Heron Bay the multi-family behind Publix.

Mr. Gray stated so historically if we didn't have an agreement that was the way it was done. It is not a new change.

Mr. Mendelson stated the district is not responsible as far as paying money for that.

Mr. Gray stated when we do have a funding agreement it is a total package where we do a bond issue we get the funding from.

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Mr. Mendelson stated that hasn't taken place.

Mr. Gray stated we couldn't float the bonds.

Mr. Hyche stated the houses are assessed.

Mr. Gray stated we assess them and the homeowners pay that back through the assessment. That is the normal way we have done it in the past. The things that are being suggested aren't in line with anything we have normally done.

Mr. Lyles stated the difference is this was a project that got up and running with a detailed plan of finance for the infrastructure that got completely thrown out the window with TOUSA's bankruptcy and with the default under the construction contracts TOUSA had been paying monthly the draw requests on that and we were a party to the contract and we were not in bankruptcy we became a responsible party and with the desire on the part of this successor developer to not have bonds issued. We had already gone through the process of public hearings, levied assessments for the bonds, went to court and validated the bonds, we were just waiting for the point at which we would go in and sell the bonds and finalize that and have that as an obligation on all these individual units within Parkland Reserve and that is not the way that Centerline wanted to do the project so we negotiated a hybrid of a number of different things to get out of the situation that everybody found themselves in.

Mr. Gray stated part of that hybrid unless my memory isn't correct is that although we are being made whole on the agreement we are being made whole in time without interest. Effectively there is a long term interest free loan that we ended up providing and we currently don't have any money aside from that because we don't have that money so that money we don't have which is a negative we already paid out. We are currently negative on that and we don't have any positive funds from a current bond issue for it, which would be the normal process. We don't have as you mentioned earlier a large number of funds that are just sitting in an account that you would normally have to pay out on it in advance.

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Mr. Hyche stated that is correct.

Mr. Gray stated it is a totally different situation everything surrounding it is different.

Mr. Lyles stated with the one exception that it is not different from other developers who have built infrastructure without an advance funding agreement and then come to the district at the end of their construction, turned it over for \$10 which is a statutory recitation of a consideration amount and that is what essentially has been communicated to Centerline as management's direction in this regard as well. It is not the first time this would have happened in this district.

Mr. Gray stated there was plenty of time that a conversation could have been had prior to getting to this point because we are talking about two years and we have completion of the project before the conversation took place.

Mr. Lyles stated technically the provision was that the separate agreement not the one you approved and was signed in February of this year but the separate agreement relating to Pod B would be negotiated in advance for the design and construction not just at the conclusion. That is what it says, I'm not saying that limits.

Mr. Gray stated I understand but normally you would do an agreement before you finish a project and then come and say I want whatever.

Mr. Lyles stated I think Mr. Colon mentioned that is what the district has traditionally done.

Mr. Gray stated we have traditionally done an upfront agreement.

Mr. Mendelson stated basically there is no contract there is no agreement it was just discussed.

Mr. Gray stated the way we have treated it in the past is exactly what you are saying, that is currently the way it is treated to a current person who is in this room in fact.

Mr. Hyche stated without a developer's agreement that is correct.

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Mr. Gray stated it seems that if we didn't treat it the same we would be putting ourselves in a position of being unfair to the other contractors as far as I can tell.

Mr. Lyles stated that is an issue.

Mr. Gray stated it seems like we would be putting ourselves in a position of having chosen to treat different contractors in a different manner. I would have a problem treating someone in a different manner than I had just recently treated someone else in that same position because that would be hard to explain without having some type of advance agreement dealing with it.

Mr. Lyles stated you have discussed in various contexts over the years the necessity of staying with a precedent once it has been established at the board level and I think that is what you are talking about now. There is precedent you have established and followed and at this point this request would be deviating from that precedent.

Mr. Mendelson stated so we would have to deny it.

Mr. Gray stated yes that is what I would be saying.

Mr. Morretti asked how did you handle Park Place on Coral Ridge Drive or Grand Isles in Wyndham Lakes previously?

Mr. Stiegele stated we didn't have any involvement in those two developments. My only point that I would like to make here is there was a funding agreement I'm not sure in the case of Lennar and Toll Brothers if there was ever a funding agreement for their respective communities. There was a funding agreement that was terminated and settled. We did act in good faith because if you read Mr. Cassel's letter we were going to bring back a finalized development which mind you we only got approved in Parkland in March 2010 that we just finished the water and sewer and just got certification in the last 30 days. We acted in good faith. It was never to come back and discuss that or surely we would have in that whole settlement. It was, you guys develop it you guys pay for it you guys fund it bring us back a bill of sale a certification and we will compensate you for it. This is a completely different and unique situation in all due respect to WCI and Lennar

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and all these guys. This was a hybrid of all of those. In fact we weren't even supposed to start incurring the expenses of the right of way until we actually get the title and the deed to the property. We have two years of expenses, we developed and built and C.O.'d and closed 168 homes before we ever finalized these agreements. We acted in such good faith and so far ahead and shame on us now that we got them closed and done and built the East/West roadway and everything certified. We still don't own it because we are waiting to get title from you but we have maintained it and if you read the agreements we weren't responsible for maintaining it, it goes back to NSID. We would like to make a request if this is going to be denied we would like to come back to the board and request all those costs we have laid out before we took title to these different parcels of properties that we be compensated for that if we are going to go with a contract.

Mr. Gray stated all we are saying is that there was the opportunity to make the contract.

Mr. Stiegele stated no there wasn't. In all due respect we did not know when we finalized that settlement in here this agreement started in 2008 it took until February 16th to get it agreed upon. It had been agreed upon, renegotiated, agreed upon again, renegotiated we went back and forth a million times. Finally when we got it agreed upon and signed we had just gotten our approval so now we knew what we were going to build in Pod B we knew it was going to be 112 townhomes because we were going back and were subject to the city commission. Now we had the approvals now we had to get the design developed so from February or March of this year until now that 6 or 7 months that have elapsed we have developed it, designed it, built it, certified it so now we are coming back in good faith saying it is done or we would have absolutely brought that to your attention and demanded that be part of the settlement. That was the good faith we were working upon.

Mr. Kronengold stated not only that we did not wait until tonight to bring this to your attention. Months ago we started the communications to hammer out this agreement

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as well as to deal with the East/West Road and the other obligations that are set forth in here. Maybe it was a month or month and a half ago we finally did get a meeting with Mr. Lyles and Mr. Hyche and Mr. Colon to discuss that agreement. I walked into the meeting after having numerous discussions with Dennis about it sat down to talk about it and the discussion went like this, no, what's next. That is how the discussion went. There was no discussion. That is exactly what happened. It is not like we were dilatory, like we delayed this thing, we brought this to the attention of the management for the district as soon as it was right for that discussion. Contrary to that some other things we have done here we have done above and beyond what our obligations are under this agreement. If you want to take a very hard line with the language of this agreement then frankly, the language of this agreement would require that the district fund all those expenses that were incurred on the East/West Road up until February of this year. I will refer you to paragraph 5A of the agreement as well as 5B it is very clear in there. It says, from and after the date of this agreement (mind you it was originally intended to be executed sometime in 2008 and was not until February 2010) NSID shall not be obligated to incur any costs to complete the construction of the East/West Road. The East/West Road was done at the time this agreement was signed, all those costs were incurred prior to this agreement so under the terms of this agreement that is NSID's responsibility, it owned it, it provides in here that it was not to incur any costs after the agreement was signed but it doesn't say anything about the costs before. That is certainly not the position we want to take.

Mr. Hyche asked doing those roads and doing all that wasn't that in order for you to get your C.O.'s on the homes?

Mr. Kronengold responded no.

Mr. Gray stated let me ask our lawyer one simple question. If we didn't have an agreement in advance we couldn't be obligated for expenses in advance of the agreement could we unless in the agreement we acknowledge that we were taking responsibility for the advanced expenses?

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Mr. Lyles asked are you talking about the East/West Road now?

Mr. Gray stated I'm talking about what he is talking about. If it was done before we did the agreement and no expenses should be incurred prior to that unless we had agreed to take on the expenses already incurred, do we become responsible for the costs incurred?

Mr. Lyles responded we are getting a little far afield from the issue in front of you and I'm listening to Centerline's position, I think it is silent as to what happens to those expenses. I think they built that road as a volunteer and at their own risk and I don't think NSID is responsible. Obviously they have to have the road to have their project and to sell their homes and I want to reiterate something I said early on in this discussion, that they have performed under this agreement anything they are obligated to do under this agreement pursuant to the negotiations that led up to it, they have performed and I'm not suggesting for a minute that anything less than that has been the experience we have received.

Mr. Stiegele stated as I said before I don't want to rehash the past. I'm just telling you there was a lot of good faith here in this agreement and I can assure you had we known what Pod B was going to be when we were back in here in front of the board we would have absolutely included that. We did not know at the time but we did have the agreement to finish it, bring it completed, a bill of sale and we would get some sort of compensation in some form of connection fees or however up to the cost of the system or whatever was greater.

Mr. Lyles stated in any event they have performed under the contract their obligations. We don't take a position contrary to that. I do not agree with the characterization of 5A and 5B and what costs associated with maintenance of the East/West Road might become the responsibility of the district. I don't think we have responsibility in that regard. That might be something we end up hashing out. I hadn't heard this until this moment and I'm just telling you that I am not going to sit here and agree to that characterization as an accurate one. It might be something to take a look at

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though. That also says there will be a separate agreement and we will put that in that separate agreement about how the East/West Road is going to be handled and there is going to be ultimately a conveyance and we had the right of way, they wanted to build the road, they didn't want us to do it with bond funds, they wanted to do it and we were happy for them to do it and that was part of this whole series of negotiations. I think that Mr. Stiegele keeps referring to good faith and I'm not suggesting there was anything less than that and it actually could also be characterized as we believed everything was going to work out fine and so we went ahead and did all these things and figured we would come in later and pick it all up and it would have a happy ending and when they presented this all a month or month and a half ago whenever that meeting was scheduled to management and management said we just don't have the money to accommodate this.

Mr. Gray stated I know we are still in the hole from the previous agreement and will be for another five or so years depending on how fast things sell.

Mr. Colon stated I just want to concur with his statement. We did have a meeting about six weeks ago. There were a few items on the agenda but tonight's agenda just talks about Pod B and we didn't have a chance to discuss the East/West Road. That was on the agenda it was a brief conversation we just didn't come out telling them no, we gave them a reason why. We didn't even have time to research the East/West Road. I know they are bringing it to your attention tonight but like Dennis said we can research it. We are not trying to not live up to our obligations but you have to understand when you are dealing with taxpayers' money we have to make sure that we know what we are doing before we just give money over to a developer. We went by what the contract said. We know you had discussions with our predecessor but the thing is we can only go by what is written down and it just says that credits may be applied but that doesn't mean, yes. If there are obligations we have under the East/West Road we will look into it.

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Mr. Stiegele stated the reason why we didn't wait until the agreement was done was because we bought the property and closed on it as we told you in September 2008. The agreement didn't finish until February of this year. We would just be starting.

Mr. Mendelson stated if you had waited we probably wouldn't be in this situation that we are in right now.

Mr. Kronengold stated no it would be worse. You would be litigating because we wouldn't close it would have been a debacle.

Mr. Mendelson stated legally we cannot assess people for money that is due, we never had a contractual agreement to begin with.

Mr. Stiegele stated let me tell you what we relied upon. Mr. Cassel agreed he would come and maybe that is what we need to do is defer this until he comes, he represented NSID. He wrote a letter of his representations as a district manager and let him explain it rather than putting it in a letter.

Mr. Mendelson stated I understand what you are saying but we don't have the right as a board to assess people to pay for whatever transpired during the course of your development and I understand where you are coming from but you have to understand where we are coming from.

Mr. Stiegele stated if you look in every settlement agreement we have done over the last two years every time it was going Centerline's way the credits were used on behalf of NSID to offset Centerline meaning the credits were a credit to Centerline. Whenever it was going NSID's way Centerline would get the credit to show it was offsetting the cost. The intent in all the settlement agreements and Ms. Early put together a lot of them showed that Pod B and it was incorrect but it showed the connection fees of \$1,400 per unit where it is actually \$3,000 per unit but it showed the connection fees as \$1,400 per unit that would either be a credit to Centerline or a credit to NSID on every settlement agreement we went through. It was always intended that it would be a part of this settlement and dollars would be considered.

Mr. Gray stated let me ask you something about what you just raised. When you were talking about credits for that my understanding when we were doing the agreement was that those credits would have come to us, which would have helped pay off the existing money on the previous balance.

Mr. Lyles stated not the credits, the connection fees.

Mr. Gray stated connection fees, that is what we are talking about. Isn't that the way it was going to work?

Mr. Stiegele stated for the single family, yes.

Mr. Gray stated if it was part of the agreement they would have come to pay off that debt either way, that would have been the agreement. The money was never just going to be out there it was going to be to make us whole.

Mr. Hyche stated correct.

Mr. Gray stated the fact that it is not in the agreement just means we didn't get it to make us whole as part of that agreement so our time to get made whole just extended out longer. If we had had it in the agreement we would have gotten it toward the existing money that was paid that was owed. We are not changing that really we are getting the money in.

Mr. Hyche stated yes they are paying connection fees.

Mr. Gray stated all I'm saying is that my understanding from you and from what I get from our lawyer is the biggest problem we have is that we have precedent which I take to be a very big thing because it involves huge numbers related to other builders and I think it would be very hard without something in writing that would give us some type of authorization to break precedent, which we don't have. It would put us in a bad position as a board.

C. Engineer

Consideration of Work Authorization 204 in the Lump Sum Amount of \$78,000 to Prepare Design Plans for Approximately 5,500 LF of Water Main for Heron Bay North

Ms. Early stated the first item is work authorization 204 for approximately 5,500 linear feet of water main along the northern section of Heron Bay. What we typically do as development continues we keep updating the model that we have for the water mains and checking the pressures and we have come to the realization that we need to loop this main portion of Heron Bay. This would be to prepare all the plans, permit, bid, answer any questions, do the inspections, do the cost estimates and do the final certifications to the county.

Mr. Gray stated it seems very similar to the one last month.

Ms. Early stated it is that was in Parkland Golf & Country Club. This is to finish off the loop in Heron Bay. We never did a complete loop.

Mr. Gray asked is there something pending that we are doing this because we expect something to be taking place there?

Ms. Early responded there is one more pod in Heron Bay North and we are going to complete the buffers along County Line Road so we want to try to get this in prior to doing that because it would cost more money if we went back and dug up the buffers and that trail we are going to do.

Mr. Gray stated this is related to something we are already doing so we need to do this to get to what we are already doing. We are not just laying this money out and doing this just to be ahead of a builder.

Ms. Early responded no this is required to be done.

Mr. Hyche stated this loop system is required.

Ms. Early stated we want to do it before we do this berm and sidewalk because it would cost a lot more money at that point.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor work authorization 204 in the lump sum amount of \$78,000 was approved.

Consideration of Change Order No. 1 for a Net Increase of \$21,101.87 for Additional Work Provided on Phase 1, Phase 2 P&D and Water Main as Described

Ms. Early stated Hardrives is currently doing County Line Road and WCI had completed a portion of that berm on the west end of Heron Bay and Ward, an NSID employee, actually picked up on this which was good, there is a piece of this extension of the water main that we are going to design that was going to be under that buffer. These items were already in the contract so it was whatever the contract unit prices were so we did this little piece of extension to get it past that berm so we wouldn't have to go back and dig up the berm and put the water main in so this is just for a small section of it.

Mr. Hyche stated I believe most of that is materials cost.

Ms. Early stated correct.

On MOTION by Mr. Gray seconded by Mr. Mendelson with all in favor change order no. 1 with Hardrives for County Line Road West Phase 1 and 2 P&D and Water Main for a net increase of \$21,101.87 was approved.

Agreement for Design Services for Heron Bay Commons

Ms. Mirabito showed the board the proposed fabrics, furniture and tile in the conceptual drawing and stated we are here to present to you our concept and ideas for a fresh face that is well needed in Heron Bay Commons. We have some pictures if you would like to look at the current situation there. We feel that it needs to be user friendly, warm, inviting and needs to be a place that the homeowners can go to and utilize without looking like it has been ripped apart two years from now. One of the mistakes that we see that was made was wrong materials, wrong colors, just not thinking about the kind of

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abuse that a clubhouse is going to get. When you are renovating a project like that you need to be conscience of the materials that you are going to be using. There are several areas that would be left that are existing as an example the reception area desk with the granite top rather than ripping it out we thought it was important to keep it in tact and try to work with it because it is an expense above all the other expenses and it can be easily worked around. We are working with the same colors but trying to lighten it up, light colored walls as opposed to dark red walls, materials such as iron and stones for coffee tables in front of the seating area so that when people are using those areas and sitting there they are not banging their feet and putting things down and damaging the wood that exists, using leather in some of the seating areas as opposed to fabric, things that can be cleaned properly and can be maintained. You can make an area beautiful by using materials that you can look but don't touch, you can make an area beautiful using materials that can be used. The whole point of having a clubhouse is to use it. These can all be substituted if need be but we chose what we thought would look best.

Ms. Levine stated we had selected a stone floor whether it be a porcelain tile or stone floor. The existing floor has small dark tiles and we feel like we need to go with a 24" stone tile that is lighter in color and opens up the space. We talked about doing a medallion in the area between the reception area and the wall just to break up the long path heading towards the pool. Details like this architecturally give a real interest. There are lots of great things to look at without it being too much. Jodi and I do a lot of projects together, everything is very understated but great looking at the same time. What we thought about before putting this board together was the function, durability and to put together furniture that is timeless. Five years down the road nobody is going to come in and say this looks dated. This particular style is very transitional and doesn't shout out too formal, too informal, it is just very inviting and it is an extension of people leaving their homes and coming into this clubhouse feeling like it is a part of their community. They are going to go upstairs use a banquet room and want to be able to feel like they are

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at home. We specified four tables, which is in the card room already. We noticed that four tables have been put together very often when we have been there so we pick out four tables with a straight edge so they fit together. We are working with Shaw Industries who do hospitality carpet where we can pick our own design and specify the colors so we would continue to do the carpet in the interior offices downstairs, the staircase and upstairs areas including the card room.

Ms. Mirabito stated they provide us with strike offs and actual samples before approval prior to actually producing the product. We are very cautious and diligent about making sure it is exactly what it is supposed to be so that we see it beforehand. When you are using such an amount of yardage you want to make sure everything coordinates properly.

Ms. Levine stated we talked about using the existing banquet chairs, there are too many and it runs into too much of a cost to replace but we would definitely recover them. There is a wood floor in the banquet room that is scratched up and probably needs to be sanded down and bring it back to life.

Mr. Mendelson asked is that nailed down up there or is that a floating floor?

Mr. Colon stated I think it is engineered wood and might be glued down.

Mr. Gray stated I don't think it is floating.

Mr. Colon stated we contacted three design companies, the other two wanted money upfront before they went there to look at everything and come up with a concept design. The only one that didn't want money upfront was Design Forum and before you is a proposal to do management oversight. Last month you already picked a contractor to perform most of the work. It is up to the board if you want us to try to get other companies here or accept the proposal.

Mr. Mendelson asked what size tiles are you talking about?

Ms. Levine responded 24" tile.

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Mr. Mendelson stated the grout that goes between the tile I assume there is going to be grout unless you are going to butt it up as close as you can.

Mr. Mirabito stated with marble there is no question but with tile there is porcelain tile you can float.

Mr. Mendelson stated if there is going to be a grout line it has to be minimal.

Mr. Colon stated you came up with one concept. Would you be willing to come up with maybe two or three or four concepts and maybe present them to the community so they can vote on it? I know you spent a lot of time on it but they are the ones that have to live with it.

Ms. Mirabito stated absolutely. That is not a problem.

Mr. Gray stated I'm fine with everything that is done so far. The other people wanted money upfront and I'm glad with the decision you made but do we at least have a relative basis for price as a comparison for design services?

Mr. Colon stated interior design is not my field. If you are asking me if I have a basis to justify the \$25,000 I'm going to have to say no. I don't know. For what they are doing and all the work they are going to have to go through for the amount of man hours they are going to be out there it probably is a good deal. They are responsible to make sure the contractor implements their ideas. That is the first thing. We have no one at the district who can perform this task.

Mr. Hyche asked will you also be supervising the quality of the workmanship?

Ms. Levine responded absolutely. I have been involved in new construction in the Parkland area and Boca area for 18 years. We are on job sites all the time and we are the people who keep everybody in line. We pay a lot of attention to detail and make sure the job gets done, done the right way because in the end it is all a reflection on the designer.

Mr. Mendelson asked if we get a couple of different concepts so the people who are going to utilize this facility can come and check it out and maybe give us feedback as to which way they would like us to go would that be feasible?

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Ms. Levine stated that is not a problem. I would like you to award us the contract and I will come up with ten of them if you want us to. As far as color schemes there are several different color schemes. As far as style we will still suggest to stay in a transitional type of furniture setting this way we don't run into a theme dated several years down the road. There is a lot of furniture out there. There are a lot of different looks it is just coming up with something that the majority would be comfortable with.

Mr. Gray asked what about background as far as checking them out?

Mr. Colon stated they came very highly qualified, we saw their work and she came with a catalog with all their work. The fact that they went out there and did research uncompensated, they spent a lot of time out there and came up with a concept and didn't ask for any money upfront and that shows some type of due diligence.

Mr. Lyles stated I have one suggestion in light of the discussion. In taking a look at the simple form agreement, which is fine for this kind of service technically the district is the client under this document and I think the concept that has evolved during the discussion is that the consultations will really be with the community as well as the client. I think if we add client and community consultations as needed to this document before it gets approved and signed that would cover that issue with making sure the design work meets the residents' approval or representatives of the residents approval before it is finalized.

Mr. Mendelson stated that makes sense.

Mr. Hyche asked are we approving this in concept?

Mr. Lyles stated you are approving this for signature.

Ms. Krulik stated beyond the aesthetic value of the project, which is important it is a very high traffic area being as it is a clubhouse and I just hope attention will be paid to the safety aspect. In other words there is a pool out there, restrooms, people track water through there and I think it is imperative that we consider some sort of non skid surface to avoid liability issues.

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Mr. Weiss stated you are going out of your way on some furniture and design to include residents' input which is sincerely appreciated. I don't understand how that correlates with your doing a management services contract at Heron Bay Commons and you wouldn't accept a single word of input.

Mr. Mendelson stated that is over and done and this is a different issue.

Mr. Hyché stated we are talking about the design review at this time. What you want to talk about is under audience comments.

Mr. Gray stated if you were in the last meeting then you know we responded to what you just said because I personally responded to what you just said. The basic gist was very simple and that is we are not going to manage a clubhouse, it is not what we do for a living, it is not what NSID does and I do work for a builder who does a lot of clubhouses and every builder I know hires a management company. We are not doing anything unusual we are doing something perfectly normal and we did take the input but we are saying the request for us to do it ourselves is not a reasonable request. It is not what we do for a living.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor the agreement for design services with Design Forum was approved as amended.

Ms. Krulik stated with regard to that management issue pursuant to the contract with United Communities is there a provision for a termination period? What can we expect as residents?

Mr. Mendelson stated it is month to month it is 30 days.

Ms. Krulik asked can we expect that West Broward will come in immediately or will 30 days notice be given to United?

Mr. Mendelson stated as soon as they finalize their contractual obligation with the district they are ready to go.

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Ms. Krulik asked what about the long term employees we have had at the clubhouse for quite some time?

Mr. Colon stated they will be absorbed by the new management company. The only one who will not will be is our guest relations who works for NSID.

Mr. Weiss stated I think you misunderstood my comment. I wasn't suggesting a position of no management contract. I did give this a great deal of thought to the point where I wanted to be very explicit and I wrote my comments which I generally do not when I speak before a board but I wanted to be very clear on how I felt about your selecting a management company. My point was nothing more than input in my opinion should be received at the beginning of the meeting if it pertains to none of the agenda items and should be in the beginning or at some point in the discussion of any particular item before that item is voted upon.

Mr. Gray stated I did misunderstand so I apologize. I thought you were talking about our previous conversations at the last meeting. Having said that I would still say that what we said at the last meeting was that we were turning it over to the people we respected to make the decision come back with a recommendation so when they come back with a recommendation we really weren't planning on having any future conversations regarding it. That is what we discussed last month.

Mr. Colon stated you went ahead and spoke out. NSID is not a homeowners association it is a government agency. You just can't interrupt the board, the board didn't acknowledge you when you started talking and they chose not to have any audience comment. We will towards the end have an open discussion where you will have three minutes to say what you want to say. You just can't start speaking it is not the right way to do it.

Mr. Weiss stated my question at the beginning of your meeting was you were moving directly into a vote and I'm accustomed with the City of Parkland that comments on non agenda items are accepted before the meeting begins and on every agenda item

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before the vote is taken by the commissioners. I'm shocked by this approach of only accepting input at the end of the meeting.

Mr. Colon stated it is up to the board. Had you raised your hand and the board acknowledged you then you would have had a chance to speak. I have been to the City of Parkland meetings and they do that. They recognize you, you come up to the podium and you have three minutes. My comment was to the fact that we don't allow anyone to come in and start speaking and interrupting people.

Ms. Krulik stated on behalf of one of the residents who had to leave early. Can you just clarify if the existing bond was intended to fund a recreational complex that would be available only to residents of the development or available to non residents as well?

Mr. Lyles stated this facility was funded and continues to be funded with tax exempt bonds. They have to be qualified in order to be tax exempt bonds and in order to pay the lower interest rate that is now being amortized by the residents through their assessment program. They have to meet IRS requirements. The IRS requires that a facility such as Heron Bay Commons under limited circumstances but ultimately be available through a reasonable schedule of applications and fees to be paid to the public generally and not just to residents of the community. That document you are referring to I believe was prepared in error and I can assure you that over the years the opinion has been given more than once that a schedule of fees and charge need to be adopted. It would have been the responsibility of the property owners association under the old management scheme it is now being returned to this body and we are going to in light of the inquiry and the possibility that that wasn't carried out as it should have been we are going to be looking into it and adopting the appropriate schedule of fees and charges and conditions upon which someone from outside the community would be permitted to use the facilities. They do by tax requirements of federal law have to be available under those limited circumstances.

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Project(s) Status Report

The project status report was included in the agenda package.

SIXTH ORDER OF BUSINESS

Approval of Financials and Check Registers

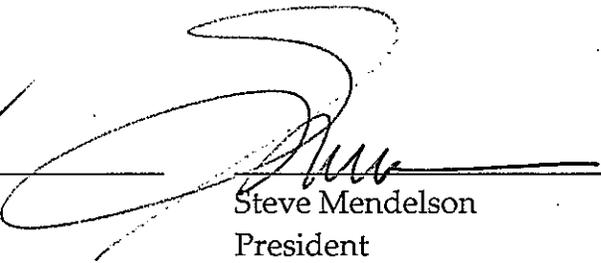
Mr. Hyche stated the next item is approval of the financials and check registers.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor the check registers were approved.

On MOTION by Mr. Mendelson seconded by Mr. Gray with all in favor the meeting adjourned at 6:15 p.m.



David Gray
Secretary



Steve Mendelson
President