MINUTES OF MEETING
LAKE ASHTON
COMMUNITY DEVELOPMENT DISTRICT
AND
LAKE ASHTON II
COMMUNITY DEVELOPMENT DISTRICT

The continued joint meeting of the Board of Supervisors of the Lake Ashton Community Development District and Lake Ashton II Community Development District held on November 8, 2019 was reconvened on November 15, 2019 at 10:00 a.m. at the Lake Ashton II Health & Fitness Center, 6052 Pebble Beach Boulevard, Winter Haven, Florida 33884.

Present and constituting a quorum:

Mike Costello	Lake Ashton CDD Chairman
Borden Deane	Lake Ashton CDD Vice Chairman
Bob Ference	Lake Ashton CDD Assistant Secretary
Bob Plummer	Lake Ashton CDD Assistant Secretary
Harry Krumrie	Lake Ashton CDD Assistant Secretary
Doug Robertson	Lake Ashton II CDD Chairman
James Mecsics	Lake Ashton II CDD Vice Chairman
Stanley Williams	Lake Ashton II CDD Assistant Secretary
Carla Wright	Lake Ashton II CDD Assistant Secretary
Bob Zelazny	Lake Ashton II CDD Assistant Secretary

Also present:

Jillian Burns	District Manager
Jan Carpenter	Lake Ashton CDD District Counsel
Mike Eckert	Lake Ashton II CDD District Counsel
Christine Wells	Lake Ashton CDD Community Director
Mary Bosman	Lake Ashton II CDD Community Director
Numerous residents	

Please note that due to a lot of background noise and conversations portions of the meeting cannot be transcribed verbatim where the recording is inaudible.

FIRST ORDER OF BUSINESS **Roll Call and Pledge of Allegiance**

Ms. Burns called the roll and the pledge of allegiance was recited.

SECOND ORDER OF BUSINESS Approval of Meeting Agenda

Ms. Burns: The first thing we have is Approval of Meeting Agenda. Any questions or comments? Any additions?

Mr. Eckert: Just one item in relation to the interlocal agreement in the form that you have already approved, there have been two developments in our negotiations, both with the seller, as well as with your counsel. One, we negotiated an extension of the due diligence period for another week because we have not gotten all of the due diligence that we expected and our deal in the interlocal agreement was to give Lake Ashton CDD the same due diligence period that we had, so we would be asking that the agenda include an amendment to allow for that. The interlocal agreement requires the recording the lease; we have agreed with your counsel to record a memorandum of the lease rather than record the entire lease. So, I would ask for an agenda item to approve those two changes to the interlocal agreement before execution, and I would invite Jan Carpenter to provide any clarification.

Ms. Carpenter: The purpose of recording a memorandum lease is that is what is more customary and it is what from a legal perspective protects those who have been looking for a memorandum of lease, so we suggest that be added rather than put the whole lease in the recorded documents.

> On MOTION by Mr. Robertson seconded by Mr. Mecsics with all in favor the meeting agenda was approved as-amended by the Lake Ashton II CDD Board.

Ms. Burns: And do we have a motion from Lake Ashton CDD?

> On MOTION by Mr. Deane seconded by Mr. Plummer with all in favor the meeting agenda was approved as-amended by the Lake Ashton CDD Board.

THIRD ORDER OF BUSINESS Public Comments on Specific Items on the Agenda *(speakers will fill out a card and submit it to the District Manager prior to beginning of the meeting. Individuals providing speaker cards will also have an opportunity to speak prior to Board action)*

Ms. Burns: Up next is public comments. I do not have any speaker cards today, so I will move on unless anyone has anything?

FOURTH ORDER OF BUSINESS **Consideration of Lease Agreement**
(Documentation and Information will be Provided Under Separate Cover by Counsel for Each District)

Ms. Burns: Up next is Consideration of Lease Agreement. Who wants to go first?

Ms. Carpenter: I will go ahead and start. I just want to let the Boards know because the Boards had asked to have a final agreement by Wednesday, I think we talked at the last meeting, and Mike wasn't here, but the timetable was that we would receive a draft of the lease from Lake Ashton II CDD counsel Friday or over the weekend and we would talk with them on Monday, but it turned out it was Tuesday and we hoped to finalize it on Wednesday. We didn't get the document until Tuesday, probably with the holiday and all, but that put us back a little bit because we got it Tuesday morning and I pulled one of our commercial real estate guys in to look at it since the time was short. We got comments back that afternoon, we had a call on Wednesday to go through and we had our real estate guy there, they had theirs, and Sarah and Andrew coordinated since unfortunately I was up in Tallahassee at a closing. We thought we came to an agreement on most points, but when we got the agreement back yesterday, it did not include some of the points we thought were important for a commercial reasonable lease among the two parties. We sent comments back that afternoon, but we didn't get back a response until after midnight so I didn't see it until this morning and was reading it in the parking lot. You all have copies of it now. Just as some background, when lawyers draft a lease, you usually start with a tenant favored lease or a landowner favored lease and in this case we wanted one that works for everybody. When we got the lease, it felt like it was a tenant lease where everything was sort of geared to the tenant. I am sure Mike will object, but that was an argument we felt we had to put some provisions in to protect Lake Ashton CDD because you own the land. This is a long-term lease for 30 years. We don't know the future Boards and future managers. We are trying to make this as reasonable as possible for 30 years, which is tough to do in 3 or 4 days. My commercial real estate guy thought we would have at least 3 months. We all jumped in and moved schedules around, but we ended up going back and forth with a couple terms because we felt we really needed to make it fair. The rent charge was something we went back and forth on. And again, it is not against Lake Ashton II CDD, it is the fact that it is a lot of property and this is a 30 year term. We changed the term from 30 years to 3 separate 10 year terms for

legal reasons, but it is 3 terms for 10 years and the terms are only at the will of Lake Ashton II CDD unless there is default. So, it is 30 years still, but it just avoids some of the legal ramifications of owning a 30 year term lease. And they agreed to that. So, we can take comments now, I don't know if the Boards want to go over it one-by-one, which I think you told us you wanted to avoid, but whether you want to make a decision on one version or another, I am not sure where you want to go from here. I am not sure what our Boards feel is the best way to get this resolved as quickly as possible. This is totally assignable with some minimal criteria you need to make sure you have some remedies if things don't go right with the potential company that is leasing.

Mr. Deane: In my opinion, you have to have default remedies for Lake Ashton CDD. They still have to be put in the lease to protect the residents of Lake Ashton CDD. To get something an hour ago and expect us to go through it, I think we should just adjourn the meeting, give us a chance to look at this over the weekend, and we can discuss it at our Board meeting Monday and extend this meeting until that Monday afternoon or Tuesday. To expect to go over this and approve it right now is absurd.

Ms. Carpenter: And just to clarify, there are remedies to terminate if needed.

Mr. Eckert: I think we have provided a proposal that is not exactly what you asked for. It is a monthly rent based on what you were seeking on an annual basis, plus you also have the right to get attorney's fees if we breach and you have to evict us you would get the attorney's fees against us. That provision is in there, as well.

Ms. Carpenter: And that is a provision we struck because it was covered by the Florida Statutes. I am sure there are ways to come up with solutions, but these are all items we have presented at least once if not more. I don't want it to appear that we are being unreasonable and I am sure we can work through it, but we have tried to come up with ways we have seen many commercial leases to make it as easy as we could, and we can probably get there. I don't know if it's best to go through each item? Again, it is up to the Boards what we want to do. I know folks would like to get this resolved as quickly as you can, but I want to make sure you are understanding the business decision.

Mr. Plummer: Why did the due diligence get extended by one week?

Mr. Eckert: We did not get the Phase I environmental study back, as well as other survey information that we are waiting for. We anticipate getting that within the next week.

Mr. Plummer: I understand that, but does that mean we have another week to hammer this out, as well?

Mr. Eckert: No, I don't believe that. Again, I didn't make an opening statement because Jan was talking to you all, and I respect that, but no, I think our goal today, and I am happy to spend as much time with you on walking through paragraph by paragraph explaining what this lease means and what it provides to identify the decision points the Boards have, I want to walk the Boards through that. Our goal today is to get a lease hammered out that we all are comfortable with, and again, looking at the benefit of the long-term stability of the golf course for this community. That is the way my Board has told me to approach this for the entire community and that is how I have, and that is why I think we can work out these issues, but we can't go down this road any more in terms of the lease. We have to tell the seller what property we are actually acquiring on December 13th. So, my hope is that everybody will be thoughtful and we can walk through this document and try to agree on the terms.

Mr. Plummer: I understand what you are saying. So, walking through the document, do you simply mean the section that is redlined?

Mr. Eckert: No, I think we walk through the entire document and if any Board member has any questions, because we attorneys do our best to agree on what we can agree on, but there may be business points that we have agreed on that you don't agree with and you should bring those up if in fact you have questions on those. We are way past the time where we should have told the seller what property we are taking because if in fact we are not going down this road, we have to have an operating agreement with the seller whereby they operate what land they are retaining and what land we are taking we would operate. That is kind of how it is from my Board's perspective and why it is important for us to walk through this document and be thoughtful today.

Ms. Carpenter: What is the deadline for telling the borrower? We have a Board meeting on Monday, so that is why we were asking.

Mr. Eckert: Yes. We have to get the operating agreement done, blessed, and approved by this Board during the due diligence period, which means I can't wait until you all say whether you agree or not to start drafting that document. I have an outline of that document, but when it looked like we were making progress, I stopped working on it. We

need to know today what issues we can work out, and if there are issues we can't work out, because my Board has to make a decision which direction to go because December 13th is going to be here before we know it. We have to have an operating agreement, we have to have title insurance on the correct property, and we have to know where we are going. So, I would appreciate it if we could walk through the documents, see where we have areas of disagreement, see where we have areas of agreement, and for any disagreements, we would come back to those and see if we can't resolve them.

Ms. Carpenter: And to the Lake Ashton CDD Board, it is really up to you. They have a deadline of today, but we didn't get the document until this morning and we didn't have a whole lot of time to work on it. If you want to go through it, I am willing to go through it and explain the rationale of why we have done these things, but if you would rather have time like until Monday or postpone the meeting until later, it is really up to you how want to handle it.

Mr. Costello: Jan, are you not comfortable that we have not gotten the chance to review this document and you are advising not to go forward?

Ms. Carpenter: I can give you my legal version or legal view of this. Most of the issues are ones we raised earlier, but I haven't had a chance to go over it with my commercial litigator. I can give you the best advice I can, I am happy to do it, I can explain everything fairly well, but I wasn't on the phone during the negotiations and didn't get to research most of it since my real estate guy did that.

Mr. Costello: Does your real estate person have a copy of this now? Is he reviewing it?

Ms. Carpenter: It came in at 12:10 a.m. last night. I couldn't read it on my phone, and it is possible he has reviewed it this morning, but I haven't talked to him today. I can explain it because I have done enough real estate throughout the years, but I do feel a little bit that we have been pushed and getting comments back saying this is make-it-or-break-it or take-it-or-leave-it doesn't feel so good. The first provision from the first page under the rent and other charges, this is talking about taking care of the paths and the maintenance obligations of Lake Ashton CDD. The interlocal says Lake Ashton CDD will take care of the paths, and generally in a lease when the landlord is retaining some items, they leave those out and the lease covers what is being obligated. It says the interlocal

requires it, but it kind of mucks up the business deal if we are putting this in here and adding obligations of the landlord that generally aren't in the lease. Again, it may not be Lake Ashton II CDD we are dealing with down the road. It seems like we don't want to have additional lease obligations when we have them under the interlocal.

Mr. Eckert: From our perspective, all we were doing was defining the landlord's obligations, and the landlord's obligations to maintain the ponds, pathways, and bridges, are both found in the interlocal agreement and this lease, so that was really all we were trying to do, define where those obligations are.

Ms. Carpenter: They were already taken out of the lease because the interlocal defined that for the Board's decision. Again, I don't want to impose other obligations that we don't need in this agreement and we are trying to keep this to a basic lease agreement.

Mr. Deane: That shouldn't be in the lease because if it is in the interlocal agreement it doesn't belong in the lease. The lease is for what the ground is being rented for, and what the terms of a lease is, our responsibility for maintenance doesn't have to be in the lease in the grounds we are leasing and it should not be in the lease in my opinion, having signed several leases in the past.

Ms. Carpenter: Yes. The comment about the pathways and bridges being intrical to the course and there are assurances we can hold Lake Ashton CDD to the obligation, you can't have what is in the lease be different from what is in the interlocal.

Mr. Eckert: We have obligations in here for you all to repair those, especially if they are interfering with people playing golf, so there are maintenance obligations that are in the lease. In the event we ever needed to assign this lease, then the interlocal agreement may not apply. So, there is going to need to be maintenance obligations that are in the lease, so I would disagree that it is somehow against the law to have maintenance obligations reflected in two documents.

Ms. Carpenter: We didn't say it was against the law, we just said there are supposed to be additional obligations that my Board needs to know could be imposed by this. The obligation is in the interlocal and to an obligation to a management company separate from your obligation to the other.

Mr. Deane: Those things don't belong in a land lease. I am sorry. I have signed several leases over my life. I have been in business in several different states, and I have

never seen obligations like that. Besides that fact, I haven't had a chance to go through the whole document since I just got it. I just don't think it is right. That is my opinion.

Ms. Carpenter: Well, why don't we continue because there is a maintenance obligation that we don't object to, as long as it includes tenant negligence, which it doesn't, so that is an open issue.

Ms. Wright: I have a question. This lease is for 30 years approximately, so it is enforceable for that long. How long is an interlocal agreement enforceable?

Mr. Eckert: Until it is terminated. Depending on how the interlocal agreement is written, it has the termination rights. You all approved that, and I believe that if for some reason we couldn't take down the golf course, the lease is terminated and the interlocal agreement would terminate. Both parties can agree to terminate.

Ms. Wright: So, two new Boards in two years could terminate the interlocal and lose our safeguards on the maintenance?

Mr. Eckert: They could. And again, I am not trying to cut anyone off, so certainly if anybody wants to provide their opinion they can, but I would like to see if we could work through this without a lot of explanation in terms of why people feel the certain ways they do. Let's see what we can agree on, and then we will come back to the other ones and have more robust discussion on that if that is possible.

Ms. Carpenter: I have not had a chance to talk with my Board members about this, so if you have questions, feel free to ask. If it gets too burdensome, we will figure out another way to do it.

Mr. Costello: No matter what you bring up, someone more than likely is going to have a question, and I think that they have a right to an answer to that question as we are going along.

Mr. Robertson: The West is trying to buy the golf course for the benefit of the entire community, not for the benefit of the West. There is no win-lose in this concept. We want to operate the golf courses for the community as a whole. If down the road something happens with the golf courses that miraculously changes what every consultant says should be a reasonable golf course, we are all in this together. We don't want to close either course. The property values will go down if that happens. There is no win-lose in this conversation. We either win together, or we lose together. I hear back-and-forth

saying we want this and you want that, that is totally the opposite of what we are trying to accomplish here. We are trying to accomplish the merging of this. We are trying to merge the two Boards into one and work together rather separately. This is for the benefit of the community. Just imagine. The worst everybody is saying is that the golf courses aren't totally viable. If they are not totally viable, that is our problem as a whole. We are trying to protect this community as a whole, and I don't like it when we try to make it adversarial. We want this to be mutually beneficial to all sides. All the sudden I feel like we are hiring divorce lawyers and I don't like it. I am emotional about it because I have invested a great deal of my time for the benefit of this community as a whole, not one side or another. I wish we would take that attitude and use our words carefully because we are friends. We are not adversaries.

Mr. Costello: I know we aren't. The only thing I was trying to say is if we have a question, we should be able to ask it. Like I said last week, my prayer is that you guys buy this golf course and succeed and make buckets of money. It doesn't bother me in the least, but in the meantime, if we do have questions on something, I feel that we should be able to ask them.

Mr. Robertson: It is just this seems to be dividing us. The idea of making buckets of money is important, but it is more so to beautify the community. If we actually made money, it would be wonderful for the community. There is no win-lose in this game.

Mr. Costello: I agree with you.

Ms. Carpenter: If I may, Doug, I agree completely with you, and that is why it has been so difficult to be told these are deal breakers when we raise points we think are relevant. You do have to think, and hopefully at some point we will have a management company running things, but future Boards may have to deal with a totally unrelated enemy for 30 years, so we have to make sure if that company does something wrong down the road, they have some rights to fix it. I am just trying to make this right. If it is Lake Ashton II CDD, I am sure it can work out, but Lake Ashton II CDD wanted absolute rights to assign it without consent. That is a very big issue that we really have. Unless it is a reasonable company that takes it over, we are stuck with only what is in this piece of paper for remedies. It is not anything against Lake Ashton II CDD, it is just that 30 years is a very, very long time, and we need to make sure that Lake Ashton CDD's property is

covered and taken care of. It impacts Lake Ashton II CDD, too. We want to make sure that everything is taken care of long-term. Mike and I are frustrated because we have some differences of opinions on things, but those are business issues. So, I agree, let's go through this and get these things how they need to be. We put nothing in here that we haven't seen in a billion leases and that is why I brought our real estate guys into it because things like these are in every lease no matter who they are because it is not among two governments where it can be transferred at any time to somebody else. So, we have to make sure everybody is covered. The issues are not that many, but we will explain why we think they are important and the Boards can make a business decision that they don't care, or we will go with that, maybe the Boards will say yes, let's do that, or maybe let's move on, but I don't think we can just take the last version and approve it. I am trying. I am a little stressed, too. The next thing is really just a customary thing. All of these years with these Boards, I think of Lake Ashton as one of my longest clients and hate to see folks getting upset over things, though I am upset over some things, too, honestly. The Lake Ashton II CDD, or the tenant, is going to be paying for and be in charge of running the golf course. It is customary, reasonable expenses, taxes, and all of the other things, which is good. If for some reason the landlord incurs expenses, let's say taxes weren't paid, so Lake Ashton CDD pays them. And again, if Lake Ashton II CDD doesn't pay the taxes and the landlord pays it, we furnish the tenant with notice and if it is a reasonable request, we will give them reasonable documentation. They can't not pay us while they are waiting for it. That is something we put in most leases. The change they wanted is that the landowner will furnish written notice accompanied by documentation with no timing standards so that they put Lake Ashton CDD out a lot of money if it is somebody that doesn't perform. If they are performing, it is not a big deal, but it seems totally reasonable that if they ask for documentation, and that is just trying to cut off problems down the road. It is not overly material, just a somewhat customary term. Mike, if you have a reason why it is not good?

Mr. Eckert: Yes. I think if you are going to ask the District Manager to cut a check because you incurred some expenses, it ought to be accompanied by documentation showing why that amount is necessary to be paid. It can be an invoice from a bridge repair person, or somebody who had to repair something else. All we are asking for is

that you provide that documentation. I am fine with reasonable supporting documentation if you want to provide that.

Ms. Carpenter: When you say reasonable request, because if it is something like a tax bill, there is nothing that has to be provided. Okay, you didn't pay the taxes, here is the bill, pay it.

Mr. Eckert: If you have a tax bill you can provide that to us, then we can pay you back for the tax bill.

Ms. Carpenter: If you want to take out the reasonable request, then that is fine.

Mr. Eckert: And then not withhold a payment, again, if you want us to pay, we are happy to pay, but when you make the request for payment, there should be some documentation as to how that cost was incurred. That is all we are asking for.

Ms. Carpenter: If you want to take it, we can. I just don't want to get into a fight on what is reasonable. The next one is capital repairs. We can live with the language, but the only thing we wanted to define was capital repairs, Section 3.2. What this provision relates to is if they close the golf course to do capital repairs. In any lease, capital repairs are defined either by accounting standards, by a section of the IRS code, or other similar standards which the Districts' financials are done under. So, it is clear what a capital repair is and we don't have to get into a discussion on terms for capital repairs. It is just a way of defining it if there is a problem down the road. Again, right now it is not going to be a problem because we talk to our neighbors, but if we have a third party, it is always good to define the list or have in the records what a capital repair is rather than just have an ambiguous term of capital repairs. That is all we are trying to do to make it clear because down the road we may have some things that may be considered capital repairs and some that may not.

Mr. Eckert: I think there are two issues that I just want to bring to the Boards' attention here. One is the GASB standard, that is an accounting standard, and here is what the purpose of this paragraph is, and I drive by this every time I go to the airport, the Seminole Golf Course, which is the FSU golf course that has been closed for over a year because they are redoing it. They are redoing the fairways, the greens, and everything. It has been closed for a year. In the event that we have to do that type of construction on the East course, we don't want that to trigger a termination of the lease. So, what we

have proposed is for 0 – 180 days, we can do that as a matter of right. For 180 days to 365 days, we would have to provide notice, but we would still be able to close the course. And then if we have to close the course for over 365 days, you would have the right to object to that, as long as your objection was reasonable. For example, we close it, but we don't enter into a contract for anybody to do anything, then you would be able to say that is not acceptable and you are going to terminate the lease. If we are actually doing construction, we would expect you to work with us to make sure that construction can be done. In terms of the standard, we were trying to come up with the ordinary meaning, which is if we have to do extraordinary work on that course and it has to be closed, then you need to work with us on that. We are not comfortable with an accounting standard because we asked the question if in fact the greens have to be redone and the course has to be closed, does that qualify under this accounting standard, and nobody could answer that question. Referring back to the accounting standard, to us is not as good as referring to the ordinary language. Ultimately, if you want to go with an accounting standard in terms of how we do business with each other, I don't care about that, but I do care about how long we have to be able to do the remediation that we may have to do.

Ms. Carpenter: What we had suggested, because they put in here that they can close for up to 180 days with no notice, we felt that was a very long time to have it closed without knowing what is going on. If you have a management company, you might want to know why they closed the course for a couple months, but again, that is a business decision you have to define. I would like to find a list or reference to a golf course with something to kind of say what extraordinary maintenance is, because extraordinary repairs, I don't know if that is putting a roof on the bathroom or closing the golf course for 6 months without notice, we are doing extraordinary repairs and I just don't know what it means without a definition.

Mr. Plummer: First of all, common sense tells me that if anybody is operating to make money, they are not going to close it any longer than necessary. If the West is operating it, they are not going to want to keep it closed very long either because they know that having it open is the only way to make it profitable. I don't have any problem with the time and length you are putting in here, but it is all about communication. It really has nothing to do with anything other than communication and how they notify us just so

we have that information. And again, I am not so much worried about it if it is Lake Ashton II CDD that is operating it, but if we ever assign that lease to an outside party, then that to me is important.

Mr. Eckert: What about if we include a requirement that if it is going to be closed for more than 60 days, we provide you notice? It is going to come through the grapevine in terms of the Board meetings and things like that, but would that be better?

Mr. Plummer: If it is Lake Ashton II CDD, we are going to talk to them on a daily basis and know what is going on.

Mr. Robertson: Then make it 30 days?

Mr. Eckert: That's fine. If it's going to be closed more than 30 days, we can provide notice, but what I don't want to have happen is if we provide notice on Day #31 because it falls on a holiday, that is a breach of a lease that you can terminate the lease for.

Ms. Carpenter: I think 60 days would probably be fine, but I think it is just notice on what is going to happen and it is really not for Lake Ashton II CDD running it. It is really for down the road that this Board will have an understanding. You don't want a management company to say hey, we are going to close the East course for 6 months during slow periods. They are saying it is capital repairs because it is putting a roof on something. There are ways to get around it, so I am trying to come up with something. I am not being picky, though I know I sound like I am. I am just trying to come up with ways to avoid things we have seen in the past. We hope Lake Ashton II CDD runs it forever and all of this is never needed, but we just have to be sure everything is covered.

Mr. Robertson: So, the question is 60 days, if we had something that would hurt both sides, the language in there would affect the West as well if a company was trying to close down the course to save money.

Ms. Carpenter: And that is where capital repairs are being defined, we need examples of capital repairs because it talks about extraordinary maintenance. Right now, under this language they could close the course for 180 days. That is exactly what it says. We just need to clarify the language for both sides.

Mr. Costello: I don't think it is overbearing to ask somebody either.

Ms. Carpenter: Maybe we can get some examples of capital repairs to at least have that defined?

Mr. Eckert: Yes. Jan, I can commit to you that we will agree to whatever list of capital repairs, as long as they are capital repairs that would qualify under this. You and I are going to be fine on this. So, 60 days for notice, I want to be clear, if in fact that notice is late or for some reason isn't received, I don't want that to be a default under the lease. I want to make that clear. It is not that we are not going to do it, but I don't want it to kick in the ability to terminate the lease.

Mr. Costello: Once in, the thing here is we are looking at it if somebody else takes over this. You are going to be protected by it also due to the fact that we are not going to have a situation where it is just going to sit there idle.

Mr. Eckert: Right. It doesn't work for us for it to sit idle. It doesn't work for anybody. So then on the timing, I know Jan had suggested different timing than we had suggested.

Ms. Carpenter: Notice for 60 days and for over 365 days, written consent is required. We can all agree to that?

Mr. Eckert: Yes. Then 3.3, we thought that language was already covered by the beginning, but if that is important to you, we can leave that in.

Ms. Carpenter: Yes, that is important. The next one under 3.6 is a typical lease term and says we can't do anything to interfere with them running the golf course and ownership of the golf course. We said subject to matters of record because there are easements or other agreements of record that we can't help. We also said any future easements or licenses that don't affect their permitted use, so if you wanted to give a license to somebody to expand the road or to do repairs, this prohibits you from doing it without getting consent of the tenant. It is reasonable for the landowner to be able to get easements, but if it an easement or license agreement for somebody to do something on a portion of the golf course, we should be able to do it without having to get consent.

Mr. Eckert: Our concern with this language is, first of all, when we take title to this property, we are going to take title subject to all of the easements and recorded documents that are out there. That is just the reality. They are already going to have to do that as a matter of law. When you throw in things like if it is a license we don't know about that isn't in the property records, I am not going to agree to be bound by that. I don't think anybody should if it is not in the property records in terms of future. If you want to say it doesn't interfere with our use, then maybe that is a little bit better, but

unreasonably interfere, I am fine with that if you are, but there should be no ability for Lake Ashton CDD to interfere with our ability to operate the golf course.

Ms. Carpenter: If you want to take out the unreasonably that is fine, but it is implied in the contract. The next thing is insurance. I think we were waiting for GMS to get information. The $1 million insurance requirement for general liability, we increased to $2 million and we used it as the amount we are using in our landscape contracts and everything else. Jill will need to tell us whether, and I think she has already contacted but not heard back yet from the insurance company what the actual limits are today.

Ms. Burns: They have been contacted. I am waiting on a response still.

Mr. Eckert: My comment on the insurance that I think the Board should consider is that we are both going to own property. We are going to own and lease the grass, t-boxes, flags, the golf club, etc. Lake Ashton CDD is going to be responsible for the pathways, bridges, and things like that. We have gone back and forth with different insurance requirements for the landlord versus the tenant, and the reality is each District is going to be responsible for maintaining certain portions within the real property. So, what I would suggest if Lake Ashton CDD wants to pick the insurance requirements, that is fine, but they should be reciprocal. Let's have the same insurance requirements for each other because we are both responsible for maintaining certain things where people can get injured and may need to be replaced if there is property damage.

Ms. Carpenter: We had taken out the landlord insurance because that is customary and you don't generally put the landlord's insurance in the lease. That is just not reasonable. We obviously have insurance as a CDD under the law, and I don't mind it being a reasonable amount, but I don't see why there should be specific amounts.

Mr. Eckert: So, if we are both going to agree that each person should get commercially reasonable insurance, that is an easy agreement, but if you are going to put specific requirements on us, and then you guys get whatever you think you want to get for insurance, that is not fair.

Ms. Carpenter: In the future it may be a totally independent company so we want to make sure that we have certain things. That is very normal. If someone gets sued, we are obligated to make sure the coverage will cover what we anticipate, not what the tenant thinks is appropriate.

Mr. Mecsics: As my mother and father used to say, what is good for the goose is good for the gander, and as Mike has said, we should be doing likewise. As he said, I don't think there should be differences. Let's do this together as a community.

Ms. Carpenter: I will disagree because this is a lease.

Mr. Plummer: Is it possible to write into this lease that if the lease is with Lake Ashton II CDD, we are all on equal amounts, but if it is with an outside party, it can be different? Can that be written into the lease? It seems that is the argument here that we should be alike for the two of us, yet we are trying to protect ourselves if it goes with a third party. Can we do that?

Mr. Eckert: Yes. I think you would need language that says we shift whatever insurance we think is reasonable and in the event of an assignment, then that party will have specific insurance requirements that you all have. I see Jan shaking her head.

Ms. Carpenter: It is a business decision. I think as the landlord you have an obligation to set a reasonable insurance amount, but that is up to the Boards what you decide is reasonable.

Mr. Costello: Isn't it in there?

Ms. Carpenter: No, that was a change they put in. We wanted $2 million and that it would automatically increase to market for golf course management or permitted use. We said the beginning of each agreeable term. So, every 10 years it could be increased. A million dollars today is certainly not a million dollars 25 years from now.

Mr. Deane: We require insurance in the restaurant so why shouldn't we require it for the golf course, as well?

Mr. Eckert: I would be happy to answer that question, and the reason why is because this is not a true landlord/ tenant lease. You are still going to be on that property. You are still going to have maintenance obligations for that property in terms of the ponds and pathways and the bridges. In a typical lease, the landlord is giving the property to the tenant, and the tenant is the one that is in control of all of the property. That is not what is happening here, so that is why I think reciprocal insurance requirements makes sense. I am fine with working with you all to protect for when it gets assigned to somebody else. All I am saying is when it is a deal between the 2 Districts, it ought to be reciprocal insurance requirements because we both have the same liabilities.

Ms. Carpenter: We just had some differences because this is a true landlord/ tenant because for example, the restaurant, you have the pipes and things going into it that the landlord has responsibility. I think the options are take it with reciprocal and we are there, or modify it to include the lease and anybody else. I recommend that you at least have automatic increases and the amount increasing to $2 million because it seems like it should be required to have the same policies.

Mr. Plummer: I am in favor of the reciprocal insurance. If something happens we are both going to be named in a suit. I just want to make sure we are protected.

Mr. Eckert: You had asked for $2 million on a third party and adjusted every 10 years. I think it should be adjusted based on some sort of CPI or something. It shouldn't just be we want this third party to have $50 million of insurance. There ought to be something tied to that adjustment at 10 years so it is reasonable.

Ms. Carpenter: You said prevailing market. I did that because the insurance we have had problems over the years where the amounts aren't available and the coverage has changed or the amounts available changed. That is why I would prefer prevailing and embracing the insurance industry just so we don't say CPI and find out it is not available because then they are in breach and you can't fix it.

Mr. Eckert: Prevailing rates I think of is what I am paying in terms of premium. I would say prevailing insurance limits. I guess the only thing left to decide on is are we all agreeing that we are going to get whatever insurance we feel is appropriate given that we each have sovereign immunity, or are we going to put specific limits on each other?

Ms. Carpenter: That is up to the Boards. I have given you our view and you have heard theirs. It is a business decision.

Mr. Costello: Jan, what would be your recommendation?

Ms. Carpenter: We had asked for a higher amount. We are waiting to hear back from the insurance company.

Mr. Costello: How much are we talking about?

Ms. Carpenter: Based on $1 million per incident, we asked for $2 million.

Mr. Costello: What is the premium cost?

Ms. Burns: I sent an email to them. Do we want to keep going through and maybe let's come back to the insurance? Hopefully we will get a response by the time we have

kind of gone through the rest. Do we want to jump to the next item and hopefully they will respond soon with an answer? If not, we can jump back in, but we may have more information soon because I followed up again just a couple minutes ago to see if we could get an answer.

Ms. Carpenter: The terms are protecting both sides and if it is something that is available, it seems like it would make sense.

Mr. Eckert: We will come back to that just in case she gets an answer on so we can answer that question for you, but I think we have a good path forward on that item.

Ms. Carpenter: We talked about the rate for the insurance. Does the government insurance carriers have that rating?

Ms. Burns: I can pull the policy to look.

Mr. Eckert: I am happy to say shall obtain if available.

Ms. Carpenter: The next one is additional liability. One thing they took out that I think should be added, this is under 6.1.1, if the premises are destroyed, including the pathways and bridges, then the tenant repairs. We had said that also applies to damage to the pathways and bridges caused by the tenant. So, if someone playing golf drives the golf cart into the bridge, then that should be an obligation of the golf course because it is part of the operations of the golf course that should be covered by their insurance. The landlord should not be indebted of everything that occurs on the bridges and pathways that is caused by the management company or golfers. Again, that is a standard lease provision and I was surprised to see that crossed off.

Mr. Eckert: This is talking about what we repair with insurance proceeds. What we are most concerned about is the word invitee or licensee because we are going to have situations where people are golfers and people are walkers. If somebody is walking on the path and they are not golfing, who are they an invitee of? That is where we were concerned with. We are not concerned with the concept you are talking about.

Ms. Carpenter: Then can you come up with a definition for it because I think the insurance would not cover it if it was caused by the tenant, as opposed to invitee or licensee. You could say other than the general public, invitees or licensees related to the operation of the golf course. You do want to make sure that the insurance coverage covers the right party.

Mr. Eckert: Why don't we say tenant and successors arising from the operation of the golf course?

Ms. Carpenter: I want to make sure we are not carving something out that the insurance company will refuse to pay for either tenant or landlord because it requires something else that is covered by the policy.

Mr. Eckert: The next item really deals with how much does Lake Ashton II CDD have to come out of pocket if there is an uninsured loss before we can say it is too much for us to come out of pocket, we are going to go ahead and terminate the lease. For example, like if a hurricane comes through and destroys the entire course, we had suggested $50,000 and you had suggested $150,000. I am fine meeting in the middle at $100,000 but to require the residents of Lake Ashton II CDD to come out of pocket $150,000 before they can choose not to do that seems a little high to us.

Ms. Carpenter: We just went through something where it cost $50,000 to fix a pipe so we wouldn't want another management company to come up with a relatively small issue that was forced because of a road flood or something flooded out so we were doing something a little higher.

Mr. Eckert: I'm fine with $100,000. I think the Board can absorb it if they have to.

Ms. Carpenter: Now 6.1.2 is the same thing. The reason we had put the language in again is because customary if things are not repaired, the landlord could do it for the tenant and have the tenant reimburse them. Again, with the Boards, I don't think anyone is worried, but if we have a management company down the road, you don't want to get into a fight over things like that.

Mr. Robertson: I think having a management company wouldn't be in our best interest either. We are just one community and we'd have the same disapproval and we'd want to protect you as well as ourselves. I don't see how any of these things can divide the two sides. If we have a lousy company, we need to find one that is more appropriate.

Mr. Eckert: Does anyone want to change the wording in 6.1.2? If not, then we can move on to the next one.

Mr. Mecsics: Mike, what would be the recommendation to change?

Mr. Eckert: Unless there are concerns in terms of changing the language we are hearing from some of you.

Ms. Carpenter: Then 7.3 is the termination of the lease. Because it is such a long-term lease, there is a provision that is very standard that if there are any fixtures or furnishings they become the property of the tenant upon the lease or remainder of the lease. Again, that is pretty standard and is in most leases. If there is a breach of lease, you don't want your tenant to come in and take everything out.

Mr. Eckert: In the interest in cooperation and facilitating this, I am fine with that. We are talking about t-box markers, water fountains, some restrooms, trashcans, etc. If you want to go with that, it is fine. I'm fine with making the change that Jan is asking for.

Ms. Carpenter: The next one was a change from 10 days to 3 days. We took the 3 days because that is what the statute provides. We came back with 10 days notice for default. Mike wants a longer period. Again, we are trying to come up with what the statutes say, but if we have something different we have a conflict.

Mr. Deane: I really think we should follow the statutes. We are not worried about this Board. We are worried about if somebody else takes over and that is what we are trying to protect, but I think we should go with what the statutes say.

Mr. Eckert: I am fine with going with 3 days, but you can't terminate the lease if for some reason there is anything that happens over a 3 day period or that doesn't happen that should. You shouldn't put the community in a position of terminating this lease and then having these two courses separate. That is the concern.

Ms. Carpenter: There is no desire to do that. It is for failure to pay rent, which is $1.00 or charges for taxes. The unlikelihood of the failure of payment is very slim. Everyone sends demand letters when that happens, but I think we should keep what is required. I prefer not to have something different than what's statutorily required.

Mr. Eckert: Then I would be fine with it if you take out of the default. It is not a default until you get to 30 days.

Ms. Carpenter: That is a change if you have to give 30 days notice of a default. I would rather have 10 days and change the statutes then have to have 30 day notice on something else. I am just not sure if you are trying to take it out, how you take it out of default by making such changes.

Mr. Eckert: It is just a different remedy for that type of default versus this type of default. Your remedies include terminating the lease at some point.

Ms. Carpenter: It is only for failure to pay rent.

Mr. Robertson: I volunteer to pay the $30 for the next 30 years so this never comes up. I will pay it right now so this goes away.

Ms. Carpenter: If there is a default there is a protection because if there is a default $1.00 rent isn't much. It is really only there if there is a default under the agreement.

Mr. Eckert: In terms of the holdover where we are breaching the lease by staying longer than we are supposed to, we propose a monthly rent that is consistent with the $10,000 over an annual period but based on a monthly basis. In terms of the default rent, we may have a default where we didn't provide you with a notice or we didn't do something we were supposed to and to have that automatically kicked up to $10,000 when we are still maintaining the course, we are still mowing the grass, it may be only $1.00 a year, but we're agreeing to maintain all of that greenspace. So, it's not just $1.00 a year. There is give and take back and forth between both Districts. We don't believe that a default grant of an automatic $10,000 penalty, which is the way I view this, makes sense. You also have the right to terminate the lease if in fact we are not doing what you think we should be doing in the lease. So, a $10,000 penalty to me to ask the Lake Ashton II CDD residents to pay that if there are no golf course revenues to do that is why we pushed back on that. Again, Jan and I disagreed on this and I have a lot of respect for Jan and her legal abilities, we just disagree on this issue and unfortunately it is a business decision for you to discuss.

Ms. Carpenter: That is what it would cost the District to file the lawsuit so that is where we came up with the number. If you want a lower number or higher number, it is your decision.

Mr. Robertson: If we wanted to delegate this to an outside party, could we put that $10,000 on an outside party? Would that be a reasonable thing? It always comes up if there is an unreasonable tenant involved. Can we put that language in to a contract? Is it an obligation we can put on the vendor?

Mr. Eckert: If that is what you wanted to do. It is the same as the insurance where you can agree that this is how we do things, but upon the assignment, and this is going to be a memorandum of lease that is recorded so people are going to be on notice, and when you assign it they are going to want to see the lease and see what provisions there

are so you could do that if you wanted to have that in there. Obviously, Jan made this with that approach, but I think legally you could.

Ms. Carpenter: The other alternative is to come up with something that would work that says the lease automatically starts on the day of default 60 days after default so there is a period to worry about payment or nonpayment. In reality nothing is going to happen from a 60 to 90 day timeframe. You send a demand letter after the next meeting, so it will be over the next 60 to 90 days and that would give time before rent comes in again.

Mr. Mecsics: Putting that language in shouldn't affect the Boards. We are not going to sue each other.

Ms. Carpenter: I respect that, but you don't know what the Boards 20 years from now are going to do. It is not like we are not going to still be here 20 years from now. It is really hard to negotiate a long-term lease like this with those kinds of terms.

Mr. Eckert: I was going to make the suggestion to try to get us through this, part of our objection was an annual rent. If you want to talk about a monthly rent that is a default rent so people aren't thumbing their noses at other people under this agreement knowing the Districts aren't going to sue each other, you could agree on a default rate that is a monthly basis rather than an automatic $10,000. If it was going to be based on $10,000 it would be $833, maybe you would be comfortable with $500, and then have a monthly rate.

Ms. Carpenter: I prefer to keep the annual, because again you don't know who is going to be running this in 20 years and $500 today is fine, but in 20 years $500 is nothing. That is kind of why I thought it was important and why our real estate guy said it was. How about within 180 days, so as long as Lake Ashton II CDD is managing? That gives you 6 months to cure something, which certainly should be able to be done. I don't anticipate a problem because I would think 6 months is plenty of time to fix any issues.

Mr. Eckert: Aside from eviction, which is what it would be, which would be removing us from the property, regardless of that, just to make sure I understand the proposal, the default rent would not kick in for 6 months until 6 months after the default. Is that what everybody is suggesting?

Ms. Carpenter: It would be payable from the day of default and every anniversary thereafter.

Mr. Eckert: So, that gives you 6 months to cure whatever default you might have. Then you would begin to pay rent just for the period of time you are in default. Again, the defaults here are fairly limited. If you have the 6 months breathing room, I am more comfortable with the $10,000. I don't know why you want 6 months if we assign this to somebody else?

Mr. Deane: That is only for Lake Ashton II CDD.

Mr. Eckert: So, then we are back to having a dual provision, which again is fine, but why are we going down this road?

Ms. Carpenter: How about we put a sentence after it, notwithstanding in accordance of Lake Ashton II CDD operating the golf course default rent will not begin until 180 days after they default.

Mr. Eckert: If the Board is fine with that, I am as well because I am pretty confident we will cure any defaults within those 6 months.

Ms. Carpenter: Next, 8.3, this is costs. Generally in a contract, under a lawsuit the costs are borne by each parties themselves. We took that out because under general landlord/ tenant laws, the costs are payable. The one thing I feel strongly is substantially prevailing party. You either win or lose. I would prefer not to have that at all, but I would be okay with it if you feel it is necessary. I just hate putting something in that is already covered, but if you feel strongly about it, that is okay. It is a business decision for you all.

Mr. Eckert: The concern here is that you could have a lawsuit and both parties you have 6 counts on the lawsuit, 1 party prevails on 1 count, and the other party prevails on 5 counts. Then that means everybody pays their own attorneys fees. All you have to do is win on 1 count, and then this attorney fee provision doesn't apply at all. That is a business decision for the Boards and why we put "substantially prevailing" in there because there are some times where you prevail on an affirmative defense on one little issue, but you end up spending a boatload of money litigating over what the main issues really were. So, that is why we had that in there. It is a business decision for you whether you agree to that. That language is in all of your contracts that we prepare for you.

Ms. Carpenter: And we feel strongly otherwise. It should be prevailing party. It should not be substantial because then you are arguing over what is substantial and what isn't. Prevailing parties we see in most contracts. Prevailing party is general language.

Mr. Eckert: Whatever you all decide.

Mr. Williams: It could be the other way, too. The smallest item, if the one item that they prevail on is the smallest, but what if it is the largest item?

Ms. Carpenter: Exactly.

Mr. Mecsics: Then why didn't you just say substantial?

Ms. Carpenter: That again is fodder for litigation, but it is up to the Boards. It doesn't address the issue, but that is not commercial and typical language.

Mr. Deane: I don't understand why it's not prevailing party, I'm sorry. That is all I have ever seen.

Mr. Eckert: Because you can have litigation where both parties prevail.

Ms. Carpenter: And I know exactly the case he is talking about, and I think that could go against either party in the litigation. It is not a typical commercial. Again, I would like to have it in here because they wanted it in here, but substantially prevailing doesn't mean anything. I can say I won substantially if I won 6 of my affirmative defenses but lost 1 case, then it wasn't substantial. It just adds another layer of litigation.

Mr. Eckert: If all we are arguing about is the word substantially and the rest of that language is in that we wanted to be in, then I think you can live with that. I am not sure you are going to like that if this gets assigned, but that is up to you. The next item that we had, this was in the event of a landlord default. So, we will take out substantially if the Boards are okay with that? We wanted 60 days for them to commence the appropriate curing to begin if they default, and then also if the default has caused the premises to be unusable for golf, keep in mind we have requirements on Lake Ashton II to actually play golf on those 18 holes and operate golf on those 18 holes, and if there is something you are not doing, like maintaining bridges and cart paths and things like that, that makes the course unplayable, we can't put people out there, we want you to commence that cure right away, not wait 60 days before you start looking at how you are going to fix the bridge. So, that is why the language is in there. That's why we suggested that because we have an affirmative obligation to actually run it, but we can't wait 120 days for you to start working on that.

Ms. Carpenter: And we had put 120 just because it takes that long to get meetings and proposals and it might take even longer to get something substantial. If the tenant

doesn't leave, and this would obviously be with a management company, but if you had a problem, a general remedy is they pay 200% of rent and all rents and change it to a monthly rent. Again, it is nice to have a big amount because it pushes someone, like if you are a management company and you are trying to get rid of your tenant because you want somebody else to come in, but again, that is up to you. Hopefully it will never happen, but you need to have something in there just in case.

Mr. Eckert: Yes. The monthly amount that we suggested is based on $20,000 essentially. So, we just put monthly versus annual because most holdovers aren't going to be for years. You are going to get through the courts before that. So, that is why we changed it to monthly. I don't want the argument of you didn't remove something, so therefore you are still on the property.

Ms. Carpenter: I don't think we have an objection on it. We were just worried about the stipulated damages issue. I don't know off the top of my head if I put in an amount rather than the default rent for issues related to stipulated damages in the contract. I think Mike and I can probably work it out if the Boards direct us. There are certain case law issues that could come up.

Mr. Deane: Shouldn't it be the same as the other?

Mr. Eckert: So, 10 months, but then we get 6 months to holdover and there is no charge? I don't think that is really what you guys want. I think the next issue is 9.17, dealing with the assignment.

Ms. Carpenter: Yes. This was something we talked about in length at the last meeting. Lake Ashton II didn't want to have to come to a consent that they sign the contract. We wanted to do without some criteria. We had originally said we wanted 5 years of experience in the Central Florida area. They took out the Central Florida area. You also want someone who has a financial ability to conduct operations so you don't have somebody that has filed bankruptcy or is a startup and they can't do it or just broke off from somebody else and doesn't have the money to be able to operate properly. So, we gave very minimal things where we wouldn't have to consent in the event that the entity has the financial ability to conduct operations with a minimum of 5 years either golf course operations or management experience. That was as minimal as we could come up with. I think the Boards need to have consent of some constraint. Again, we certainly

don't anticipate there being somebody we don't know, but I know it did come up before with landowners forming a company at some point and historically there have been some proposals that may not be ones the Boards would want to look at.

Mr. Eckert: The two items there on that language is first the financial ability to conduct the obligations of tenant. If you want to agree that the tenant, the person who is assigning the lease's discretion to determine that, then that is fine, but that is a very subjective thing. If your Board says they don't think their financial statements are good or heard they had problems so they are not going to approve the assignment, then that is not going to work. Hereunder within the minimum of 5 years experience, again, I get into the question of people leave companies and start new companies, so the people may have the experience in the golf course industry, but the company doesn't. Does that mean that we are not allowed to assign it to a new company that has people who know what they are doing but hasn't been in business for 5 years? Those are the concerns I have on that language that was suggested.

Ms. Carpenter: We tried to address the concern with the operations manager so we can kind of include a broad selection of various people, and the financial ability seems like it has some criteria, but we did try to be as general as possible. We are not picking on Lake Ashton II. I know it sounds like we are, but it is for any tenant. We have to make sure we get a great company in there, but if the company goes belly up and one of the guys wants to run it still and has golf course experience, but we don't have the ability to stop that, it is an issue.

Mr. Eckert: You all need to keep in mind that if you agree to this language and they say they don't agree to the financial ability of who you are trying to assign it to, that will hold up your assignment. If you can add language in there saying the principals have 5 years experience or the employees or managers have 5 years experience with golf course operations, I can get comfortable with that kind of thing, but in terms of very subjective criteria preventing you from hiring an expert to come in, if for some reason you guys decide this isn't your cup of tea, that somebody with more expertise can run it better, again, you need to have rights under the lease to terminate the lease if the grounds aren't being maintained. It is at your discretion, fine, but if it is someone else's discretion, and there is other stuff going on, which happens in communities, they argue about one thing

and then it bleeds over into other things, I am just not comfortable recommending to you that you accept that language. Obviously it is a business decision for you, though.

Ms. Carpenter: And the remedy to terminate the lease is generally a fairly long layout of what the criteria would be, which could be included or not. That is the problem with trying to put a very long term business issue together. If you have criteria you want to present, that would be fine.

Mr. Robertson: I think there are two sides here trying to execute the proper golf course operations, so if we want to assign it to somebody, is there not a reasonableness that we can provide you notification and let you see what we are doing and we can listen to your comments and concerns? We will listen to your feedback and communicate.

Ms. Carpenter: That is exactly what it says. It says we can do it without telling the Board anything. It says you have to have consent.

Mr. Plummer: Financial ability is a subjective term. What you think is financially able to do that and what I think is financially able may be two different things. However, if Lake Ashton II is assigning the lease to somebody else, I would certainly hope they would do their due diligence to figure out what their financial situation is. The way it is written with financial ability is not a real qualification. It is a general statement. Financial ability is a subjective statement.

Ms. Carpenter: And the alternative would be to put in some numbers they think would be reasonable. It is somewhat subjective unless you put actual numbers in there, but to say you don't have to consent to anybody doesn't work.

Mr. Costello: The only problem I foresee is we don't know what things are going to be like as time goes on. We are talking about a long-term lease. What is a dollar today is a nickel tomorrow.

Ms. Carpenter: That is why you generally have consent rights. That was a business term that they wanted there to be a provision that there would be consent rights. In this case, everybody would probably know, but they want to be able to assign it without the consent of the landowner, which is not typical, so we talked about it and said we need to have some criteria. If the landowner doesn't give consent to who runs it, so as long as the company knows they actually operate the lease, and I don't know how you do that without showing you have enough money to pay your bills. That is very tough to define

and not typical. If there are any suggestions to figure out a way to do it without giving up the obligation of the landowner.

Mr. Eckert: I can't come up with numbers in terms of what their financial worth is going to be at this point and time. Again, the minimum number of years, as long as we put the principals and people who are going to be in the day-to-day management of the course have that 5 years that works for me and gives you some assurances that people know what they are doing and it is not just somebody assigning it to somebody else's nephew who knows nothing about golf courses. Again, upper management has experience. You can have somebody who owns a golf company and they are an investor. They may not have the experience, but somebody else who is actually going to be the manager who is going to do it has it. I am fine with 5 years on that. The financial ability, first of all you have to assume that this Board is going to assign the golf course operations to somebody who is destined to fail or has already failed, which I think again is something that is probably not a likely result that they would do that because it will affect their course, as well. I just think it is too general when you say that. In whose discretion? In our discretion? Sure. In somebody else's? Jan and I both approached this the same way. No. We are looking for things that can cause a problem for either one of our clients down the road. This is the kind of thing that if you get Boards who have other issues, or personal issues, they may say they don't agree that they have the financial ability. This stymies the course and really sets up a situation where this District can say fine, we are going to terminate the lease and they are financially viable without this course, they are going to run their course and restaurant, and then you are going to have to figure out what to do with your course. That is not good for the community. We are trying to eliminate as many landmines as we can. This is just one we disagree on in terms of what is reasonable.

Ms. Carpenter: And I agree with Mike. The two Boards, I think is totally fine. If the management company starts having problems and they assign it to a new company, whose nephew operates golf courses and there is no financial ability, we can't stop it. That is all we are trying to add something for. I agree, it is probably going to cause some problems, but I think it may cause more problems if we don't have any requirements.

Mr. Robertson: So, if the lease was reassigned to somebody else, in the very unlikely event, why wouldn't we then have discussion between the two Boards? We are

getting ahead. At that point we should be talking to both Boards anyway to try to solve things in the best interest of the community rather than one Board deal with it and the other Board deal with it.

Mr. Eckert: Why don't we add in here if it's assigned by a third party so if that person was to assign it to somebody else, then they have to demonstrate the financial ability to operate the course. You know this District isn't going to say, oh, you are in bankruptcy, okay, take our golf course. I would be fine with adding that in for assignment by a third party, but I don't think between the two of you it is going to be good for the community for you to set yourselves up to have that argument later.

Ms. Carpenter: Or just look for the consent instead of automatic consent if you don't give it 60 days.

Ms. Wright: Take out the financial part between us and put it in for the third party.

Mr. Eckert: I think what she said was to take out the financial ability requirement if Lake Ashton II assigns it and for any future assignments beyond that, they would have to come to you and demonstrate the person they are assigning it to has the financial ability to operate the course.

Mr. Robertson: Yes. We are in this together and want to make sure of it.

Mr. Eckert: The last paragraph, Jan, Issue #20, I think that is language you put in. I don't understand the last sentence. It says it agrees to attorn to such landlord. I don't know what that means.

Ms. Carpenter: This is a subordination that if for some reason we still hold the course or did something else with the land that we can transfer it, and the lease would be subordinate to whatever we have to do.

Mr. Eckert: I don't think we are going to agree to be subordinate. I think any transfer you make, I don't think this Board cares if you end up selling the property to a HOA or something like that as long as the lease rides on through.

Ms. Carpenter: And this is some of the other legal issues we talked about before. It is a legal issue and we argued with the lawyers, so it is up to the Boards to discuss.

Mr. Eckert: Can I suggest that we say "nothing herein shall prohibit or limit the right of landlord to transfer or assign its interest in the premises or this lease to its

successors in interest of the premises, so long as it does not interfere with the lease." And then we can take out the rest because I don't even understand what the rest means.

Ms. Carpenter: We had that landlord and tenant agrees to execute promptly any instrument reasonably required, taking out the subordination.

Mr. Eckert: Let's stick with the first highlighted sentences in pink, but not strikethrough. It can't interfere with our lease rights. Then take out "upon notice of such transfer of tenant, hereby covenants and agrees to attorn to such landlord," because I don't understand what that means. I don't think that makes sense. Then, I would change the next language, the strikethrough, to the language we agreed to before, dealing with the subordination so it is exactly the same language, then leave it saying "tenant agrees to execute promptly any documents needed" so if for some reason the buyer wants to have us sign some sort of certificate, that is my suggestion.

Ms. Carpenter: I am not sure that is an issue.

Mr. Eckert: Just to be clear, "nothing herein shall prohibit or limit the right of landlord to transfer or assign its interests in the premises of this lease to its successor and interests in the premises so as long as it doesn't interfere with tenants rights under the lease" and we are taking out "upon notice of such transfer of tenant, hereby covenants and agrees to a term to such landlord."

Ms. Carpenter: We can come up with a sentence that works. In the unlikely event that the land ever got sold to somebody else, and you are still operating the golf course as the manager, you would need to sign on with the new owner that this is a lease and you are abiding by the terms of the lease.

Mr. Eckert: If you want an acknowledgement that you guys are no longer the landlord, then yes, we can provide the acknowledgement that we recognize that you are no longer the landlord under the lease. Does that work?

Ms. Carpenter: No, because that is not the same legal principal.

Mr. Zelazny: Jan, why would CDD #1 ever sell their land?

Ms. Carpenter: I have no idea, but I can't say that won't happen years from now.

Mr. Zelazny: Let's talk in the real world here. CDD #1 has been working now to buy their land. Why would they sell it?

Ms. Carpenter: Sorry, I am losing my patience a little here because trying to negotiate a lease for 30 years for 8 or 9 Boards in the future with all of the things that could possibly happen in the world, and Mike and I are trying to come up with every possible problem that could come up. We certainly hope that none of these things happen and we are wasting a lot of time, but I want to avoid one of the Boards from being sued or have legal costs if we can change some words somewhere. That is our job. We are trying to get to the best place and doing it in 3 to 4 days is somewhat ridiculous. I am annoyed and I usually don't show my annoyance, but I am very angry and the New Yorker in me is coming out. We have a handful of provisions that we could not come to an agreement with because we each are looking at different problems and have seen different issues as a landlord or tenant. It is a standard lease provision.

Mr. Eckert: Can we agree on the same language in terms of subordination that we agreed on previously?

Ms. Carpenter: It is up to the Boards.

Mr. Eckert: We didn't disagree. We just want to make sure it's the language we talked about and we'll agree to put back in the subordination and "tenant agrees…"

Ms. Burns: I have some insurance answers if anyone wants to hear those. The CDD is written in a trust mintage by FIA and reinsurance provided and the trust is written with all AM Best rated companies A- or better.

Ms. Carpenter: And that was a question we had. AM Best or in a trust.

Ms. Burns: For contract purposes, usually $1 million per occurrence, $3 million aggregate would be sufficient between Lake Ashton and Lake Ashton II because they have sovereign immunity and you may want higher amounts should it be assigned to a third party. Those are the answers I got.

Mr. Eckert: So, $1 million, $3 million is what they are suggesting.

Ms. Burns: For contract purposes.

Mr. Eckert: We have sovereign immunity with $300,000 limits.

Ms. Burns: We will confirm what the current limits are and include those.

Mr. Eckert: I have two items that I put a big "U" meaning undecided that I said we would come back to, so do we mind if we go there because the insurance is the second one of those two? Back to page 1, again we didn't agree on the terms of whether to

include the lease in the maintenance obligations. We agreed to the language as it is written in the redline, right? Then, the landlord's insurance, I think there was a disagreement there, too. Are we going to have the same insurance requirements with each other and they will be based on the insurance you already have once it is confirmed, and in the event you assign it to somebody else, they would have to have different insurance limits. I think there needs to be something that has to be commercially reasonable or something like that because when we go to assign the lease to somebody, if we were going to and we said it is $100 million insurance, that doesn't work.

Ms. Carpenter: I thought we had agreed to market requirements of the golf course.

Mr. Eckert: Do you have any unresolved issues, Jan?

Ms. Carpenter: Lots of them, but I think we have covered pretty much everything. I appreciate the Boards going through all of this. It has been a painful week and I appreciate you listening to all of us.

Mr. Eckert: And I also appreciate both Boards. This is a heavy lift for this community and these Board members. You have all worked really hard to get this far. I know Jan's office has worked really hard to get this far, and we have the government in the Sunshine here, so this is probably the most acute example of government in the Sunshine I have ever been involved in. I appreciate everybody's efforts in this regard and this is a good thing for the community and we will keep moving forward. I think what I will try to do, I would like to get the changes incorporated into the lease and we are going to talk about the changes to the interlocal that we mentioned at the beginning and get those approved today, and then I would like to go ahead and get this thing ready for signature on Monday so we can have that and be able to move forward and give the seller notice that we are taking down the entire property now.

Ms. Carpenter: Yes. Probably to that we should have each of Board approve it.

Ms. Burns: I think we can approve it as-discussed, delegate the Board members who have been negotiating this, and then do we want to authorize the Chair of each District to sign off, as well?

Mr. Eckert: I think we are just approving the form of the lease. Nobody is signing this until we get to the closing because you don't own the property yet. It has to be done at closing so you are approving the form subject to final review by the Board members

you have talked about consistent with our discussions today, and it will get attached to the interlocal agreement and again, I am asking for it to be signed on Monday.

> On MOTION by Mr. Plummer seconded by Mr. Deane with all in favor the lease agreement was approved by the Lake Ashton CDD Board; subject to final review and the appropriate District officials were authorized to execute upon finalizing.

Ms. Burns: And Lake Ashton II CDD?

> On MOTION by Mr. Robertson seconded by Mr. Zelazny with all in favor the lease agreement and interlocal agreement were approved by the Lake Ashton II CDD Board; subject to final review and the appropriate District officials were authorized to execute upon finalizing.

Ms. Burns: I think our next item would be the discussion of the extension of the due diligence and the change to the interlocal as well to record the memorandum of lease as opposed to the entire lease.

Ms. Carpenter: Mike explained this at the beginning very well. They have an extra week on the due diligence. We have not gotten our environmental report so hopefully we will get that soon, and the second thing is to record the memorandum of lease rather than the whole lease agreement on the record. So, we are looking for a motion for the Boards to approve those changes to the interlocal.

> On MOTION by Mr. Plummer seconded by Mr. Deane with all in favor the due diligence extension and discussed changes to the interlocal agreement were approved by the Lake Ashton CDD Board.

Ms. Burns: And Lake Ashton II CDD?

> On MOTION by Mr. Mecsics seconded by Mr. Zelazny with all in favor the due diligence extension and discussed changes to the interlocal agreement were approved by the Lake Ashton II CDD Board.

Ms. Burns: Anything else?

Mr. Eckert: I don't have anything further.

Ms. Carpenter: No.

FIFTH ORDER OF BUSINESS Supervisors Requests and General Public Comments

Ms. Burns: Next we have Supervisors Requests and General Public Comments. I actually have one thing that Doug and Mike and I discussed with Christine I think after the last meeting and while we have everybody here, I think we might want to discuss the request regarding the age requirement in the fitness facilities at both Districts. There was some discussion to change that age requirement to 14 or to 16 with an adult. We do that for other Districts, some are 14, while some are 16. This would still have to be with an adult. Which age do you prefer?

Mr. Ference: Why not make it 14? That is the age we use for driving golf carts, so why would we not use 14 under supervision for that, too?

Mr. Costello: If somebody's grandson comes here quite often and is 16 years old, I don't see why they can't use the facilities, too. If you all think that 14 is appropriate I have no problem with that either. I will make a motion for 14 years old with supervision and signed waiver.

> On MOTION by Mr. Costello seconded by Mr. Plummer with all in favor the Lake Ashton CDD Board authorized revising the age requirement to allow 14 year olds to use the amenity center fitness facilities; subject to having an adult present and signing a waiver.

Ms. Burns: Do we have a motion from Lake Ashton II CDD?

> On MOTION by Mr. Robertson seconded by Mr. Williams with all in favor all in favor the Lake Ashton II CDD Board authorized revising the age requirement to allow 14 year olds to use the amenity center fitness facilities; subject to having an adult present and signing a waiver.

Ms. Burns: We will update the amenity rules and regulations to include this and also work with Christine and Mary on the form of the waiver. That is all that I have, but before we turn it over for Supervisors Requests and General Public Comments, are there any requests from any of the Supervisors?

Mr. Zelazny: Are we ever going to get the amenities policies sent out and posted? It has been approved for at least 60 days and we are still waiting for it.

Ms. Burns: Yes. Andrew sent a form of the rules to Sarah. There were some items missing that I believe she sent back, so I think that we are still waiting to see them. I think everybody has kind of turned their focus to the golf course, but I will follow up with both of them on that and we will add these changes we just discussed, as well. Anything else from the Board before we ask for any audience comments? No? Are there any general comments?

A resident: First of all, I would like to say congratulations on getting the sausage made. However, I was a little surprised about incorporating the idea that the lease can be assigned, especially a 30 year lease, only because it is such a long term. It is effectively what you think of as ownership of the land. The whole reason for both communities doing this was to take control of their destinies, and I realize there are requirements in the lease agreement, but effectively by assigning the lease to a third party, that is the situation I believe we all wanted to avoid and why we are spending the money to acquire the property, so perhaps you can do the residents of the community the courtesy of explaining why this is necessary or what the circumstances are in which this may be done because I think a lot of us might be curious about that. Secondly, I think a lot of us looked at the details in the interlocal agreement and read it with the assumption that they were one in the same and the leasee would always be the CDD. I just wonder if the attorneys and Supervisors have gone through all of the stipulations and requirements in the interlocal agreement to be sure that they are essentially also in the lease because as I think you pointed out on numerous occasions, the lease could be transferred and then nothing that is in the interlocal agreement would apply to the new leasee, so I would hope that you covered everything like payments, joint lease fees, and things like that which you might want to be sure are covered in the lease and not just the interlocal. Thank you.

Mr. Zelazny: Can't we let Mike answer that?

Mr. Eckert: You are my client, so if my Board directs me to answer that, then yes, I can. I can also talk to him or anyone else after the meeting is done, rather than right now, as well.

Ms. Burns: Are there any other comments?

SIXTH ORDER OF BUSINESS **Adjournment**

Ms. Burns: Do we have a motion to adjourn from Lake Ashton CDD?

On MOTION by Mr. Ference seconded by Mr. Costello with all in favor the Lake Ashton CDD Board adjourned the meeting.

Ms. Burns: Do we have a motion to adjourn from Lake Ashton II CDD?

On MOTION by Mr. Mecsics seconded by Mr. Zelazny with all in favor the Lake Ashton II CDD Board adjourned the meeting.

Lake Ashton CDD

Assistant Secretary/Secretary

Chairman/ Vice Chairman

Lake Ashton II CDD

Assistant Secretary/Secretary

Chairman/ Vice Chairman