

MINUTES OF MEETING

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

**HERITAGE HARBOUR SOUTH
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Heritage Harbour South Community Development District was held on **Tuesday, June 3, 2014 at 6:00 p.m.** at the Stoneybrook Golf Club located at 8000 Stone Harbour Loop, Bradenton, Florida 34212.

Present and constituting a quorum were:

Joyce Sandy	Board Supervisor, Chairman
Michelle Patterson	Board Supervisor, Vice Chairman
Richard Lane	Board Supervisor, Asst. Secretary
W. Lee Bettes	Board Supervisor, Asst. Secretary

Also present were:

Joseph Jaudon	Board Supervisor, Asst. Secretary (<i>via speakerphone</i>)
Greg Cox	District Manager; Rizzetta & Company
Andy Cohen	District Counsel; Persson & Cohen
Rick Schappacher	District Engineer; Schappacher Engineering
Brett Sealy	Bond Underwriter; MBS Capital Markets (<i>via speakerphone</i>)

Audience

FIRST ORDER OF BUSINESS

Call to Order

Mr. Cox called the meeting to order and conducted roll call.

On a Motion by Mr. Bettes, seconded by Mr. Lane, with all in favor, the Board approved Board Supervisor Joseph Jaudon's right to vote via speakerphone during the meeting for the Heritage Harbour South Community Development District.

SECOND ORDER OF BUSINESS

Audience Comments

Larry Eichert addressed the Board regarding issues in the preserve area at Quail Greene and presented to the Board a letter on the subject.

Mike Bellacosa discussed the preserve area behind his house and its "bad" condition.

David Arras discussed his concerns about speeding in the community and how the speed detection signs are on the wrong side of the street.

Tad Parker shared his concerns about the costs of landscaping and about the decision to transfer the landscaping responsibilities.

George Mosinskis expressed his interest in the Board addressing the proposed budget.

Chairman Joyce Sandy presented comments to the other Board members and those present at the meeting about the qualifying dates for general election, which run from noon on June 16th to noon on June 20th.

THIRD ORDER OF BUSINESS

Consideration of Minutes of Board of Supervisors' Meeting Held May 6, 2014

Mr. Cox presented the minutes of the Board of Supervisors' meeting held on May 6, 2014 to the Board for consideration. Mr. Lane asked for a change in the wording with regard to the use of off-duty deputies and Mr. Cohen asked for a correction regarding the use of plural versus singular, and both changes were made.

On a Motion by Mr. Lane, seconded by Ms. Patterson, with all in favor, the Board approved the minutes of the Board of Supervisors' meeting held May 6, 2014 as amended for the Heritage Harbour South Community Development District.

FOURTH ORDER OF BUSINESS

Consideration of Operation & Maintenance Invoices for May 2014

Mr. Cox presented the unpaid May 2014 Operation & Maintenance invoices totaling \$16,400.33 to the Board for consideration.

On a Motion by Ms. Sandy, seconded by Ms. Patterson, with all in favor, the Board of Supervisors approved the May 2014 Operation & Maintenance Expenditures in the amount of \$16,400.33 for the Heritage Harbour South Community Development District.

FIFTH ORDER OF BUSINESS

HOA Updates

Tom Bakalar, president of the Stoneybrook HOA, addressed the Board and expressed his desire that the District Board and the HOA board will develop cooperation and an openness to communicate. He indicated that he personally is willing to put aside all prior differences and move forward for the benefit of the community. He suggested that the District consider utilizing the services of the staff the HOA uses for routine maintenance tasks in the community.

SIXTH ORDER OF BUSINESS

Lighthouse Cove HOA Update

Mr. Cox advised that he had been informed by Joe Ramsey of the Lighthouse Cove HOA that Mr. Ramsey is the only Lighthouse Cove representative to address the District Board but that he was not available. Mr. Cox reported that Mr. Ramsey voiced a desire for the District to look into installing twelve speed bumps within the Lighthouse Cove area and to reduce all speed limits there to 20 mph.

SEVENTH ORDER OF BUSINESS

Golf Course Update

Chris Brandt of the Stoneybrook Golf Club indicated he had no information to report.

EIGHTH ORDER OF BUSINESS

Staff Reports – Part I

A. District Underwriter

Mr. Sealy discussed with the Board the status of the potential to refinance the Series 2003 bond. Mr. Sealy reviewed the memorandum (**Exhibit A**) he had provided to Mr. Cox and explained that the refinancing is possible but that the effort would include an increase in the principle to some degree while resulting in a slightly lower annual debt service payment for those responsible for bond repayment. Mr. Sealy also advised there is speculation of one of the commercial properties being rezoned, which could impact the credit rating to some degree. The Board requested that the memorandum be circulated to Mr. Ramsey of the Lighthouse Cove HOA in an attempt to gather some feedback from the residents who would be impacted by the refinancing effort. The Board directed staff to place this topic on the next month's agenda.

B. Aquatic Services

Josh McGarry of Aquatic Systems provided to the Board a brief update of recent work and maintenance events performed in the District. Mr. Bettes requested that Aquatic Systems inspect the weir at Wetland "Z" to determine if it needs to be cleared out.

Mr. Lane asked to amend the agenda and move directly to the landscape discussion item and consideration of the proposed budget.

NINTH ORDER OF BUSINESS

Discussion of Landscape Contract

Mr. Cox introduced the topic for discussion provided a history of the Stoneybrook landscape contract, explaining how the Board decided to begin managing as of January 1, 2015 the contract for District-owned property within Stoneybrook. He also described how the Stoneybrook HOA decided to terminate all work denoted in the contract for District-owned property effective June 1, 2014. Mr. Cox explained how he had communicated with developer Tony Burdett and the master association that they were now responsible per the current agreement to take over the landscape maintenance that the Stoneybrook HOA had stopped, and also explained that the master association had provided notice as per the agreement by May 30th that the association was terminating the

agreement in total which meant the agreement would end on September 30, 2014. Mr. Cox indicated that the master association agreement affects all of Heritage Harbour South CDD and that Mr. Burdett had indicated they would consider creating a new agreement for those areas outside Stoneybrook. The Board then began a lengthy discussion regarding the merits of the District managing the landscaping contract versus the Stoneybrook HOA managing the contract.

On a Motion by Mr. Bettes, seconded by Mr. Lane, with three in favor and two (Mr. Jaudon and Ms. Sandy) opposed, the Board of Supervisors approved the reversal of its earlier decision to begin landscape management of District-owned property inside Stoneybrook; approved guidance to the staff to develop a maintenance agreement with the Stoneybrook HOA which would authorize them to manage the landscaping of District-owned property within Stoneybrook as well as manage the gate house facility; and approved a request for the Stoneybrook HOA to put the landscape contract out for bid; approved the inclusion in the agreement a reporting requirement of the Stoneybrook HOA on a regular basis of the status of the landscape and irrigation maintenance and gate house operations and maintenance; and approved the creation of a District Board liaison who will communicate with the Stoneybrook HOA regarding issues related to the landscape and irrigation work and gate house operations and maintenance for the Heritage Harbour South Community Development District.

The Board directed staff to begin the development of the agreement and to present a draft to the Board for review and comment. The Board also directed staff to begin the work of developing a maintenance agreement with the master association to replace the agreement being terminated.

TENTH ORDER OF BUSINESS

**Presentation of Fiscal Year 2014-2015
Proposed Budget**

Mr. Cox presented the proposed budget for Fiscal Year 2014-2015 to the Board for consideration and explained in some detail the development of the assessment table that uses the formulas within the approved methodology and how each line in the budget has an impact on the assessment levels when changes are made. The Board discussed in some detail the various line items and directed staff to move \$5,000.00 from the District Counsel line item and \$5,000.00 from the District Engineer line item and move that \$10,000.00 sum to the capital reserves line.

ELEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2014-05,
Approving the Proposed Budget and
Setting a Public Hearing**

Mr. Cox presented to the Board for consideration Resolution 2014-05, approving the proposed budget and setting the public hearing date for final budget adoption as August 5th. Discussion ensued. Mr. Lane requested that staff examine the figures related to the 7% collection costs to ensure that the figures were correct; it was subsequently determined that they are.

A motion was made by Mr. Lane and seconded by Mr. Bettes to remove the 3% increase for Rizzetta & Company service line items. A vote of two in favor of and three (Ms. Patterson, Ms.

Sandy, and Mr. Jaudon) opposed to the motion resulted and so the motion failed.

On a Motion by Mr. Bettes, seconded by Ms. Sandy, with all in favor, the Board of Supervisors adopted Resolution 2014-05, Approving the Proposed Budget and Setting a Public Hearing, for the Heritage Harbour South Community Development District.

TWELFTH ORDER OF BUSINESS

Adjournment

The two hour time limit set in the District's approved Meeting procedures was reached. No motion was made to extend the meeting and so any agenda items that went unaddressed would be added to the next meeting's agenda.

In accordance with Board Meeting Procedures, the Board of Supervisors' meeting was adjourned at 8:03 p.m. for the Heritage Harbour South Community Development District.


Secretary / Assistant Secretary


Chairman / Vice Chairman

Exhibit A



MBS CAPITAL MARKETS, LLC

MEMORANDUM

To: Greg Cox, District Manager

From: Brett Sealy, MBS Capital Markets, LLC

Re: Refinancing Update – Series 2003 Bonds

Date: May 30, 2014

In light of the upcoming board meeting, I wanted to provide a brief update on the refinancing efforts pertaining to the District's Series 2003 Bonds. We did close the refinancing transaction discussed in our memo to the board dated May 5, 2014. The bank was willing to provide 20-year financing limited to a final maturity date of 2034. As you are aware, the maturity date on the Series 2003 Bonds is 2035. There is the possibility to shorten the duration of the bonds by one (1) year which will result in less annual debt service reduction. Further, similar to the refinancing of the Series 2002 Bonds, the District could pursue obtaining an investment grade rating and refunding the bonds via public offering.

We did rerun refinancing numbers for the Series 2003 Bonds based upon the terms provided for the other CDD bank private placement refinancing transaction and current market conditions in the case of the public offering scenario. The results were a reduction in debt service by approximately 10% per year which would equate to \$27 and \$36 per year for the two (2) residential product types subject to the assessments securing the Series 2003 Bonds. Further, due to the costs of the refinancing, the principal amount of the bonds increased by approximately \$65,000 to \$100,000, representing 4% and 5.5%, respectively for the two (2) refinancing options discussed herein. The increase in principal would result in the necessity to send out a mailed notice and hold a public hearing to notify all residents subject to the assessments securing the Series 2003 Bonds that while annual debt service would decrease that principal would increase.

We will need some direction from the Board as to whether or not they may want to pursue the refinancing in light of the information provided herein. In order to make sure the Board's questions are properly responded to so they can make an informed decision, we will be participating in the upcoming board meeting by phone.