

MINUTES OF MEETING
CAPITAL REGION COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Capital Region Community Development District was held Thursday, July 15, 2010 at 6:30 p.m. at the Good Samaritan United Methodist Church, 3720 Capital Circle SE, Tallahassee, Florida.

Present and constituting a quorum were:

Mary Lee Kiracofe	Chairperson
Barry Brooks	Vice Chairman (by telephone)
Alan Hanstein	Supervisor
Jorge Gonzalez	Supervisor
Wayne Toothman	Supervisor

Also present were:

James A. Perry	District Manager
Brian Crumbaker	District Counsel
Norman Robertson	PBS&J
Alan Jowers	Carr Riggs Ingram
Ed Bulleit	Prager Sealy

FIRST ORDER OF BUSINESS

Roll Call

Mr. Perry called the meeting to order at 6:30 p.m.

SECOND ORDER OF BUSINESS

Approval of Consent Agenda

- A. Approval of the Minutes of the June 10, 2010 Meeting**
- B. Balance Sheet as of May 31, 2010 and Statement of Revenues & Expenditures for the Period Ending May 31, 2010**
- C. Treasury Report – May 31, 2010**
- D. Allocation of Assessments**
- E. Check Register**

Mr. Perry stated item two is approval of consent agenda items. I have a couple of things I want to go over with the board. Under tab A are the minutes, on page 16 is a blank and I could not make out what that was and it was attributed to Mr. Toothman.

Mr. Toothman stated I believe I said, to have events. One other thing on the top of page 12 when the TRIM notice goes out, in lieu of “can we vote at the workshop” it should have been, “can we notice the workshop”.

Mr. Perry stated the only other thing I want to draw your attention to is tab D under allocation of assessments. This district has collected almost 100% of your assessments so far. There was one tax certificate sale by the county and there will be at least another one so the district will be over 100% collected once you receive all those funds.

Unless there are any other items I would ask for a motion to approve the consent agenda.

On MOTION by Mr. Hanstein seconded by Ms. Kiracofe with all in favor the consent agenda items were approved with the amendments to the minutes.

THIRD ORDER OF BUSINESS

Acceptance of Draft Audit Report for Fiscal Year 2009

Mr. Perry stated item three is acceptance of the draft audit report for fiscal year ended September 30, 2009. Included in your agenda package is a draft of that report from Carr, Riggs & Ingram and Alan Jowers is here from that firm. I wanted to go over it briefly with you and if you have questions of myself or Mr. Jowers we can answer those.

Page 1 is the auditors report and I like to draw your attention to the third paragraph, which is basically a clean opinion. That is consistent with what you have seen in prior years. If you ever see anything in an opinion that says “except for” that draws your attention that there are some issues we need to pay attention to. You want to see a clean opinion in regards to the audit and again, this is a clean opinion in regards to the financials themselves.

In the back of the audit report there are two other reports, the first one is on internal controls and is on page 24 and there is a note at the bottom of that page discussing a weakness they found in internal controls. You will notice there is not a management response in that and we have worked with them and will provide that response. It is a little bit unusual we don't have that type of point in a lot of audits for other districts. We provide financials to the district, we also provide the contract payables, etc. and there are adjusting entries throughout during the course of the audit. This was an adjusting entry they deemed material so that is why there is a finding there. It is not unusual the retaining was done but there was an adjusting entry that wasn't on the original trial balance provided to the auditors.

After that on page 26 is the management letter and that management letter also addresses a number of items related to the rules of the auditor general and talks about findings in regards to that and again there was nothing that was found in this report that should give you any concern. There are no exceptions noted in compliance with those items.

I usually don't go through all the financials because they are pretty lengthy but that is kind of a summary of the report. We will ask the board to accept it. You are not approving it you are accepting the report and we transmit it to the various agencies. Again Mr. Jowers is here to answer any questions.

Mr. Toothman asked the deficiency is that a difference of opinion on how to do it which is what it sounded like to me when I read it?

Mr. Jowers stated when we were performing the audit we did note there was a contract that had approximately \$200,000 of retainage, that was not recorded as a liability, it should have been. We proposed that adjustment and that basically is what that comment says is that in the process of preparing these financial statements the management company did not find that particular retainage payable. I put it in here as a comment because my auditing standards tell me that I have to. Do I think that is a very big deal? No, I don't think that is a very big deal.

On MOTION by Mr. Hanstein seconded by Mr. Toothman with all in favor the audit for fiscal year 2009 was accepted.

FOURTH ORDER OF BUSINESS

2nd Quarter True-Up with St. Joe

Mr. Perry stated item four is the second quarter true-up with St. Joe and you have in your package the analysis of the true-up. As you will recall this is the true-up that is in the contractual agreement with St. Joe in regards to their contribution funding for the year. The worksheet you have is the adopted budget for 2010, prorated budget through March 31st this is the second quarter true-up, actual through March 31st the actual variance and then it shows what the true-up was for the first quarter and the true-up that we have proposed and have reviewed with St. Joe for the second quarter. The true-up for the second quarter is \$36,000. If you look at the actual variance column right now it is \$200,000 variance and someone might say why isn't there a true-up that would equal in total that \$200,000 and a number of these items are timing items and we expect those to turn around. We are comfortable with the various line items that you do see true-up dollars associated with those. Again, there will be another true-up at the end of the third

quarter and a final true-up at the year end. These come to you on a quarterly basis. We ask for approval of the second quarter true-up with St. Joe.

On MOTION by Ms. Kiracofe seconded by Mr. Hanstein with all in favor the second quarter true-up with St. Joe was approved.

FIFTH ORDER OF BUSINESS

Refinancing Opportunity for 2001A Bonds

Mr. Perry stated item five is refinancing opportunity for the 2001A bonds and Mr. Bulleit of Prager Sealy is here.

Mr. Bulleit stated Kevin Mulshine has previously discussed the opportunity of refunding the outstanding bonds. If you turn to page 4, one of our jobs as an investment banker is to monitor district finances and see if there is an opportunity to refund your bonds just like you would look at your own home mortgage. On page 4 the outstanding debt of the district the 2001A and 2002 which total about \$8,295,000 between the two deals that are outstanding and then the 2002A which is \$11,935,000 outstanding which is at 6.70% and the final 2008 deal obviously is at 7% but it is not close to development build out that we would be to potentially refund the bonds.

If you go to page 6 essentially this is the 2001 bonds there was actually \$21,370,000 originally issued outstanding they were issued as non rated securities because at the time it was raw land. The way we look at these refundings and the rating agencies look at it is once we get to a point where it is built out we can approach the rating agencies about getting a rating which allows us to refund the bonds at a lower interest rate. The 2001A-1's were issued at 6.70%, the A-2's were issued at 6.80% the total outstanding is \$8,295,000. That deal has potential savings in it and I will get to it in the next couple of pages. Page 7 is the other one we looked at which is the 2002A which was originally \$13,410,000 outstanding and now there is \$11,935,000 the coupon at 6.70% makes it at that range where we would look at and say potentially we could refund and get some savings. No different than your home mortgage when you look at it you have a current 6 ½% home mortgage and usually 1% isn't quite enough below if you went from 6 ½% to 5 ½% it starts to approach a benefit. It is kind of the same statistics here so when we are about 100 basis points which is 6.50% to 5.50% or 5.25% you really need to get through that to where we can create enough savings to make it beneficial. Around the state the City of Tallahassee all general governments rule of thumb is typically 3% if we can achieve 3% present

value savings then it has typically been worthwhile. Some cities or counties will say 4% or 5% but I would say 80% of cities and counties will say our policy is if we can save 3% on a refunding then it is worth looking at. It doesn't mean you have to do it but from a fiduciary standpoint it makes sense to look at it.

If you go to page 9 there are two columns, this is all about the 2001 bonds on this page and the two columns represent if we did an advance refunding on 11/1/10 so right now we are in the middle of July it takes about three months by the time you get through the process we picked 11/1 and it also happens to be an interest payment date. Interest on the bonds is paid in May and November and principal and interest is paid in May. If we issued on that day you will see that the par amount of bonds to be refunded is \$8,295,000 the column on the right is \$8,110,000 that is assuming we would issue bonds on May 1, 2011. There is a principal that becomes due on that date which makes the outstanding amount less. That is important if I stay in this middle column of \$8,295,000 that is the 2001A-1 and A-2 the current coupon is 6.83% the current max annual debt is approximately \$750,000. For us to refund the bonds no different than your home mortgage we have to pay for the costs, it is underwriters discount and we can review those kind of costs, it is the district counsel, printing the bonds, printing the offering statement so there is a cost to do it and then there is a negative carry of issuing bonds in November. What is different than a home mortgage if I decide to refinance my home mortgage I can pay it off the day I close with the bank. Tax exempt municipal bonds whether it is the City of Tallahassee or Hillsborough County the bondholders receive call protection so the bonds are typically not callable for 8 to 10 years. In this case these bonds are not callable until May 2011. What that means if we issue the bonds in this middle column on November 1, we are showing we would achieve savings, you would save approximately 7% net present value savings the total dollar savings is almost \$600,000 that is the \$587,000 that is an annual reduction of \$75,000 a year and we have a table following this that shows on a per unit basis. If we issue on November 1, from the district's perspective we would put all the documents together we would go out and issue bonds and those proceeds would go into an escrow account and the escrow account we would have to fund the principal amount that is outstanding plus the interest that goes from November to May. If we issue new bonds on November 1, you have the outstanding bonds that from a legal perspective they are defeased because we put enough money in the escrow account and your accountant that just left would tell you we would get it verified and they would say that

obligation is no longer an obligation of the district it is in an escrow account sitting over here and in six months it will disappear but for all practical purposes it is gone from the district's perspective because the bond proceeds went to defease those. If you think about it we are putting that amount of money in the escrow account and earning in today's market about .25% on the reinvestment because it has to be invested in treasuries yet we are still paying the 6.80% on the bonds. There is a table later that will quantify that but it is about \$360,000. We are always struggling with this as bankers and as districts to say when is the best time to issue the bonds. If there are savings, if there is obviously an advantage and you can see from the table what the savings are about \$75,000 a year, if we don't issue until May 2011 the savings jump up about \$12,000 more per year so if you look at the column on the right the debt service line is the same as the outstanding debt. Another very important factor here is if you look at the right column the fifth row the \$8,180,000 which is the new bonds we would have to issue it is real close to what the outstanding amount is which is the \$8,110,000. If we look at scenario 1 and it is approximately \$300,000 more in bonds we would have to issue to pay for costs I think we have to go back to the entire community of residents and say we are raising your outstanding principal per unit. Now your annual payment is going to go down but I can tell you I have been through these meetings and a lot of people come in and say I don't want to raise my principal but the reality is very few people prepay their principal and as long as your annual payment is going down it makes sense but it doesn't make for an exciting meeting typically. We did one in Julington Creek where I think 1,000 people showed up for the meeting. Again it is like your home mortgage if you have \$200,000 mortgage and you are going to roll a point into the cost of the loan and now you have a \$210,000 loan, your annual payment may go down so it makes sense from a financial perspective but you go through the process from an assessment perspective. The reason I describe that so much is because of that negative carry even though I think most people in this room would say we are at a very low, historical rate, in fact I think this weekend it said that mortgage rates were the lowest in 27 years, even if rates move away from us some we kind of have a hedge because every month that we get closer to that date of May 1, 2011 the negative carry we are no longer issuing bonds that are out for six months they are out for five months and then four months then three months then two months. There is an advantage in that, we wouldn't have to go to the whole district even in my scenario 2 I think we show \$70,000 more in bonds that would have to be issued to refund the bonds on May 1, we show

\$8,180,000 and then \$8,110,000 because of the principal reduction on May 1 we would squeeze that somehow between costs, it is all estimated budget costs right now anyway. I would say most likely in May you would not have to go back to the constituents and have a 170 public hearing and say we are raising the principal amount of the debt. We probably could hold that still. Our general advice is to move forward and have the board consider moving forward and our whole investment banking world and everybody on our side of the table typically works on a contingency that is subject to some of the professionals at the table but generally everybody is on a contingency basis. If we can move forward and set the district up with the opportunity to issue bonds it would probably get all the way to October/November before you would decide if you wanted to have a public hearing to actually have to issue more principal amount than you have outstanding. You would probably have a better gage of where rates are. Is there a fear that rates are going to go flying up? Even if rates go up again we have this kind of hedge because of our negative arbitrage every month goes away a bit as we approach it. That is the difference in the two columns. The annual savings difference is about \$12,000. There is more savings by waiting until May because we don't have to carry that negative carry and you are issuing less bonds so the related cost of issuance on that extra amount of bonds which is approximately \$300,000 the combination of the two makes the savings greater. Again, we are assuming rates are static, we are assuming rates are where they are today.

If you turn to page 10 the far right column is your various product types and is the annual reduction and ranges all the way from \$38 for the townhouses on an annual basis reduction to \$179 on the one acre property and commercial goes down to \$2,000 to \$3,000 on the golf club and catholic school. The following page is waiting until May assuming today's rates on the townhouses it is \$5 difference it is \$43 and \$202 on the one acre property where the prior one is \$179 so it is a bit over \$20. It is significant savings. One of the ways we would look at it and give you statistics if you want to see it is how low can rates go. The fact that your bonds are only out at 6.80% issuing CDD bonds even if we get an A- rating the lowest we have seen bonds issued is in the 5% to 5.25% range. We are basically at that level there is not a lot of upside which would be rates going further down versus the risk that rates go away from you the other way. Again it is like your home mortgage and you say at what point do I pull the trigger. I would probably say if you look at the annual difference and say the annual difference in waiting until May is not a great amount but the assessment issues and the fact that you kind of have a

hedge that this negative arbitrage reduces the difference even if rates go away you don't have so much negative carry. We can pretty much quantify that it is approximately 35-40 basis points which means if we are showing today that the bond market is at 5.25% is what we can issue today, if the market moves to 5.65% by May that extra 40 basis points in increase gets you right back to the numbers we show right now in November. It is kind of the breaking of where do rates have to go before I kind of make the wrong decision if I don't do it now ignoring the fact that you might have to go out and undertake a 170 and do a public hearing.

Go to page 13 and the primary process is documents and trust indentures and prepare an offering statement which is the prospectus that goes out to investors, review the assessment report and redo that based on the revised projected assessments and ultimately final assessments we have to go to the rating agencies. We are already sending stuff up to the rating agencies on this transaction just because it makes sense again to go ahead and start the process and get in line. The next point is the property owners' assessment notice which I just spoke about, that would have to take place if you increase the principal amount of the bonds then we could market the bonds and close. The two options really are if you say go we really want to do this, it would probably take 90 days including the 170 hearing if not a bit more. The second option is if you say we are really interested in going forward we would probably go and deal with rating agencies go further down the road with them, we sent them information but we haven't asked for a rating, you basically tee the transaction up to the point where you could issue the debt at any point and you could get a better gage to where rates are in October and November but you are not sitting on your hands saying I'm doing nothing and then all of a sudden the opportunity goes by and rates start flying up. On these numbers we have shown that we will use 50% of the reserve account. Currently 100% reserve account is the emergency fund for the bondholders so that money sits over there and it is probably earning .25% it is required to be invested in very secure securities or treasuries or whatever so what we are able to do from a credit perspective is when we issue new bonds if we get an A or A- rating then we can have 50% funded reserves. What we are actually doing is taking half of the reserve account and using that in the transaction to pay for part of the costs and to help keep the par amount of the bonds down which is why if you look at the May 1 scenario we think we can issue about the same amount of bonds that are outstanding and refund the bonds and that is because half the reserve account is going to pay all the costs. What is very important there to understand too is that reserve account will sit there for 30 years

as security for the bondholders or out to 2031 so currently if you did nothing in 2031 you would have no payment in that last year. If ultimately this makes sense and you go forward in 2031 there will be half the reserve so you will have half of a payment that you currently have now. We are very careful to point that out because taking cash that is secured for the bondholders in case of an emergency but in reality it is the district's prorata or homeowners' so you really are taking cash that you would benefit from in 2031 and moving it forward and spreading it out. The present value benefit of that is pretty strong because you are earning very little on that money right now but it is important to understand that because that is what pays for part of the costs and it is not true savings it is a cash flow benefit.

As far as the 2002 bonds the call date is not until May 1, 2012 so there is one more year and as you can see from the negative carry for six months another year and a half just eliminates the savings. In fact the last page is the negative carry on the 2002's is \$1.2 million. It is not uncommon whether it is a district, city or county this is one of the constraints of all of our refunds and one of the things that is given to the bondholders is call protection. When they invest there is more risk so they get protected.

Mr. Hanstein stated I would certainly be in favor of this at the right time and I agree with your assessment that we wait. When Kevin was here I asked about a breakdown on the cost of issuance and I would still like to see that. I think it is attractive to say we are going to do this and everybody is going to save money but I would still like to see what is behind the curtain and see exactly what those costs are and where it goes to and exactly what we are paying to get that back because we are using some of that reserve to go into those payments. I would like to see where those costs are and make sure that they are totally transparent that everybody gets to see them so I would still like to see that. Otherwise I am in favor of moving forward. Do you know the rate on the ones we just did?

Mr. Bulleit stated 7% I think those were one of the last CDD bonds issued in the state before the market really collapsed.

Mr. Hanstein stated that day that the potential bondholders came to tour was the day after Tropical Storm Fay hit the neighborhood and you would like to think that we did such a good job of that from an infrastructure standpoint and thanks to All Pro too, that they were enthralled with the neighborhood and bought our bonds because I think Pam told me that was it.

Mr. Bulleit stated by that November/December the ill liquidity hit the market and bonds, built out projects like you're A-1 were trading at 9 ½% and 10% so they were trading at 60¢ on the dollar and we issued a deal for a guy in Sarasoto County just a month ago but he bought the bonds himself at 7.40% which was below what the market would purchase them at. He just purchased them hoping that he could sell them later. I apologize, Kevin did relay that. I have draft numbers in my computer I will send them and they can be circulated. Essentially our underwriter's discount has been 1 ½%, the beauty of you being a public entity as a district we can show you our fees around the state including our competitors that that is generally what they have been and the cost of issuance which we just estimate between bond counsel, district counsel, district manager, printing the bonds, printing the offering statement. I will send them to Jim or Brian to circulate.

Ms. Kiracofe asked Brian, what action is required tonight?

Mr. Crumbaker stated based on Ed's comments it sounds like the possibility of going ahead and moving forward but I think we need to have proposals or cost estimates in order for the district to actually take any action. What I propose is between now and next month to go ahead and get the numbers that Kevin and Ed have, bring those back to the board and if we can get hard proposals from bond counsel and whatnot because it has been so long since a bond issue occurred and I don't know how any of that would change. We will bring the proposals back and then the board can review those proposals and determine whether they want to go ahead and proceed at least with the amendment to the trust indenture, disclosure document and that kind of thing get it queued up. As Ed mentioned with respect to dealing with the rating agencies there is no fee to the district to get rated until a transaction occurs, correct?

Mr. Bulleit stated correct, we are close enough with them because we have had to educate them as to why these are strong securities that we will typically on a deal like this start sending them information, we put it in a concise booklet to help them and then we will spend 20 minutes with them and say what is your feel for this, is this ratable or not. The rating agencies would rather have 100% residential. Even if it is build up commercial and St. Joe owns it or whoever it doesn't matter they look at residential as a more simplistic credit, they are more comfortable with it, they know if a house is built the fact that the assessment is on your tax bill and it is co-equal so the caution should also be and why we would go ahead and start communicating with the rating agencies is we put an incredible package together about the project. There is some

possibility that they will look at the commercial and say there is too much commercial exposure for us to give you an A rating or an A- rating. If that is the case then we split the deal and you end up with 70% residential and 30% commercial. If we can only get the residential rated you essentially refund all the bonds and the commercial may have some benefit by a lower rate. I think even if we can't get a rating if it is built out commercial which I think it is, just a word of caution we would go ahead and start negotiating and push for the rating. The only thing they could probably kick back with is say you have too much commercial. We have ways to structure around that but it could reduce savings a bit.

Mr. Crumbaker asked in that case we just come up with two series for the two?

Mr. Bulleit responded yes then you end up with the series A1 and A2 and most of the benefit would then go to the residential side because that is the better credit.

Mr. Crumbaker stated to answer your question today I don't know there is really anything to do until we come back next month and have proposals and numbers, rating agency what you have to put into it upfront in order to get to the ninth yard before we go over the finish line. Ed, do you think there is anything we need to do today?

Mr. Bulleit stated no we will go forward and traditionally we are on a contingency basis anyway and deals kind of ends up going away from us when the market moves eventually come back.

Ms. Kiracofe stated thank you for coming here.

SIXTH ORDER OF BUSINESS

Ratification of Florida Wildlife Commission Agreement

SEVENTH ORDER OF BUSINESS

Ratification of Vendor Service Agreement with Rocky P. Clement for Security Services

Mr. Perry stated item six and seven should be combined. You have a copy of item seven in your agenda package, which is the vendor service agreement for security services.

Mr. Crumbaker stated we wanted to bring back the form of the vendor services agreement that we have entered into with the FWC officers. They understand what their parameters are with respect to the number of hours and whatnot. I would like to ratify the form of vendor service agreement and the board shares execution of the agreement with Rocky Clement.

On MOTION by Mr. Hanstein seconded by Mr. Toothman with all in favor the vendor service agreement was ratified.

Ms. Kiracofe stated I do have a question about the wildlife guys coming out here as far as procedures go. The other day 9:00 a.m. or 10:00 a.m. there is a boat on the pond, a truck jumped the curb sitting there.

Mr. Crumbaker stated there are a limited number of hours the officers are there.

Ms. Kiracofe asked is there a number we can call? I think some homeowners are curious too of what to do.

Mr. Crumbaker stated we will track down a number for you. To their agreement they have a copy of the policy with respect to the park, they have copies of maps, etc. so they may be on another side of the community. We can talk to them and get a number for them. We will figure out something, either call through Jim Perry's office to contact them. What I really don't want to do is post hours because then it would be predictable for people to do whatever they want to do. We will have to figure out a way to do that.

EIGHTH ORDER OF BUSINESS

Questions and Comments on Proposed Budget for Fiscal Year 2011

Mr. Perry stated section eight is questions and comments on the proposed budget for fiscal year 2011. By way of background prior to this meeting the board met in a budget workshop and we have gone through the proposed budget for fiscal year 2011. The original budget that has been approved by the board had approximately 9.5% increase in assessments and that increase was pretty much attributable to the St. Joe funding agreement, which was entered into about a year and a half ago. That agreement related to the subsidy that St. Joe has been providing the district over several years to take that subsidy down over a three year period so that was the crux of the increase. Based upon the workshop there were a number of items discussed and adjustments to those different line items and it appears at this time that the increase will probably be no increase for next year or very close to flat as far as the overall O&M assessments for the district. With that said based upon those projections there would be an increase in the following year and I think some of the supervisors had strong opinions on that. That is a summary and unless the board wants me to go through the budget in detail, which I can, or however you would like to proceed with that.

Mr. Hanstein stated I'm fine. We will get an updated Excel based on the budget.

Mr. Perry responded based on the changes that were discussed today I should be able to get it out next week. We will provide that to you and upload it to the website so it will be the new proposed budget for adoption.

Mr. Hanstein stated because you have had some other people walk in since the budget hearing just to remind people the TRIM notice that has gone out has gone out with the approved budget, which is the higher amount. What will be the adopted budget will likely be less.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Crumbaker stated the only thing I have is an update regarding the letter there was a public records request received from Brooks LeBoeuf Bennett Foster & Gwartney, P.A. a personal injury firm here in town regarding a trip and fall matter on one of the sidewalks. I received a public records request including notice that is required under Florida law. Jim Perry followed up with Brooks LeBoeuf Bennett Foster & Gwartney, P.A. with a letter to the attorney advising him that we don't have any records in response to their public records request and requesting additional information regarding the incident.

B. Engineer

1. Prequalification for Contractors

Mr. Robertson stated the first item is the prequalification of contractors. A letter from Fred Greene dated September 2008 provides the contractors that were previously prequalified for two years and there is a provision in the final sentence there to extend those qualifications for an additional two years. We would like to recommend your approval of extending those prequalified contractors for another two years subject to them still having their DOT certifications and bonding capacities.

Mr. Hanstein asked is it possible for the next meeting that we can also get a list of the aggregate amounts that these contractors have actually done for the district?

Mr. Robertson stated I can do my best to put that together.

Mr. Hanstein stated that might be a Jim question then.

Mr. Perry asked when you say for the district from what dates?

Mr. Hanstein responded my assumption would be from prequalification.

Mr. Robertson stated from two years ago, that is much easier.

On MOTION by Mr. Gonzalez seconded by Mr. Hanstein with all in favor the prequalification was extended for two years subject to confirmation of bonding capacity and DOT certification.

2. Consideration of Proposals for Asphalt overlays on a Portion of Four Oaks Boulevard

Mr. Robertson stated the next item is consideration of proposals for asphalt overlays on a portion of Four Oaks Boulevard. We previously discussed the portions that we are going to get the second lift it was from about where unit 29 starts down to the round about and from Merchants Row down to Shumard Oak Boulevard. Jim passed out a copy of the proposals that you should have received via email. One was from C.W. Roberts and the other from Peavy & Son Construction Company. The request was made to get proposals from both of them on a lump sum basis and we received two proposals and one of them was truly on a lump sum basis the other one provided us with a lump sum number that had a lot of caveats in it. Based on what I see here the large difference between the two bids is that C.W. Roberts as you can see clearly specified how many tons of asphalt they expected to use. When we did that calculation it came out to about 1 ¼" over the entire area whereas Peavy & Son's cost is coming out to about 1". Both contractors were asked to come out to the site and evaluate how much asphalt they anticipated would be needed and there is about ¼" discrepancy here and if you add that ¼" into Peavy & Son Construction's proposal the difference is about \$20,000 to \$25,000. The difference between the two contracts now is about \$20,000. If you were to take Peavy's contract and add another ¼" into it if indeed when the construction takes place and there is an additional ¼" needed over what Peavy estimated the difference in cost based on \$82.50 is between \$20,000 and \$25,000. It is hard to tell because it is all based on the weight of the asphalt that they use estimating around 150 lbs. per cubic foot it is a little over \$20,000.

Ms. Kiracofe stated the way I read this is Peavy & Son's says the price of the asphalt is subject to change where C.W. Roberts says this is the price.

Mr. Robertson stated that is correct.

Mr. Hanstein stated the speed humps are not the RPMs because it has RPMs below.
What is the speed hump?

Mr. Robertson responded I believe it is the striping for the speed hump. That is the thermoplastic that is required, the diagonals they put on speed humps.

Mr. Hanstein stated this was Four Oaks to Merchants, the speed hump is Blair Stone continuance. I'm trying to figure out where there is a speed hump on Four Oaks as it comes around the round about.

Mr. Robertson stated I believe there is a speed hump just north of the round about.

Ms. Kiracofe stated that already has the second coat.

Mr. Hanstein stated that was not supposed to be part of this. This was supposed to be Four Oaks to the round about to Merchants. This is the round about Blair Stone where the speed hump is.

Mr. Robertson stated the round about north to unit 29.

Mr. Hanstein stated that is Blair Stone.

Mr. Robertson stated north of Blair Stone so from Blair Stone to Goldenrod that is the portion the speed hump is on.

Mr. Hanstein stated it was my impression that the round about to Merchants Row south was the proposal.

Mr. Robertson stated no, that already received the second lift.

Ms. Kiracofe stated from the round about towards Town Center.

Mr. Hanstein stated I understand. I thought we talked at that meeting of splitting the RPMs you said we might be able to achieve a discount at the end of the day. Did you decide to just throw it into the bid, the RPMs?

Mr. Robertson responded the RPMs are on both of these.

Mr. Hanstein stated when we originally talked about that when Robert was here because we had done the RPMs after the fact on the other, you and Abe talked about looking at whether we would put them into the bid or keeping them separate. You said there might be an advantage to putting them into the bid. I would have to look at the minutes. At the end of the day did you decide that putting it in the bid package was the best opportunity?

Mr. Robertson stated the best opportunity for costing, get a contractor in one time and other mobilization cost savings.

Ms. Kiracofe asked do we need to talk about the bond portion?

Mr. Robertson stated there is also an additional cost if the project needs to be bonded 1% and Brian can discuss that.

Mr. Crumbaker stated typically on large contract we have a payment and performance bond and if it is under a certain amount then under Florida law or 255.05 you can waive the payment and performance bond. The payment and performance bond under these is an additional 1% on each of the proposals so you are looking at an additional \$1,530 on C. W. Roberts and approximately \$1,300 on Peavy. The risk is performance-wise obviously it is to ensure that the bonding company ensures contract completion. The contract aside I think the more likely concern on the payment portion which is in the event they don't pay material suppliers or sub-contractors and you can refer them to the bonding company as opposed to having to deal with it directly.

Mr. Hanstein stated it sounds like cheap insurance to me.

Mr. Gonzalez stated the Peavy proposal references 9 manholes.

Mr. Robertson stated these are the references to after the asphalt is laid down typically the manholes are raised up to match the asphalt. I believe in this case it will be handled by the utilities and it can be done after the fact either way so it is not an issue.

Mr. Hanstein stated I think when this came up the first time Barry had asked about the curbs and drainage areas where the water goes out.

Mr. Brooks stated that is drainage, it is like they are out of alignment and there are quite a few of those along Four Oaks.

Mr. Hanstein stated I think Abe mentioned that they would look at that as part of this to see what they can do. Was it mentioned to the contractors?

Mr. Robertson stated it was a slight angle that the inlets were placed and I believe it was our determination that it really wasn't going to pose any sort of problem. The inlets are still going to be able to function as they were intended.

Mr. Toothman stated I believe they will function once we put the final lift of asphalt in, they will function better.

Mr. Robertson stated they will all function better when the asphalt is laid. It is my recommendation that we go with the proposal from C. W. Roberts for \$153,785 lump sum with the additional 1% for the bond.

Mr. Hanstein asked Brian, do we have any issue with picking a vendor this way as far as these two bids?

Mr. Crumbaker responded no, we are well below the public bidding threshold. It is fine to get proposals in regard to that work.

On MOTION by Mr. Hanstein seconded by Ms. Kiracofe with all in favor the contract for the asphalt overlay was awarded to C.W. Roberts in the lump sum amount of \$153,785 with an additional 1% for the bond.

3. Update on Sandco Retainage

Mr. Robertson stated my third item is an update on the Sandco retainage. I promised I would give an update at a previous meeting around two months ago, it was agreed that subject to the city's inspection and the engineer's inspection and approval that the infrastructure in Unit 35 and Shumard Oak Boulevard that we would continue to hold 1% of the retainage but pay the 4% above that that we were already holding. I believe that the intent of the board's decision has been met. We have complete acceptance from the utility department, every department including DOT, City of Tallahassee public works, City of Tallahassee growth management, utility department and Leon County have inspected the project and given at least verbal or some written communication that the construction that is complete to date is acceptable. We are still waiting to receive final acceptance and that is subject to completion of TR105. Due to the acceptance that I got from the city I released the retainage for the 4% and sent that on and it is in the process of being paid.

Mr. Ghazvini stated I am with Sandco. We appreciate you releasing most of our retainage and we ask that you please release the rest of it. Our project is finished. The contract that we have with the district is fulfilled. The only reason the city is not accepting that is because of the separate pond, separate contract, that that contract is not with the district nor was it originally part of this contract. We are not the reason that this Unit 35, our contract cannot be finished or bid for that matter is the only thing that is left is some few items that possibly the engineer is talking about actually eliminating it. We are done, we have gone through the punch list. If it were not because of the other pond the city would be accepting the project. We are asking you to release our retainage so we can release it to some of the other vendors and sub-

contractors, some of whom are here today. We have to fulfill our obligation and you still have the other contract and we will have the other performance and payment and bond for the project. None of them has to be closed, none of that has to be void or anything like that. We have got under contract an obligation and the only thing you need from us is a warranty and maintenance bond, which we are willing to provide to you. That is not a problem we can provide it to you tomorrow. The city will not accept it because of the other pond it is not because of unit 35. I talked to the engineer earlier and said who is going to do a \$4 million project and then default because of \$2,000 or \$3,000 of maintenance bond. We have a performance bond, payment bond, there should not be any reason or concern on behalf of the district or this board that we will not fulfill our obligation or not provide you the bond. We were ready to provide that to you today. This is not our first project we are working across the street too.

Ms. Kiracofe asked were you aware at the beginning of the project that the city regarded both of these ponds as related in this scenario?

Mr. Ghazvini responded no, we were not necessarily aware of what the permit requirement was as far as the bonds. Even as of right now the engineer of record claims that there is enough volume in there in Unit 35 to fulfill the requirements of the Unit 35. The city does not necessarily agree that is what I'm hearing. That pond was totally removed from our contract. It was originally part of the contract to be bid, the limited the total contract then after the fact at the very end, they discussed the pond with us. We asked about it several times but it was something that there was a limit to our contract and it did not affect what we were doing in Unit 35. It just happened that we could then come to an agreement but as I explained earlier to St. Joe we ended up eating that pond for all practical purposes, it could have been somebody else if it was not mandated or pressed by the city maybe that pond would have not been built for a long time, six months, a year. There is no reason for us to believe our project would be held up because of the other contract. We have worked with the district very diligently, we have finished everything out there, and we have not received that money yet it is around \$200,000 to \$250,000 has been held. All the obligations are done, all of the punch list, there is nothing in there today and there are no outstanding issues with any of the agencies. The only issue is across the street.

Mr. Hanstein asked what is left?

Mr. Robertson responded I don't have a dollar number, I wish I would knowing Steve was coming over that I would have been more prepared but what I do know is there is some sod

work that is remaining on TR105 while they are still constructing it and Steve alluded to some stuff we may have removed from the contract. There is a requirement by Northwest Florida to put a pond bottom seed mix on the bottom of all these ponds. We are going to find out if there is a possibility of putting down less or none of it based on the fact that the bottom vegetation has already grown up in there and it is our belief that most of it will probably get washed away in the first storm. That is the item that may be removed, it may not, we are going to have to work with Northwest Florida on that. I believe there is a little bit of sod work, a little bit of work on the pipes. We closed off all pipes from TR209 to TR105 to avoid another washout. Other than that I believe everything has been completed. At this point it looks like the exposure, the city has given us a verbal agreement and an email saying that everything that has been constructed to date is acceptable, the exposure here is that since the city has not given us their final acceptance there is the potential they can come back. I think it is unlikely but there is the potential they could come back and say there is something missing since they haven't given us a final letter. We do have a final letter from the utility department. All the utilities have been accepted and are now owned by the city. There is also the matter of the bond which the public works department requires a maintenance bond on all the roadway and storm infrastructure, I believe it is a two year bond and that is something they will not accept until they are ready to accept the project because they don't want to get this bond and then accept the project three months later and the bond is only good for less than the two years.

Mr. Hanstein asked how much is the 1%? There was 4% we gave back 3% you have already sent that check, what is the dollar amount on the 1%?

Mr. Robertson stated I don't have it with me but the contract is about \$4 million so it in the range of \$40,000, it is probably \$38,000

Mr. Gonzalez asked with respect to this other contract between Sandco and the district have they satisfied their contractual obligations?

Mr. Robertson responded the remaining obligations are the sod that needs to be finished on TR105 and opening up TR105 to the rest of that pond system.

Mr. Gonzalez asked that is for the pond across the street?

Mr. Robertson responded yes.

Mr. Crumbaker asked it is a separate contract, right?

Mr. Robertson stated the digging of the pond is under a separate contract. There are two contracts on the same permit and one contract is solely for the earthwork and the remainder of the work for that pond which is the sod and pond bottom seed mix and the pipes coming into the pond that is part of the Unit 35 contract with the district. Most of that work with the exception of the sod and the pond bottom seed mix has been completed. They are also waiting on opening up access to TR209 to TR105, that will be part of the contract but the other part of the contract that hasn't been obligated is that prior to them meeting all of their contractual obligations there needs to be acceptance with the city and that has been the issue with getting the retainage released previously is that we can't get acceptance from the city until the entire permit is complete and that is true for both Shumard Oak and Unit 35 and TR105 can't be finished until it has been dug and that is by another contract.

Mr. Gonzalez stated to make sure I understand the contract between Sandco and the district specifically says that one of the performance matters is getting the final acceptance from the city.

Mr. Robertson stated yes.

Mr. Gonzalez stated and the city is not giving final acceptance.

Mr. Robertson stated the entire pond system needs to be completed before they will accept Unit 35 and Unit 35 needs to be accepted before they will accept Shumard Oak.

Mr. Crumbaker asked to make sure that I understand what is part of our contract versus St. Joe's contract but the seed bottom and sod is part of the district's contract?

Mr. Robertson responded yes.

Mr. Crumbaker asked and they have already been paid for something that hasn't been done?

Mr. Robertson responded no. They have been paid for everything that has been done. The seed bottom and the sod work has not been done and they have not been paid for that. They have done part of the sod. TR105 is massive and they have done the sod work on about half and that is about what the last bill I saw came in they billed for about half of it. The remainder of it has not been billed.

Mr. Hanstein stated I hate to set a precedent by giving up retainage on something that has not been approved by the city. That is the standard. This seems to be such a unique case and to have a local business involved and to have the dollars within my personal threshold that I feel

comfortable with I will make a motion that we release the additional 1% at this time. I don't know if we should throw any caveats in there. Norm, do you have any thoughts on that?

Mr. Hanstein moved to released the 1% retainage.

Mr. Crumbaker asked how much do we have that we haven't paid them outside the retainage?

Mr. Robertson stated this pond bottom seed mix is a large number, tens of thousands, I can't remember and sod is \$11,000. It is a tough number but is between \$50,000 to \$100,000.

Mr. Ghazvini stated in the TR205 it is somewhere around \$80,000. The only reason we are doing that sod on TR205 as part of this Unit 35 is it was left in the contract. That contract TR205 was done by a different contractor and should have been taken out of the contract or it was just in there because it never did get to a point where they do a deductive change order. In real life in my opinion the sod should have been eliminated from our contract for Unit 35 and added to the other contract and that was based on negotiations. When we were negotiating with St. Joe to dig that pond we asked them do you want the pond to get sodded and they agreed for the pond to get sodded. They could easily have entered into a separate contract with somebody else, All Pro, or someone just to sod that. All of that really has got nothing to do with Unit 35. That whole pond was totally eliminated out of our contract. I do not know the mechanics between St. Joe and the district and how the dollars work and all of that. All that sod is part of the TR205 it has nothing to do with Unit 35.

Mr. Crumbaker stated with having funds still in our account with respect to part of his contract we at least have some funds that were retained and if someone else ends up sodding and we have problems with acceptance by the city then we will have a hook. I think the only thing I would ask Mr. Ghazvini is you mentioned that if you don't provide the warranty by tomorrow the only question I have is, is there a possibility of providing in effect an interim warranty bond until such time as the city accepts it and then it would be the two year period after that?

Mr. Ghazvini stated the warranty that they issue is going to have a starting date and ending date. It will not be open ended. It can start tomorrow but when they issue a maintenance bond it would have a starting date and the issue today is should they issue it today then the time

starts from today. I have no concerns about not providing it to you and not starting the time on it but if you want to get the maintenance bond then basically it will have a starting time.

Mr. Crumbaker stated then that is not an option.

Mr. Gonzalez asked do we have any idea of timing for the additional sod that is within this contract?

Mr. Robertson responded change order no. 7 I believe had additional time in there and I believe it was TR105 contract is due in late September early October and we extended the Unit 35 contract between the district and Sandco by two months beyond that or it may have been a month beyond that. I would have to look at the change order but we are looking at definitely before the first of the year I think it was probably November early December, contractual time.

Mr. Gonzalez asked do you have a sense for actual time?

Mr. Ghazvini responded it would be about September/October before we get finished with it and the city they will come and basically accept it. I'm allowing a little time to get the city out there, we want to provide an as-built they can review.

Ms. Kiracofe stated there is a motion on the table.

Mr. Toothman seconded the motion.

Ms. Kiracofe asked just to clarify, you want the additional retainage, you are saying the work is complete and they are saying there is still sod and seed to be laid, correct?

Mr. Ghazvini responded some of it correct. It is the sod and seed, the seed is correct for Unit 35.

Ms. Kiracofe asked for the one you want the retainage back for, for that pond, what is left?

Mr. Ghazvini responded the seeding of the bottom of the pond but we have not been instructed to confirm that will happen, they are thinking they can avoid spending that money. Otherwise we are prepared to go do that work. We are ready to do it.

Mr. Hanstein stated as I understand the sod is at the other part of this. That was my trigger.

Mr. Toothman stated I'm thinking Unit 35 only goes to Tram Road. The stormwater goes beyond Tram Road to the south.

Mr. Robertson stated Unit 35 when I speak of Unit 35 that is the actual name of the construction documents and the permit, which includes TR105, which is south of Tram Road.

Mr. Toothman stated I believe that everything north of Tram Road is done and the city has been out and they have visually inspected it and there are just waiting on final documentation and if the final documentation is acceptable then they would probably not come back out they would just sign off on it. Is that a fair statement?

Mr. Robertson stated they will do an inspection of TR105 and it is tough to say whether or not they would go back to anything I would hope they wouldn't based on what the told me but based on what they told me they should be going out to TR105 verifying that it matches the record drawings and then if everything is satisfactory, issue acceptance. That is what I believe should happen.

Mr. Crumbaker stated one thing we do have is the performance bond. It is obviously more difficult than cash in hand but at the end of the day there is still protection.

Mr. Toothman stated I have known Steve for 16 years and if he says he is going to do it he will to do it.

Mr. Ghazvini stated for what it is worth DOT bids projects out and they may have a \$20 million contract out but they don't hold retainage. They only hold retainage if you fall behind on their schedule. Our contract with Capital Circle with Blueprint 2000 was basically the same price they don't hold retainage. What is more important to us is our livelihood, that is how we make our living is our bonding that is our lifeline. I promise you that for \$2,000, \$3,000, \$4,000, all we owe you is this maintenance bond. If they tell us today to seed the pond we will seed the pond if not you haven't paid for that, that money is in your pocket. If you tell us to do it we will do it, but all we owe you is the maintenance bond.

On voice vote with all in favor the motion passed.

C. Property Management Report

1. All Pro Reports

Mr. Perry stated you have the report from All Pro included in your package.

2. Operations Memorandum

Mr. Perry stated you have a report from GMS regarding field operations. I don't think there is anything in there to draw your attention to. I do know that we haven't had any additional special use permits come in.

One thing that was not mentioned in regards to the FWC officers, I believe they do the bicycle patrols, which is something special.

3. Variance Report

Mr. Perry stated section three is the variance report and that ties into the budget and we have gone through that in detail.

4. Statement of Work for Mitigation Monitoring

Mr. Perry stated item four is work authorization in regards to mitigation monitoring. This is a proposal from Post Buckley Schuh & Jernigan in regards to the Shepherd Branch mitigation monitoring plan. The total fees for that are about \$12,000 and you will see in the outline of services the monitoring program which they talk about under section 1 deliverables and potential other services.

Mr. Robertson stated essentially ongoing monitoring program has been taking place at Shepherd Branch so this is just a continuation of that as required by the DEP permit.

Mr. Toothman asked on your deliverables you have basically a monitoring report. Within every report are you going to make a statement of compliance like we are in compliance or out of compliance or something similar that all the requirements are being met?

Mr. Robertson asked within Shepherd Branch?

Mr. Toothman stated something like that.

Mr. Robertson stated this was prepared by our environmental scientist and I hate to speak out of place but that would be my understanding, that the purpose of this is to confirm compliance.

Mr. Toothman stated part of the report also things that we should do. How often are they going to monitor?

Mr. Robertson responded this I believe is a yearly monitoring and the report they are writing and the field data and tasks that they are performing are actually outlined in the DEP

permit and they are following the requirements of that permit. As far as specifics I'm not sure I can answer it but they are in the permit.

Mr. Toothman stated I guess what I'm looking for is if you are going to go out there and look and spend all the time looking at the permits at the very end I would like to know we are in compliance and anything we need to budget for the next year or the year after that to be outlined because I don't want to have to go back and look at all the permits and figure it out.

Mr. Robertson stated I understand again we are going to meet the requirements of the DEP permit, they are going to provide the report to DEP and I am assuming that includes compliance. Just as a side note I spoke with Austin Carroll who is the one that prepared this and also the one who will perform the monitoring and he said we have done this several times and that everything has been in compliance over the past few years.

Mr. Hanstein asked the senior Joe timberlands/ ecological services staff is that Shane?

Mr. Robertson responded I believe so.

Mr. Hanstein stated this doesn't specifically say that GMS field supervisor would be involved in this but it would seem to me that it would make sense that in this process that Robert or if it is before that, Rich or Jim is involved in the process.

Mr. Robertson stated we will be sure that they are involved in the process.

Mr. Gonzalez stated for the record this is an FWC program.

Mr. Robertson stated I'm sorry, I realized that.

On MOTION by Mr. Gonzalez seconded by Ms. Kiracofe with all in favor the work authorization for mitigation monitoring was approved.

D. Manager – Receipt of Funds DMS \$1,046,460.59 for Unit 35

Mr. Perry stated the only item I have is a report on the receipt of funds from DMS which was for Unit 35 and \$40,000 to let the board know there has been some discussion on that and I wanted to make sure they know we did receive those funds.

TENTH ORDER OF BUSINESS

Other Business

There not being any, the next item followed.

ELEVENTH ORDER OF BUSINESS Supervisor's Requests

Mr. Hanstein stated I just had a voicemail message from an odd number and Brian knows the story but about seven or eight months ago I encountered somebody fishing and you said you don't want to go down there and do that, there is a reason why you don't because they can get pretty verbal. This guy said I'm supposed to be able to fish here and I said there is no fishing. I just asked him to move his truck at the time, I said you can fish, that is fine but pull your truck out and he asked for my phone number and I gave him my phone number but I called him right back so he knew that I had his phone number and I put in there as "fishing guy" and that guy just left me a voicemail that said there is an urgent matter he needs to talk to me about and I suspect that maybe our FWC people actually gave him a ticket. I'm curious to find out about this and I will advise the board at the next meeting.

Mr. Toothman stated somebody requested doggie pots. Did that happen?

Ms. Kiracofe stated it is still an open item I believe.

Mr. Perry stated I talked to Robert and there are a number of things like that to be ordered soon. It is in process.

TWELFTH ORDER OF BUSINESS Audience Comments

Mr. Zuna asked will there be opportunity to at least pose questions to you or these folks again with respect to this proposal?

Mr. Crumbaker responded I expect that the next time it comes back, what we proposed earlier is for next month what we will do is bring back the numbers for purposes of cost of issuance. As Ed mentioned some of the expenses are contingent and some of them aren't. We will quantify that and bring that back to the board. At that point in time the board will then provide some direction on getting the basic documents ready, which is the form of indenture, bond resolution, that kind of thing. It won't actually have numbers or anything of that nature. If and when Prager Sealy determines that we are kind of in the sweet spot where refunding ought to occur then they will be back to field questions and describe what the financing arrangements are at that point in time, what the pros and cons are so they will be back at some point but it probably won't be in the next month or two though.

Mr. Zuna stated I think I was more concerned not so much for the cost of the financing but actually the entire structure of the new bonds versus these bonds whether we are extending maturities or not extending maturities and that sort of thing.

Mr. Crumbaker stated there is a law in the assessment section that caps the number of annual installments that you can finance for purposes of a particular project and what his proposal contemplates is that your maturity would stay the same. All you are doing is just refinancing the remaining term of that bond.

Mr. Pavalko asked can someone tell me where these ponds are that were discussed earlier?

Mr. Robertson pointed out on a map the location of the ponds that were previously discussed.


THIRTEENTH ORDER OF BUSINESS

Next Scheduled Meeting – August 12, 2010 at 6:30 p.m. at the Good Samaritan United Methodist Church, 3720 Capital Circle SE, Tallahassee, Florida

Mr. Perry stated our next meeting is August 12, 2010 at this location at 6:30 p.m.

On MOTION by Mr. Hanstein seconded by Ms. Kiracofe with all in favor the meeting adjourned at 8:07 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman