

MINUTES OF MEETING  
CAPITAL REGION COMMUNITY DEVELOPMENT DISTRICT

The August 11, 2011 continued meeting of the Board of Supervisors of the Capital Region Community Development District reconvened Thursday, August 25, 2011 at 6:30 p.m. at the Southwood Community Center, 4675 Grove Park Drive, Tallahassee, Florida.

Present and constituting a quorum were:

Barry Brooks	Chairman
Wayne Toothman	Vice Chairman
Eli Nortelus	Supervisor
David Ramba	Supervisor
Glenda Herrera-Gray	Supervisor (by telephone)

Also present were:

James A. Perry	District Manager
Joe Brown	District Counsel
Robert Berlin	Operations Manager - GMS
Kevin Mulshine	MBS Capital Markets, LLC
Danny Tyler	Bond Counsel by telephone

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Brooks called the reconvened meeting to order and stated this is a continuation of the meeting from August 11<sup>th</sup>.

**SECOND ORDER OF BUSINESS**

**Discussion of Project Finance**

**Consideration of Delegated Award Resolution 2011-12**

**Bond Purchase Agreement – Exhibit A to the Resolution**

**Eighth and Ninth Supplemental Trust Indenture – Exhibit B to the Resolution**

**Preliminary Offering statement – Exhibit C to the Resolution**

**Continuing Disclosure Agreement – Exhibit D to the Resolution**

**Escrow Deposit Agreement – Exhibit E to the Resolution**

Mr. Perry stated if you will recall this is a continuation of the meeting in regards to discussion of project finance for the 2001A capital improvement bonds. We are undertaking a

refunding of those bonds and Mr. Brown has provided you with a number of documents. You probably have duplicates, these are the latest versions as of 2:00 p.m. Joe will walk through the documents and we can discuss specific items related to those.

Mr. Brown stated Danny prepared the delegated award resolution that you have before you, Resolution 2011-12.

Mr. Tyler asked do you want to do the assessment first or the bond resolution first?

Mr. Brown stated let's do the bond resolution and then we will talk about the assessments.

Mr. Tyler stated I'm going to let Kevin explain to you the terms of the bond issue and where we stand and why we are asking you to adopt a delegated award resolution at this time. He probably has some good news for you. Then I will try to take you through the delegated award resolution. I apologize for not being there I tried to get a hotel reservation in Tallahassee but could not get one.

Mr. Ramba stated the students are coming back in and there are a lot of parents in town and there are not a whole lot of hotel rooms available.

Mr. Mulshine stated I apologize for you having to meet in the middle of the month like this but the reason for the timing is because we have been working on trying to refinance the series 2001 bonds. The 2001 bonds are secured by approximately 770 single and multi-family homes in Southwood. It is recognized as the 2001 assessment area and it also has approximately 30 commercial folios in that area. The reason for the timing is because if we can get a refunding done and we can have savings in order to reflect those savings on the tax bill that goes out this October that people will see being sent to their homes we really need to have the financing closed by September 14<sup>th</sup>. If you backup from September 14<sup>th</sup> what we need to do is be in a position to pre-close about a week before that. When you talk about marketing the bonds and with a delegated award resolution you are going to be giving us the ability to print and mail what is called a limited offering document memorandum, which is necessary for SEC disclosure rule, etc. in order to be able to market the bonds. Backing up the timetable in order to close something by September 14<sup>th</sup> we need action today and once again I apologize for you having to meet in the middle of the month. We have been wrestling with the rating agencies for a long time. There is only one rating agency that will give investment grade ratings on water special assessment transactions that is Standard & Poor's and as you may understand Standard & Poor's

has made quite a name for themselves lately by downgrading the federal government and last week they made news with the New York Times with a lot of super downgrades of large local governments. However, the good news is they issued us a confidential rating that will turn into a public rating this Monday right in time for us to print and mail if you approve the actions today.

Based upon that rating what you will simply have is an investment grade rating we are hoping it is an A that is published. That is what they have indicated to us verbally, which is fantastic. An A rating for the series 2011 A-1 Bonds. The 2011 A-1 Bonds will just be the bonds that are secured by the assessments on everybody's homes in the 2001 area. There are 770 folio numbers and that is 770 residential units. Then we will have 2011 A-2 Bonds, which are non-rated but still get a reduction in interest rate but that will be on the commercial properties which includes the apartment complex, Twin Oaks. The problem that Standard & Poor's has is the top 10 tax payers in the entire 2001 area have a very high concentration risk, the top 10 tax payers including Twin Oaks, Publix, etc. represent about 40% of the assessments so we split them out to a separate bond issue. They will still get savings; the savings will not be as significant as on the residential piece. Before when we first started this whole process eight months ago you said you wanted to get the 7% savings and I think we will exceed 10% for the residences if we are able to market today it would be 3% or 4% reduction for the people in the commercial area. The folks in the commercial area will get a smaller savings but they will also have a shorter call that Danny in the delegated award resolution has put a maximum call date of 5 years from now so that they within 5 years could go ahead and get the savings if the rating agencies so desire or like the credit a lot more sometime within the next 5 years.

That is really the nuts and bolts of what is going on. We are hoping to bring back to you at your September meeting, basically that will be a pre-closing but once again we are just looking for a broad action of authorization for somebody to be able to deem our offering documents complete and allow us to sign a bond purchase agreement at a date in about two weeks or three weeks.

Mr. Ramba moved to approved Resolution 2011-12 and Mr. Toothman seconded the motion.
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Mr. Nortelus asked you said the rating was an A, is that the highest?

Mr. Mulshine responded the highest rating you can possibly get is AAA but A is the highest for an assessment transaction.

Mr. Nortelus stated I was just curious.

Mr. Mulshine stated the pleasant surprise was coming out with an A. Foreclosures in Florida have brought about a lot of risk with the rating agencies. We had to separate just for Southwood. Southwood has a very low foreclosure rate but also the values have gotten a lot better. I know people don't want to believe that but values have held up a lot better here than they have in other areas of Florida so it was a pleasant surprise.

Mr. Toothman asked is the commercial area also going to see that?

Mr. Mulshine responded we actually brought institutional investors here and visited and institutions were willing to say that even though I don't have the safety of a rating we are still willing to issue a lower interest rate. Right now the interest rate on the current bonds are at 6.8% and they will lower that to about 6.5%. Because there is a high concentration you have a weak link theory and you have one or two commercial payers, which have been slow pay, etc. so that kind of made it difficult.

Mr. Brooks asked staff, are there any further instructions before we adopt the resolution?

Mr. Brown asked Danny do you want to walk through the resolution for the board? They have all looked at it.

Mr. Brooks asked has it changed?

Mr. Brown responded no there has been no substantive changes or structural changes.

Mr. Brooks asked are we going to give staff the latitude to be able to make any kind of non-substantive change?

Mr. Brown stated for the attachments to the delegated award resolution, which includes your offering document that Kevin mentioned for staff to finalize that.

Mr. Brooks asked do you want us to adopt that as part of the motion?

Mr. Brown responded I think the resolution covers it.

Mr. Toothman asked how does this work with us voting on something that is going to affect us personally?

Mr. Ramba stated you are not giving yourself any benefit you are not giving to everybody else.

Mr. Perry stated every meeting you vote on stuff that affects you personally.

Mr. Brown stated we will walk through the parameters in Schedule I because those weren't entirely filled in in the version I transmitted to the board last week.

Mr. Tyler stated there are two supplemental indentures the A-1 and A-2 are separately secured. You are approving the form of the preliminary limited offering memorandum as that is the same form as the limited offering memorandum will take. You are approving the form of the continuing disclosure agreement, which is required by the SEC that is a continuing disclosure so that all the bonds will be on the same footing and anybody wants to buy the bonds will know what is going on with the district. You are making a finding that you want to issue these bonds as qualified bank obligations that means that banks can buy them and that basically means the district doesn't intend to issue more than \$10 million and that these bonds you will be issuing is less than \$10 million. You are approving the form of the escrow deposit agreement where you put the money in to pay the refunded bonds that we have.

The parameters on Schedule I are not going to exceed \$8,075,000, not to exceed a true interest cost of 6.50%, minimum savings of 3%, maximum underwriting discount of 1.5%, not to exceed maturity date of May 1, 2023 and the provisions basically on the A-1 Bonds are no later than May 1, 2021 at 101% par and on the A-2 2016 at 101% of the par. What that means is the optimal retention means the district can't initiate refunding prior to that date because the bonds aren't callable and if they do they would have to do an advance refunding, which means putting in escrow for a long period of time makes it uneconomical. They lock in their rate for that period of time and they can count on it. That factors into the price of the bonds, i.e. the yield on the bonds.

On voice vote with all in favor the motion passed.

Mr. Brown stated I have one other thing that I want to get board action on before we move on and that is we are projecting the cost of issuance to be at \$130,000 and I wanted to get the board to approve that number as a not to exceed right now and that is for HGS services, GMS services, bond counsel services, printing and mailing of the POM, the rating from S&P, it covers all those things.

Mr. Brooks asked what is the typical?

Mr. Brown responded this is. Be clear that is not your underwriter's discount.

Mr. Toothman asked it is payable out of what?

Mr. Brown stated out of the bond proceeds.

Mr. Perry stated it is factored already into what you see on this sheet and also this report.

On MOTION by Mr. Toothman seconded by Mr. Nortelus with all in favor the cost of issuance was set not to exceed \$130,000.

**THIRD ORDER OF BUSINESS**

**Other Business**

Mr. Nortelus stated David you weren't here but last meeting we talked about the park over here and talked about a covering for it. I looked at two parks. Were we seriously thinking about redoing the whole thing, which to tell you the truth it probably should be redone if we had the funds to do it or are we just looking at a covering and add a water station? Before I go out and do all these plans I would like to know. I looked at Piney-Z and they had swings and we don't have swings. I want to see what you guys are thinking about.

Mr. Toothman stated I think we need a water fountain.

Mr. Perry stated in the current budget if you are really looking at shade structures they are pretty expensive. We have some at other districts and they can go anywhere from the lows \$20,000's up to \$50,000 and we don't have that earmarked in this budget for this next fiscal year. I don't think you want to go down that path. If you do then we can talk about it for next budget year.

Mr. Nortelus stated I brought it up because the other day we talked about the shade structure, we talked about the water fountain we talked about looking at maybe upgrades. Is that something you want to close on that?

Mr. Brooks stated the water fountain is the issue that came in to really spur this discussion so for sure let's see what your ideas are for water fountains. Robert has brought up a couple different possibilities. Any problem in bringing to us if you get the concerned residents together and kind of list out some items you would like to see and try to give us a ballpark pricing on it maybe it is something we can start working towards incrementally as a board. At least that would be a vision or plan for it.

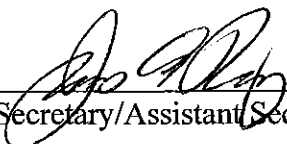
Mr. Ramba stated it is just like the pool they do regular maintenance and some of the maintenance they do turns into an upgrade because it is newer technology or we found something that wasn't safe in the pool and we moved it at the homeowners association to be


something more useful to people so this is the same type of thing. Slides are a little longer, there are bigger pads to kids don't skin themselves up and go flying down the slide.

Mr. Berlin stated about every two or three years we usually get a homeowner request for a shade usually in July or August when it is real hot. Second, you had a request before as I have gone through the old records for a swing set. The city has denied the swing set based on the fact that a swing set is considered an active device in an area that has a conservation easement on it and it calls for passive use only. The tot lot is an active use device also in a passive use area but it was grandfathered in because it was in place before the conservation easement was thrown over it. There is another move afoot which hasn't been completely completed yet but they are getting close to third base to take the passive use ability off of the green area, that is the Bermuda grass, and move it to the St. Joe property. We have talked about this before. At the same note I have added the area around the tot lot plus an extension on out to include a very big swing set, 4 or 5 swings, and the safety zone it would require and added it to that. You are going to have this keyhole looking design around our tot lot with the ability to put a swing set in should the board decide to go that route and the ability to put down the safety. The fountain I am working on that we are trying to go through a few things with that. I have not had any calls that anybody said the tot lot stuff is old and lousy and doesn't work. I try to look at it personally once a month to make sure all the nuts and bolts are tight. If you want to upgrade it to a different type you have limited space to really add anything to it or you could add something into the area that we wanted to designate as the swing set. There are options available.

Mr. Brooks stated it sounds like Robert has a handle on it and you could feed into that with what the vision should be should that exchange happen.

On MOTION by Mr. Ramba seconded by Mr. Herrera-Gray with all in favor the meeting adjourned at 5:54 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman