

VENETIAN ISLES COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
FEBRUARY 28, 2012

A. CALL TO ORDER

District Manager Neil Kalin called the February 28, 2012, Regular Board Meeting of the Venetian Isles Community Development District to order at 7:01 p.m. in the Venetian Isles Community Clubhouse located at 15355 Egret Lake Circle, Miami, Florida 33185.

B. PROOF OF PUBLICATION

Mr. Kalin presented proof of publication that notice of the Regular Board Meeting was published in the *Miami Daily Business Review* on October 4, 2011, as part of the District's Fiscal Year 2011/2012 Regular Meeting Schedule, as legally required.

C. ESTABLISH QUORUM

Mr. Kalin determined that the attendance of Chairman Luis Baluja and Supervisors Oscar Martinez, Abelardo Hernandez and Roger Perez constituted a quorum and it was in order to proceed with the meeting.

Staff members in attendance were: District Manager Neil Kalin of Special District Services, Inc.; and District Counsel Michael Pawelczyk of Billing, Cochran, Lyles, Mauro & Ramsey, P.A.

Also in attendance were Jon Kessler of FMSBonds, Inc., of Aventura, Florida and Ed Bulleit of MBS Capital Markets, LLC of Tampa, Florida, and those indicated on the *attached* Sign-In Sheet.

D. ADDITIONS OR DELETIONS TO THE AGENDA

There were no additions or deletions to the agenda.

E. COMMENTS FROM THE PUBLIC FOR ITEMS NOT ON THE AGENDA

There were no comments from the public for items not on the agenda.

F. APPROVAL OF MINUTES

1. October 25, 2011, Regular Board Meeting

Mr. Kalin presented the minutes of the October 25, 2011, Regular Board Meeting and asked if there were any changes. There being no changes, a **motion** was made by Mr. Martinez, seconded by Mr. Perez and unanimously passed to approve the minutes of the October 25, 2011, Regular Board Meeting, as presented.

VENETIAN ISLES COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
FEBRUARY 28, 2012

G. OLD BUSINESS

1. Presentations & Discussion on Refunding/Refinancing District Debt

As a matter of ongoing importance, current market conditions have become more favorable in the municipal bond market; consequently, to assist the Board in making a decision to refund/refinance the current Bond Debt (approximately \$4,060,000) two (2) guest speakers from different firms were in attendance to provide the Board an overview of the process and ultimately consider engaging one of the firms to act as the District's underwriter for processing and administration of refunding/refinancing the Bond Debt.

At this juncture in the meeting, Mr. Jon Kessler excused himself and left the meeting room.

(i) Mr. Edwin Bulleit – MBS Capital Markets, LLC

Mr. Kalin introduced Edwin Bulleit and the presenter distributed a booklet outlining the experience of MBS Capital Markets, LLC and his background in Municipal Bonds. The important factor for the Board to consider is the first call optional date which is May 1, 2013; therefore, early refunding of the bonds would require funding an escrow account to pay the principal and interest on the Series 2002A Bonds until the first optional call date; and at 6.75%, the amount would be approximately \$275,000. Of course, the cost of escrow versus interest rate risk (rise in interest) must be considered as municipal borrowing rates are near historic lows at this time. To maximize the economic benefit of refunding the Series 2002A Bonds, the District must undergo a credit rating worthiness review. Since the District is fully built-out and the neighborhood is very well maintained, the District should receive very acceptable credit worthiness.

Mr. Bulleit reviewed the Projected Refunding Results outlined on page 15 of his presentation (*a copy of page 15 is attached hereto and made a part of this record*). Should the Board consider processing an early refunding of the Series 2002A Bonds at a rate of 4.58%, the net annual savings per residential unit would be approximately \$73. Waiting until the first optional call date of May 1, 2013 at an estimated interest rate of 4.62%, the net annual savings per residential unit would be approximately \$105. Mr. Bulleit also outlined that the Bond Debt could be sold to a local bank and the debt becomes bank placed, which would lower interest rates even further, resulting in more savings per residential unit.

Chairman Baluja thanked Mr. Bulleit for his time and presentation and stated that at this time he was not prepared to make a final decision this evening; and wanted additional time to review the presentation material for gaining and understanding of the process. The consensus of the Board was that they also needed additional time to fully understand this process and it would be in everyone's best interest to revisit this subject at the next meeting, which will be held in March. At this juncture of the meeting, Mr. Bulleit thanked the Board and residents for allowing him to attend and discuss the potential for refunding/refinancing the District's Bond Debt and he left the meeting room.

VENETIAN ISLES COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
FEBRUARY 28, 2012

Mr. Kessler returned to the meeting room.

(ii) Mr. Jon Kessler – FMSBonds, Inc.

Mr. Kalin introduced Mr. Kessler who represents FMSbonds, Inc. and the presenter distributed a booklet providing a refinancing savings summary and an overview of the firm and experience. Mr. Kessler pointed out that his firm has been in business for thirty (30) years and has a strong presence employing over sixty (60) highly skilled bond sales professionals and his firm has an industry leading web site which can be visited at FMSbonds.com. Mr. Kessler stated that he works out of a local office in Miami-Dade County.

Mr. Kessler informed the attendees there has been a significant municipal bond market rally since the beginning of this year and that the municipal rates are at or near record lows. Since the first optional call date on the Series 2002 Bonds is May 1, 2013, there will be costs associated with an early refunding. Mr. Kessler informed those in attendance that, at the time of issuance of the Bonds no homes were built and the Bonds were issued as high yield non rated securities. He went on to state that now that the community is built out, established and well maintained, the underlying credit characteristics of the collateral for the Bonds is much improved. This will result in very good credit worthiness when the District obtains a credit rating, should the District decide to move forward with the refunding/refinancing process. Mr. Kessler stated that a credit rating analysis would cost approximately \$7,500 and that this cost would come out of the proceeds of the refunding/refinancing of the Series 2002 Bonds.

Mr. Kessler directed the Board to three (3) scenarios outlined in the Savings Summary analysis on page 12 of his booklet. (*Page 12 is attached hereto and made a part of this record*). The net annual savings per residential unit ranged from \$92 up to \$133, depending on timing, projected interest rates and principal balance.

To assist the Board with making a decision on proceeding and the hiring of an Underwriter to market the District's 2020 Series Bonds, he distributed a checklist. Mr. Kessler encouraged the Board Members to review his booklet and should they have any questions regarding the potential to refund/refinance the District Bonds, to contact him.

Mr. Baluja thanked Mr. Kessler for his time and presentation and stated that he would express the same message that he had given Mr. Bulleit; and that a final decision would not be made this evening on moving forward with refunding/refinancing the Series 2002 Bonds. Mr. Baluja stated that he would need additional time to review and understand the process; and on behalf of the Board Mr. Baluja stated that he was sure that the entire Board needed more time to digest all information presented and discussed, as it related to a refunding/refinancing procedure. Mr. Baluja stated that Mr. Kessler should plan on being in attendance at the next meeting. Mr. Kessler thanked the Board and the public in attendance for their time during his presentation; and then Mr. Kessler left the meeting room for the evening.

VENETIAN ISLES COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
FEBRUARY 28, 2012

H. NEW BUSINESS

1. Discussion Regarding Draft 2012/2013 Proposed Budget & Assessments

Mr. Kalin presented a DRAFT version of the proposed 2012/2013 annual budget (hereafter the "Budget") and informed the Board that the Budget, as presented, would raise assessments by approximately \$55 per residential unit in the 2012/2013 fiscal year. Mr. Céspedes and Mr. Medina opined that the Budget should provide additional detail, specifically on maintenance and administrative expenditure line items that use the reference 'Miscellaneous'. Mr. Kalin stated that the 'Miscellaneous Maintenance Contingency' line item included restriping the traffic control markings on District streets and that the current line item can be more descript. Line item changes will be made to provide additional information and these changes will be reflected at the next presentation of the Budget.

Mr. Kalin explained to the Board and members of the public that the District, over the past three (3) years, has used the District's Fund Balance to balance each individual year's budget to keep assessments from increasing; however, the Operating Fund Balance is running low and with approximately \$40,000 of projected Operating Fund Balance available, the District must consider raising assessments in order to balance the Budget. Mr. Kalin asked the Board to review the Budget in detail and should they have any questions or additional comments, to contact him as soon as practically possible. The Budget will be presented for approval and adoption at the March meeting. No Board action was required on this matter at this time.

2. Election Information/Discussion

- Expiring Terms of Office: Seat #'s 1, 2 and 5 (Baluja, Perez & Martinez) - Mr. Kalin informed the Board and the public in attendance that the terms of office for Mr. Baluja, Mr. Perez and Mr. Martinez were expiring and that Seats 1, 2 and 5 would be on the General Election Ballot on November 6, 2012.
- Qualifying Dates for Special Districts: **Noon, June 4 to Noon, June 8, 2012**
For informational purposes only, Mr. Kalin stated that for those qualified electors interested in serving on the Board and running for a Seat that the qualifying period for candidates this year is from noon, June 4, 2012, to noon, June 8, 2012.
- General Election Date: **Tuesday, November 6, 2012** - For informational purposes only, Mr. Kalin stated that the General Election, including on the ballot, the District Election for Seats 1, 2 and 5 will be held on Tuesday, November 6, 2012.

VENETIAN ISLES COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
FEBRUARY 28, 2012

I. ADMINISTRATIVE MATTERS

1. Discussion Regarding Maintenance of Lakes & Inspection Practices

Mr. Perez requested this item be placed on the agenda and wanted to insure that the Lake Tracts in the community are being monitored on a regular basis for aquatic weeds and shoreline grasses. Mr. Kalin informed the Board and the public in attendance that he is in communication on a monthly basis with the aquatic management company performing maintenance on the lakes. Also, Mr. Kalin stated that he visits the District on a regular basis to inspect the community and during those visits, the lake tracts are inspected to confirm that the aquatic weeds and shoreline grasses are under control. No Board action was required on this matter at this time.

J. BOARD MEMBER COMMENTS

There were no comments from Members of the Board.

K. ADJOURN

There being no further business to come before the Board, a **motion** was made by Mr. Baluja, seconded by Mr. Hernandez and unanimously passed to adjourn the Regular Board Meeting at 9:04 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman