

**MINUTES OF MEETING  
MEDITERRA NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

A Special Meeting of the Mediterra North Community Development District's Board of Supervisors was held on **Thursday, March 15, 2012 at 3:00 p.m.**, at **The Renaissance Center, 28121 Palmira Blvd., Bonita Springs, Florida 34135.**

**Present and constituting a quorum were:**

Gary Kaenzig, Jr.	Chair
Brian Neary	Vice Chair
Thomas H. Van Tassel	Assistant Secretary
Dan Abrams	Assistant Secretary

**Also present were:**

Chuck Adams	District Manager
Jonathan Johnson (via telephone)	District Counsel
Brett Sealy	MBS Capital Markets, LLC
Jon Kessler	FMS Bonds

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Kaenzig called the meeting to order at 3:00 p.m., and noted, for the record, that Supervisors Kaenzig, Neary, Van Tassel and Abrams were present, in person. Supervisor Hirsch was not present.

**SECOND ORDER OF BUSINESS**

**Discussion: Recent Refunding Activity  
Results and Possible Authorizations to  
Proceed**

Mr. Sealy recalled his presentation at the January meeting and the Board's authorization for him to proceed with submitting a credit package to Standard & Poor's (S&P), based upon the decision to prepay the debt on the golf course facility and improving market conditions. Mr. Sealy indicated the recommendation in January was to submit the three (3) bond issues as a single, combined issue because the cost of issuance, in conjunction with the treatment of the rating agencies, would make the combined deal better than individual deals.

Mr. Sealy noted his awareness of the items S&P would consider, primarily the extent of vertical versus horizontal nature of the development and the concentration of the top 10% of tax payers. He knew there would be a bit of difficulty obtaining the medium investment grade category but felt the other characteristics were favorable enough to offset the other issues. He spent an extensive amount of time with S&P on issues anticipated to weigh heavily in S&P's decision, including the number of vacant developed lots spread across the three (3) assessment areas of both Mediterra Districts. He worked with the HOA to ensure the data provided to S&P was accurate. About 20 houses were picked up since the book was put together. The updated data was provided to S&P.

S&P provided a confidential rating of BBB-, which is on the low end of the low investment grade category. Mr. Sealy had hoped for a rating in the high to medium investment grade category, such as an A- or BBB+; however, the District's situation did not pass two (2) of S&P's criteria necessary for a better rating. The vacant developed lots and the concentration of the top 10% taxpayers currently paying assessments were the reasons for the rating.

Mr. Sealy stated the District must now make a decision. Earlier today, Mediterra South CDD decided to proceed with combining the three (3) areas and issuing one (1) series of bonds. In this scenario, one (1) CDD would delegate authority to the other to be the issuer and the non-issuing District would agree to remit its assessments to the issuing District.

Mr. Sealy presented a spreadsheet detailing the status at the January meeting, when a high investment grade was anticipated versus where the District stands now, with the BBB-rating. He indicated the change is not great but acknowledged things can change day-to-day. Mr. Sealy proposed that the Board authorize his firm to proceed with starting the refinancing documents and present a delegation resolution in about a month. The delegation resolution would include an offering document and, at that time, the Board would set certain minimum savings parameters so there would be flexibility in pricing the market. Mr. Sealy indicated, if he can meet those parameters, the District has another 30 days to decide whether to proceed. A closing would take place shortly thereafter.

Mr. Abrams inquired about the size of the issue. Mr. Sealy indicated it is approximately \$13.3 million; the Mediterra North bonds are about \$6 million of the total. Mr. Abrams asked for an estimate of Mr. Sealy's firm's fees. Mr. Sealy indicated his firm's agreement with the Districts is 1½% of the principal amount of the bonds issued. Mr. Sealy estimated the fixed

issuance costs to be approximately \$200,000, which includes bond counsel, District Counsel, assessment consultant, District Manager, trustee, printing and interlocal agreement preparation costs.

In response to a question, Mr. Sealy indicated the numbers will be clearer in May, once the golf course debt is paid. Mr. Sealy recalled previous discussion about the reserve fund balance. When the reserve funds were initially sized, it was based on one (1) year's principal and interest but, in order to meet one of the S&P stress tests, it was necessary to set the reserve fund at 75% of one (1) year's principal and interest. All of the other monies allocable to the residential component would be used as a source of funds towards the refinancing. Mr. Sealy indicated the current balance of the District's reserve fund, allocable to the residential component, is \$483,000 and estimates that the North reserve fund would become \$369,000; the North's share of the cost of issuance would be about equal to the difference.

In response to a question, Mr. Sealy explained that all of the costs of issuance will be funded through bond proceeds. He advised that, right now, the principal amount, post-refinancing, would be slightly less than it is today. Mr. Sealy stated, with the BBB- rating, the estimated annual debt service reduction is \$73,000 on the Mediterra North 2001 bond, equating to an annual reduction of approximately 13%. He stressed that the figures presented are net amounts.

Mr. Sealy indicated he ran numerous scenarios. The distribution system for these types of bonds and the manner, in which they are sold, is not a competitive bid process like on Wall Street; however, he creates a competitive bid process by mailing an offering document to a wide variety of institutions and high net worth and retail buyers. There is typically a five (5) to seven (7) day marketing period, followed by a two (2)-hour order period. During the order period, orders are accepted and price is adjusted down until the lowest interest cost or best yield for the District is achieved, without eliminating all potential buyers. He referred to this as a negotiated bid deal but with a competitive bid order period. Mr. Sealy indicated the deals are mailed or he works with banks to privately place the deals and save on cost of issuance. The problem today is that banking institutions are only willing to go out ten (10) to 15 years, meaning the back end must still go through a public offering.

Regarding the process, Mr. Sealy indicated he needs three (3) to four (4) weeks to gather the documents to return to the Board for authorization, within certain parameters, to then offer the bonds. Mr. Sealy reviewed the timeline for the entire process.

Mr. Adams confirmed the golf course debt was paid to the trustee.

Mr. Sealy presumed Mediterra South would be the issuing District but asked Mr. Adams to comment. Mr. Adams agreed that Mediterra South would be the lead.

**On MOTION by Mr. Abrams and seconded by Mr. Neary, with all in favor, authorizing Mr. Sealy to proceed with formalizing rates, preparation of documents for the combined refinancing of the three (3) bonds and to present a delegation resolution to the Board, at their next meeting, at which time the Board will make a decision on formally proceeding with the refinancing and setting parameters for marketing, was approved.**

**THIRD ORDER OF BUSINESS**

**Audience  
Requests**

**Comments/Supervisors'**

**NEXT MEETING DATE: May 16, 2012 at 11:30 A.M.**

Mr. Adams indicated the next regular meeting is scheduled for May 16, 2012 but he anticipates meeting prior to that date.

**FOURTH ORDER OF BUSINESS**

**Adjournment**

There being no further business to discuss, the meeting adjourned.

**On MOTION by Mr. Abrams and seconded by Mr. Van Tassel, with all in favor, the meeting adjourned at 3:30 p.m.**

  
Secretary/Assistant Secretary

  
Chair/Vice Chair