

**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 **Wednesday April 11, 2012 at 3:00 p.m., at the Renaissance Center, 28121 Palmira Blvd., Bonita Springs, Florida 34135.**

Present and constituting a quorum were:

Brian Neary	Vice Chair
Thomas H. Van Tassel	Assistant Secretary
Dan Abrams	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Michael Szymonowicz (via telephone)	Wrathell, Hunt and Associates, LLC
Jonathan Johnson (via telephone)	District Counsel
Brett Sealy	MBS Capital Markets, LLC
Jon Kessler (via telephone)	FMS Bonds
Danny Tyler (via telephone)	Nabors, Giblin & Nickerson, P.A.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Neary called the meeting to order at 3:16 p.m., and noted, for the record, that Supervisors Neary, Abrams and Van Tassel were present, in person. Supervisors Hirsch and Kaenzig were not present.

SECOND ORDER OF BUSINESS

**Consideration of Certain Documents
Related to Refinancing Certain CDD
Bonds**

Mr. Sealy recalled his presentation at the March meeting and the Board's authorization to proceed with resubmission of a credit package to Standard & Poor's (S&P) for refinancing of the three (3) bond series, under a single bond series. Mr. Sealy reminded the Board that the three (3) bond series will be blended into one (1) to improve the credit characteristics and achieve the low investment grade rating received from S&P's confidential rating.

Mr. Sealy advised that an interlocal agreement, between the Districts, is necessary, because Mediterra South will be the sole issuer, on behalf of both Districts. Mediterra South will effectively lend bond proceeds of the bond issue to Mediterra North to refund its 2001 bonds.

Mr. Sealy explained the refinancing process and related documents, which will be presented and discussed today. He indicated Mr. Johnson will present the interlocal agreement, which lays out the mutual cooperation arrangement between the Districts, as it relates to the issuance of one (1) bond series.

Mr. Johnson presented the draft interlocal agreement. He directed the Board to Section 2, which begins the crux of the agreement terms. Mr. Johnson explained that Mediterra South CDD is proposed to issue bonds, in a sufficient amount, to provide both for the refunding and refinancing of their existing bonds, within their boundaries and apply them accordingly. Additionally, Mediterra South will issue sufficient additional proceeds, which will be loaned to Mediterra North so they can undertake the same refunding and refinancing of their existing bonds. The obligation is placed on each respective District to levy and collect appropriate special assessments. Assuming the transaction is completed, Mr. Sealy explained that Mediterra North will collect their special assessments and remit them to Mediterra South, who will apply them to the outstanding series. The loan concept appears in Section 2 of the interlocal agreement.

Mr. Sealy advised that the remainder of the interlocal agreement, Sections 3 and beyond, is typical, including what happens in the event of a default, which would allow either District to pursue any and all legal remedies and provides for the collection and recovery of any attorney's fees, if necessary. He noted the Districts share a common financing team, who have worked together to bring a common set of documents; there has been joint representation, during the process.

He proposed that, at the end of the meeting, if the Board is comfortable with the agreement, they should approve the interlocal agreement substantially, in the form presented, along with Resolution 2012-3, and authorize the Chair to consider any further revisions.

Mr. Abrams asked the term and rate of the loan. Mr. Johnson advised that the term of the loan is coterminous with the term of the bonds; there is no interest rate attaching to it, separate and apart from the rate that will be obtained by Mr. Sealy and Mr. Kessler, on the bond issue. There is no increment of interest, over and above the bond.

Mr. Sealy indicated the Board will review the parameters and reminded the Board that they are not approving anything at the moment, they are only having discussion. Mr. Abrams clarified that he wants to know the repayment terms of the “loan” from Mediterra South to Mediterra North and the maturity of the loan. Mr. Abrams asked if it is coterminous with the bonds issued by Mediterra South or with Mediterra North’s existing obligations. Mr. Sealy answered the existing obligations of North and they are all the same; the maturity date for all three (3) bonds is May 1, 2031. In response to Mr. Abrams question, Mr. Sealy confirmed that the loan will reflect the actual terms of the bonds. Mr. Abrams stated his concern is that the loan reflects the actual term of the North’s bonds.

Mr. Tyler presented Resolution 2012-3 and explained that the Board will adopt a delegated award resolution approving the Mediterra South Chair’s execution of the bond purchase agreement, the purchase and sale of the bonds, in order to finance a refunding of their bonds, along with a loan to Mediterra North, enabling Mediterra North to refinance its bonds. This resolution is the documentation necessary to complete the loan concept, in order to have a structure that fits both bond markets and tax law.

Mr. Abrams questioned what document Mr. Tyler is speaking of. Mr. Tyler stated he is speaking of the delegated award resolution.

Mr. Tyler indicated the Board is approving a negotiated sale of the bonds that are financing the loan. A negotiated sale means the bonds are not competitively bid, in the traditional sense. This deal required underwriters to structure the transaction and it is agreed to sell the bonds through an underwriter, subject to the parameters to be discussed later.

Mr. Abrams questioned why Mediterra North is involved in adopting a resolution to sell bonds that it is not selling. Mr. Tyler clarified that Mediterra North is approving Mediterra South’s sale of bonds that will result in Mediterra North receiving proceeds pursuant to the loan agreement to pay; the Board is approving the bonds because, in essence, their document will be pledged to the bonds. Mr. Tyler advised that the feeling was that the Mediterra North Board would want authority to approve the bonds, terms of sale and information related to Mediterra North in the disclosure document because, in many respects, Mediterra North is a co-issuer of the bonds. Mr. Abrams stated that Mediterra North is not a co-issuer and contended that the only activity they are involved in is a loan.

Mr. Abrams again questioned why Mediterra North is going through this process. Mr. Sealy advised that they are going through this in order to actually accommodate Mediterra North being able to refinance its bonds. Mr. Sealy pointed out that this relates to the combining of the bonds. Mr. Abrams voiced his understanding but reiterated his question of why Mediterra North should approve Mediterra South's bond purchase. Mr. Sealy stressed that, without Mediterra North approving Mediterra South's issuance of bonds, Mediterra South will not issue bonds in order to loan Mediterra North any money; meaning, Mediterra South will not undertake issuing bonds to pay Mediterra North's debt. Mr. Abrams contended that Mediterra North is being asked to pledge collateral for a loan. Mr. Sealy stated that Mediterra North is actually asking Mediterra South to loan them money. Mr. Abrams voiced his frustration in the "legal mumbo jumbo" and that this makes no sense to him. Mr. Sealy stressed that it is important for Mr. Abrams to be comfortable with what is being done. Mr. Abrams stated he feels Mediterra North should only approve the terms of the loan from Mediterra South but the fact that Mediterra North would approve Mediterra South issuing more bonds than they would otherwise issue does not make sense to him. For the record, Mr. Sealy indicated Mediterra South is issuing the additional bonds in order to be able to generate the proceeds necessary to refinance Mediterra North's bonds.

Mr. Tyler continued presenting Resolution 2013-3. He explained that, through Resolution 2012-3, the Board is approving the form of the supplemental indenture, the interlocal agreement, the preliminary official statement, the official statement and the continuing disclosure certificate. The disclosure statement includes information regarding both Districts and is a requirement by Federal securities laws, requiring that information be periodically provided to a repository. Mediterra North will be an obligated entity on the bonds.

Mr. Neary questioned which document Mr. Tyler is presenting. Mr. Sealy indicated Mr. Tyler is reviewing Resolution 2012-3 and describing each of the documents referenced in the resolution.

Mr. Tyler returned to his explanation of Resolution 2013-3, which includes statements that the District is conducting these actions in the open and authorizing the Chair, Vice Chair, Secretary and Assistant Secretary to execute and deliver the documents necessary to affect the closing of the transaction. The resolution approves the refunding and an escrow deposit agreement, which is the agreement pursuant to which Mediterra North will take the proceeds of

the loan and pay them directly to the escrow trustee, in an amount sufficient to pay and redeem the District's prior bonds, within 30 days after closing. The old bonds will go away on the day the money is deposited.

Mr. Sealy explained various documents referenced in Resolution 2012-3. The offering statement is the disclosure document that will be mailed; a one (1)-week marketing period will be held and be followed by a short order period of approximately two (2) hours. Orders will be taken and the interest rate on the bonds will be adjusted to sufficiently complete the sale but to still create as much of a competitive bid as possible, in order to obtain the lowest interest cost possible for the Districts.

In response to Mr. Abrams question, Mr. Sealy indicated the call provisions will be consistent with those of the existing bond issue, which was ten (10) years at par; the original bond issue was ten (10) years at 1.01. Those call provisions are consistent with the other CDDs who recently refinanced.

Continuing his explanation of the offering statement, Mr. Sealy indicated the document includes information as it relates to the District, such as credit characteristics of the assessment areas, assessed value, value of liens, tax collection history, a summary of the flow of funds and covenants and conditions in the supplemental indenture.

Mr. Abrams asked if this deal will be marketed 100% institutional. Mr. Sealy replied no; based on the current market, he anticipates limited institutional interest. The market for these types of bonds is primarily very high net worth individuals, family offices and, any institutional interest will likely be for the term bonds.

Mr. Tyler advised that the supplemental trust indenture is the document by which the bonds are being issued. He noted Florida law requires a trustee for bonds issued by special districts. The supplemental indenture is a contract between the District and U.S. Bank, as the trustee, which creates a trust and all of the funds received are pledged, in trust, to the bondholders, along with revenues from the assessments, as they are received, etc. The trust indenture establishes several funds and accounts into which the monies that come in are deposited and applied, as written in the contract. The indenture details how the bonds are to be registered, contains the redemption and maturity provisions, the forms of bonds and the default provisions. He concluded that this document is much like an extended and enhanced loan agreement.

Mr. Sealy presented the bond purchase agreement. He advised that this document will be executed by Mediterra South's Chair. It includes the terms of the purchase, the various documents, opinions and certificates that will be required to be delivered as conditions to the closing. The agreement will be between the underwriters and Mediterra South CDD, once the bonds are priced. The attached certificates and opinions are standard for these types of transactions; there is nothing out of the ordinary in this bond purchase agreement. In response to Mr. Neary's question, Mr. Sealy confirmed that this agreement is standard, boilerplate, in nature.

Mr. Sealy spoke about the continuing disclosure agreement being necessary because the SEC mandates that publicly traded companies file 10-Q and 10-K forms. This agreement sets forth the annual continuing disclosure obligations of both Districts, requires it to provide an audit by a certain date, provide certain financial information, etc. Mr. Abrams asked if there are any requirements in this agreement, which go beyond what is currently being done. Mr. Sealy replied no.

Mr. Sealy presented the escrow deposit agreement. Pursuant to the current indenture, the bonds require a notification provision for redemption of 30 days. Once Mediterra South issues bonds, the proceeds will be deposited into an escrow fund for the 30-day period and, at that time, the old bonds will be retired, in their entirety. In response to a question, Mr. Sealy stated that each bond has a different call provision; Mediterra North's bond becomes callable in par on May 1 but it will likely be after May 1 before the bond issue is closed. Once the bonds close, the bonds will be issued and the funds will be delivered. At that point, the funds will go into the escrow, pursuant to the agreement. Those funds will sit until the 30-day notification requirement is satisfied. Mr. Sealy indicated that the bonds will be legally defeased on May 17 and retired on June 17. He explained that the bond closing will take place over the telephone.

Regarding the interlocal agreement and the issue of redeeming the bonds in the future, Mr. Van Tassel asked if they would be redeemable, sooner than ten (10) years, at something other than par. Mr. Sealy advised that it would require a process of advance refunding; if the bonds are refunded in advance of their first optional call date, an escrow to pay principal and interest must be funded on the existing bonds, for the length of the period of time until the call date. Mr. Van Tassel questioned if the interlocal agreement states that both of the Districts must agree to redeem the new bonds or can it be done individually. Mr. Sealy felt the documents are not currently set up for a partial refunding, as all of the bonds were combined; refunding only a

portion of the bonds changes the collateral that would remain under the existing bonds. Mr. Sealy did not believe a portion of the new bonds could be optionally called without all of them being optionally called, without bondholder consent. Mr. Tyler indicated this issue has not been addressed yet, within the documents. Mr. Tyler stated it needs to be made clear that the loan can be prepaid but only when the bonds are prepaid and that, to the extent there is the ability to do an optional redemption of the bonds, it would seem the loan could be prepaid and the money used for the optional redemption of bonds, if the market allows. Mr. Tyler confirmed this is an open issue that must be addressed. Mr. Sealy advised that this issue was not brought up, as it relates to S&P. Mr. Sealy stated, if interest rates change, such that a refinancing makes sense for Mediterra North, it will make sense for South. Mr. Abrams asked that this item be addressed and that Mr. Sealy and Mr. Tyler provide feedback.

Mr. Adams indicated the Supplemental Special Assessment Methodology Report was prepared by Mr. Szymonowicz, of Wrathell, Hunt and Associates, LLC. He explained that the report considers the blending of all three (3) bond series to be refinanced and applies the original methodology of spreading those costs over the various product types that were previously determined to benefit, under the prior reports. The new numbers, as a result of the refinancing, are applied and a new principal and annual assessment amounts are reflected.

Mr. Szymonowicz presented the Supplemental Special Assessment Methodology Report dated April 9, 2012, and identified as Version 2. He reiterated that the methodology report essentially restates the conclusions of previous methodology reports written for the prior bond series. Mr. Szymonowicz advised that this report uses the same apportionment of debt that is currently outstanding and is assigned to all of the units in the District, which are associated with those bonds and, on a pro rata basis, lowers their principal from the current to the new principal of the new bonds.

Mr. Szymonowicz confirmed that the preliminary numbers, reflected in the methodology, are preliminary and asked the Board to view them as only a general indication of the method that will be used in calculating the final figures; they will be updated as the bond issuance date comes closer. Mr. Szymonowicz anticipates annual debt service reductions of 10%, or greater, across the board.

Mr. Sealy was asked to explain the blended rate assumption. Mr. Sealy recalled previously providing the Board with numbers, which are reflected in Mr. Szymonowicz's report.

The average coupon was 4.77% and the maximum true interest cost was 5.28%. The estimate was that, based upon those numbers, an annual debt service reduction of just under 13% was generated.

Mr. Sealy referred to the parameters attachment at the end of Resolution 2012-3. Mr. Sealy indicated that, earlier today, Mediterra South agreed to set a minimum annual debt service reduction % not less than 10%, per bond issue, which gives him latitude, due to changes in market conditions. He is targeting a higher percentage, probably in the 13% range. Mr. Sealy confirmed that the Mediterra North CDD must establish parameters. Mr. Abrams questioned why the District would not set a higher percentage. Mr. Sealy confirmed that he is comfortable with setting 10%, but not 13%, given the volatility of the current market and the time to issuance. In response to a question, Mr. Sealy advised that the whole deal must come back to the Boards, if the 10% minimum cannot be met.

Mr. Adams recalled discussions at the Mediterra South meeting and concluded that this is a tight transaction and the documents are well prepared, except for final tweaking and cleanup; it is substantially ready to go to market. The pre-close target date is May 16, which coincides with the next regularly scheduled meeting, and the final closing should take place within a few days, following.

Mr. Abrams asked that the documents address severability.

On MOTION by Mr. Abrams and seconded by Mr. Neary, with all in favor, Resolution 2012-3 the Delegation Resolution, was adopted.

THIRD ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

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

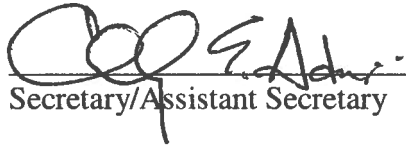
Mr. Adams indicated the next regular meeting is scheduled for May 16, 2012.

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 approximately 4:02 p.m.


Secretary/Assistant Secretary


Chair/Vice Chair