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**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT No 5**

The Meeting of the Board of Supervisors of the Village Community Development District No. 5 was held on Friday, July 20, 2012 at 8:00 a.m. at the District Office Board Room, 1894 Laurel Manor Drive, The Villages Florida, 32162.

Board members present and constituting a quorum:

- | | |
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| Walter Martin | Vice Chairman |
| Paul Farineau | Supervisor |
| Gary Kadow | Supervisor |
| Diane Spencer | Supervisor |

Staff Present:

- | | |
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| Janet Tutt | District Manager |
| Diane Tucker | Administrative Operations Manager |
| Valerie Fuchs | District Counsel |
| Dave Burgess | District Property Management Assistant Director |
| David Miles | Finance Director |
| Barbara Kays | Budget Director |
| Jennifer McQueary | District Clerk |
| Brittany Wilson | Executive Assistant |
| Candice Lovett | Staff Assistant |

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Vice Chairman Martin called the meeting to order at 8:00 a.m. and stated for the record that four (4) Supervisors were present representing a quorum. Ron Kaissling was absent.

B. Pledge of Allegiance

At Vice Chairman Martin's request, Supervisor Kadow led the Pledge of Allegiance.

C. First Time Meeting Attendees

The Board welcomed all those residents in attendance at a District 5 board meeting for the first time.

D. Audience Comments

At this time, Vice Chairman Martin requested audience comments, but received none.

SECOND ORDER OF BUSINESS: Approval of the Minutes from the Board Meetings held on June 15, 2012 and the Budget Workshop held on May 21, 2012

On MOTION by Paul Farineau, seconded by Gary Kadow, with all in favor, the Board approved the Minutes from the Board Meetings held on June 15, 2012 and the Budget Workshop held on May 21, 2012.

THIRD ORDER OF BUSINESS: Financial Statements as of June 30, 2012

David Miles, Finance Director, advised the cash analysis prepared on June 27, 2012 identifying the District's investable balances of \$9,899,540 and were distributed among Citizens First Bank (CFB), the State Board of Administration (SBA), Florida Municipal Investment Trust (FMIvT) and the Florida Local Government Investment Trust (FLGIT) accounts. The Budget to Actual Statements were provided representing 75% of the year identifying the District has collected 101.01% of its budgeted resources for the year and 100.29% of budgeted maintenance assessments have been collected. During the month of June, the expenditures exceeded revenues by \$195,536; however on a year-to-date basis, revenues exceed expenditures by \$984,490.

Vice Chairman Martin thanked Mr. Miles and Staff for the financial reports.

FOURTH ORDER OF BUSINESS: District Property Management Reports

A. Landscape Maintenance Update

Dave Burgess, District Property Management (DPM) Assistant Director, advised there were no updates, but requested any input on items that may need to be addressed by Staff.

Vice Chairman Martin commented on the repairs to the Ashland Pond advising the contractor had left a piece of equipment near the postal facility. Vice Chairman Martin stated following the repair the landscape in the area needs to be restored and inquired if this was a District responsibility. Mr. Burgess advised the landscaping would be restored as part of the sinkhole repair project which is a Project Wide expenditure.

Supervisor Kadow commented on the micro resurfacing completed at Broyhill Villas, stating the roads look wonderful and he has received several "thank you" phone calls from residents.

CONSENT AGENDA:

Vice Chairman Martin advised the Board a motion to approve the Consent Agenda is a motion to approve all recommended actions. All matters on the Consent Agenda are considered routine and no discussion will occur unless desired by a Board Member.

On MOTION by Diane Spencer, seconded by Gary Kadow, with all in favor, the Board approved the following items on the Consent Agenda:
FIFTH ORDER OF BUSINESS: Accepted the Quit Claim Deed from The Villages of Lake-Sumter, Inc. for the purpose of correcting the legal description and Real Property Records of Sumter County to the Plat Book Records for property described in the Quit Claim Deed.
SIXTH ORDER OF BUSINESS: Approval of Amendment Five to the Agreement with One Source Landscape & Golf Services, Inc. and authorized the Chairman to execute the Amended Agreement.

Vice Chairman Martin inquired if the price of individual landscaping items were based on a bulk rate or individual rate. Mr. Burgess stated the pricing agreed to by the contractors should provide a significant savings over time.

Sumter County Sheriff's Office

Lt. Wolfe, Sumter County Sheriff's Office (SCSO) presented the Board with a listing of 322 citations issued to vehicle operators and 7 citations issued to golf cart operators during the time period of April 11, 2012 and July 8, 2012. Lt. Wolfe stated the SCSO has identified an increase in grandparents allowing children under the age of 14 to operate golf carts which has resulted in couple of accidents and

citations being issued. The SCSO has taken a proactive approach to addressing this issue and has formed a cooperative effort with the District Recreation Department and providing instructional information and material for Camp Villages classes. Lt. Wolfe responded to the Board's inquiries pertaining to underage golf cart operators.

Vice Chairman Martin commented on the reduction of golf cart citations from the previous month.

SEVENTH ORDER OF BUSINESS: Discussion Item: Refunding of District 5 Special Assessment Revenue Bonds

Mr. Miles advised Staff had previously addressed the Board about the potential for refunding of the 2002A Bonds. Additionally, Staff reviewed the Trust Indenture language for the 2003A Bonds and identified the call requirements provide for a nine (9) year timeframe instead of what has typically been a 10 year period. Mr. Miles advised the Series 2002A Bonds have a final maturity of May 1, 2033, with a current interest rate of 6.50%. The Series 2003A Bonds has a final maturity of May 1, 2034 and a 6.1% interest rate; if refunded in 2013 the bonds will have more than 20 years left until maturity which has Staff concentrating on a traditional underwriting refunding as opposed to a bank loan refunding. Mr. Miles stated the timing of the refunding is at the Board's discretion; an advanced refunding would have the District calling the bonds on November 1, 2012 which would incur the negative arbitrage of approximately \$794,000 or wait to call the bonds on May 1, 2013 to complete a current refunding. Either refunding option provides the District with a substantial net present value saving. The issue before the Board is whether to incur the negative arbitrage to complete the advanced refunding or wait until May 1, 2013 when the savings would depend on the interest rate at that time. Mr. Miles stated the Board's second consideration would be how to share the proceeds of the savings; whether or not the District should retain a portion of the savings or if the savings should be passed onto the residents who have outstanding bond assessments. Mr. Miles stated Florida Statute Chapter 170.09 provides the interest rate charged to special assessment payers cannot exceed the interest rate paid on the underlining financing document by more than 1%.

Supervisor Kadow stated with the information provided the Board is able to project the interest rates if the bonds were to be refunded in November; however, if the Board chose to wait to refund the

bonds until May 2013 there is no guarantee the interest rates will be as low as what could currently be achieved.

At this time, Mr. Miles introduced Mike Baldwin of Citigroup Global Markets who advised he would be acting as Investment Banker/Underwriter and provided a description of the duties Citigroup would provide and overview of the refunding process. Ms. Tutt advised the main point for the Board to address is when it would want to lock-in interest rates and what the associated costs for the refunding would be.

Mr. Baldwin stated negative arbitrage occurs when issuing bonds to raise money for a refunding escrow that is utilized to payoff the old bond callable on May 1, 2013. Given treasury rates, the escrow can only be invested at .1314%. Mr. Baldwin advised the \$794,000 in negative arbitrage is equivalent to 18 basis points, 1 basis point or .01% which is approximately \$45,000.

Mr. Miles introduced Jay Glover and Laura Howell from Public Financial Management (PFM). Mr. Glover stated if engaged, PFM would serve as the District's Financial Advisor, meaning they have a fiduciary responsibility to the District for pricing the bonds. Mr. Glover advised as the call date gets closer, the savings go up as the negative arbitrage goes down; however with interest rates at historic lows waiting until May 1, 2013 the interest rates are not locked in. Mr. Glover suggested an additional option or a "hybrid option" which would provide that a transaction could be completed, to be priced in December and close on February 1, 2013. This would make the escrow less than 90 days and provide the District with the opportunity to achieve a current refunding.

Ms. Tutt inquired of Mr. Glover if pricing the bond in December vs. September would have a negative impact. Mr. Glover stated the market tends to shut down late December; however typically the first two (2) weeks of December transactions can be accomplished and the supply of debt in the market is typically less.

Supervisor Kadow inquired if needed, if the pricing process could be delayed. Mr. Glover stated the only reason for delay would be if there was a run on the market and the savings weren't obtainable. Mr. Miles stated the Financial Analyst will restructure the amortization schedule for each unit and a compiled amortization schedule would be applied for the total of the two (2) bond issues.

Supervisors Spencer and Kadow concurred that the hybrid alternative presented a good balance between the advanced and current refunding.

On MOTION by Diane Spencer, seconded by Paul Farineau, with all in favor, the Board approved to begin the refunding of the Series 2002A and 2003A Special Assessment Revenue Bonds utilizing the "Hybrid" method presented.

EIGHTH ORDER OF BUSINESS: Adoption of Resolution 12-06 designating PFM as the District's Investment Manager

On MOTION by Gary Kadow, seconded by Paul Farineau, with all in favor, the Board adopted Resolution 12-06 designating Public Financial Management, Inc. (PFM) to serve as the District's Financial Advisor effective July 20, 2012.

NINTH ORDER OF BUSINESS: Adoption of Resolution 12-07 designating Akerman Senterfitt as Bond Counsel

On MOTION by Diane Spencer, seconded by Paul Farineau, with all in favor, the Board adopted Resolution 12-07 designating Akerman Senterfitt to serve as the District's Bond Counsel effective July 20, 2012.

TENTH ORDER OF BUSINESS: Adoption of Resolution 12-08 designating US Bank as Trustee

On MOTION by Gary Kadow, seconded by Diane Spencer, with all in favor, the Board adopted Resolution 12-08 authorizing Staff to engage U.S. Bank to serve as the District's Trustee effective July 20, 2012.

ELEVENTH ORDER OF BUSINESS: Adoption of Resolution 12-09 designating Citigroup as Investment Banker

On MOTION by Paul Farineau, seconded by Diane Spencer, with all in favor, the Board adopted Resolution 12-09 designating Citigroup Global Markets Inc. to serve as the District's Investment Banker/Underwriter effective July 20, 2012.

Ms. Tutt stated Staff has worked with the consultants secured by the District on other bond issues and refinances and all are extremely experienced.

TWELFTH ORDER OF BUSINESS: Adoption of Resolution 12-11 designating Burton & Associates as Financial Analyst

Mike Burton, President of Burton & Associates, provided the Board with an overview of their role as Financial Analyst if the District were to engage Burton & Associates. Ms. Tutt stated if the Board would provide direction to Mr. Burton as to the percentage of the savings to be returned to the residents Burton & Associates could begin preparing the assessments.

Following discussion the Board provided the following direction: The Board gave consensus to retain a 1% portion of the savings to the District and the remaining savings to the assessment payers.

On MOTION by Paul Farineau, seconded by Gary Kadow, with all in favor, the Board adopted Resolution 12-11 designating Burton & Associates to serve as the District's Financial Analyst effective July 20, 2012

On MOTION by Diane Spencer, seconded by Paul Farineau, with all in favor, the Board directed Burton & Associates to prepare the assessment schedule retaining the statutory provided 1% to the benefit of the District, as a whole, and the remainder of the savings to the assessment payers.

THIRTEENTH ORDER OF BUSINESS: Board Consideration: August Budget Workshop

Barbara Kays, Budget Director, stated the Board has previously discussed having an additional Budget Workshop in August to review changes and adjustments made to the cost allocation and to review a draft copy of Project Wide Fund Capital Improvement Plan (CIP).

The Board requested the time of the workshop be changed from 8:00 a.m. to 8:30 a.m.

On MOTION by Paul Farineau, seconded by Gary Kadow, with all in favor, the Board scheduled a Budget Workshop to be held on August 23, 2012 at 8:30 a.m. in the District Office Board Room.

FOURTEENTH ORDER OF BUSINESS: Board Consideration: Participation in Deed Compliance Joint Workshop

Ms. Tutt stated Staff is respectfully requesting this issue not be addressed during today's meeting and requests the Committee approve participation in a joint workshop at the Laurel Manor Recreation Center on Monday, July 30, 2012 at 9 a.m. with the AAC and Districts 1-4 at which time Staff will provide an overview of the actual events which have occurred to date and provide the ability for the Boards to hold open discussion.

On MOTION by Gary Kadow, seconded by Diane Spencer, with all in favor, the Board approved participation in a Joint Workshop of Village Community Development Districts No. 1-5 and the AAC as the representative of the Lady Lake/Lake County portion of The Villages to discuss signs within each District's geographic boundaries to be held Monday, July 30, 2012 9:00 a.m. at Laurel Manor Recreation Center, 1985 Laurel Manor Drive, The Villages, Florida.

FIFTEENTH ORDER OF BUSINESS: Old Business Status Update

Ms. Tutt advised Staff has not yet received the Engineer's report for the core borings conducted at B-13 tunnel.

SIXTEENTH ORDER OF BUSINESS: Staff Reports

Ms. Tutt advised Brownwood Community Development District (BCDD) held their first Board meeting and the landowner election was completed. Staff will be providing a joinder to the Project Wide agreement to include Brownwood which will positively benefit the cost allocation process for Project Wide Fund.

SEVENTEENTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

EIGHTEENTH ORDER OF BUSINESS: Supervisor Comments

The Board thanked Staff for the sinkhole repairs made and the information provided to assist the Board in its review of the bond refunding process.

NINETEENTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 9:24 a.m.

On MOTION by Gary Kadow, seconded by Diane Spencer, with all in favor, the Board adjourned the meeting.

Janet Y. Tutt
Secretary



Ron Kaissling
Chairman

