

**MINUTES OF MEETING
SOUTH-DADE VENTURE
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the South-Dade Venture Community Development District was held on Thursday, February 28, 2013 at 4:00 p.m., at the Waterstone Clubhouse, Phase II, 1355 Waterstone Way, Homestead, Florida.

Present and constituting a quorum were:

Curtis Cooper	Chairman
Miguel Aponte	Vice Chairman
Mike Lopez	Assistant Secretary
Sonia Castro	Assistant Secretary
Monica Elliot	Assistant Secretary

Also present was:

Mike Pawelczyk	District Attorney
Paul Winkeljohn	District Manager
Dennis Baldis	Governmental Management Services
Maria Mijares	Waterstone II Clubhouse Manager
Jon Kessler	FMS Bonds
Julie Safdie	Pan American Landscaping
Elliot Safdie	Pan American Landscaping

FIRST ORDER OF BUSINESS

Roll Call & Pledge of Allegiance

Mr. Cooper called the meeting to order, called the roll and the Pledge of Allegiance was recited by all who attended the meeting.

SECOND ORDER OF BUSINESS

**Approval of the Minutes of the
January 24, 2013 Meeting**

Mr. Cooper: Moving on to item No. 2, Approval of the Minutes of the January 24, 2013 Meeting. Does anybody have any corrections that they would like to make at this time, or a motion to approve the minutes?

Mr. Lopez: I have a change to make, at the January meeting, the residents, Rene Pieneda and Xavier Lanzurique, were not present, they were present in THE December meeting.

Mr. Winkeljohn: Ok.

Mr. Lopez: I'm not sure if Mr. Victor Rodrigo was here or not.

Mr. Winkeljohn: There was nobody here at that meeting.

Mr. Lopez: That's the only change I had.

Mr. Cooper: Ok.

Mr. Winkeljohn: Duly noted.

Mr. Cooper: Hearing no other changes, a motion to approve the minutes with those corrections would be in order.

On MOTION by Ms. Castro seconded by Mr. Aponte with all in favor, the Minutes of the January 24, 2013 Meeting with the indicated changes were approved.

THIRD ORDER OF BUSINESS

Update on Refinancing

Mr. Cooper: Next we have Update on Refinancing, Mr. Manager?

Mr. Winkeljohn: First of all, most of you I believe have met Jon Kessler, he was here a year ago with nothing but good news for us and he comes back with hopefully some more good news. I'll let Jon give you the update. You may remember, you have 3 bonds basically for the District, you had a 2002 Bond which we refinanced last year in 2012, you have a 2004 Bond which is what we're going to talk about today and you also have a 2008 Bond which is tied just to the gates, the 2008 Bond had a rule that should we refinance the 2004 Bonds, the 2008 Bond gets taken out and it has to be lumped into it, and you'll see that's all going to be good news when he gives his presentation and I'll go over how it affects you from your assessment and budgeting process when he tells you what he has to say, so Jon you're up.

Mr. Kessler: I know many of you were on the board last time, but I don't believe it was the same chairman as last time but, please feel free to interrupt me and ask any

questions. I understand the topic of bond financing may be foreign to you so I prepared this presentation, but I plan to make it more conversational so to the extent that something doesn't make sense feel free to interrupt and ask questions, and I'm going to go through it fairly quickly and get to the punch line because I know you have other business to take care of. So essentially the bonds were issued in 04, there was about \$12.5 million of bonds issued, when the bonds were issued it was just vacant land essentially and so the bonds were issued as non-rated bonds. So they were essentially in bond terminology, they were junk bonds, they didn't have a rating because they were just secured by land and a business plan to build and they were issued at the time, actually at a pretty decent rate around 6.8% tax free. The bonds that were issued in 02 were actually issued at 6.9% tax free. When the 02 bonds were issued there was really nothing in Homestead so as there was more development in Homestead the rates came down just reflective with the rest, so right now they're \$12.5 million issued and you've paid down to about \$10.9 million dollars of outstanding principal. The bonds are secured by what we call phase 2, which is 1,214 units and I don't know if that means anything to you, but basically like the 2002 Bonds I believe strongly that we can go get these bonds rated, probably in the same category, which is triple B, which is an investment grade rating and would essentially allow you to sell new bonds and take out your old bonds at a dramatically lower rate. So right now you're paying around 6.8% and the new bonds, the average coupon would be around 4.30%, probably a little bit less because I put a little bit of room in there but today around 4.30%. So this is a little bit more technical and complicated than the last time around and so feel free to interrupt me, I want to make sure you understand everything just so everything is fully disclosed. So what happens is, when these bonds are issued they have something called "call protection" and that means that the bondholders that are investing in the bonds they don't want to just invest in a project like this and then 2 years from that time get refinanced out because they're spending the time to understand the credit, so they want what's called, call protection. So these bonds, when they were issued, which is very common, they had 10 years of call protection, meaning you can't refinance them for 10

years. So these bonds are technically not callable until 2014, so they're really not callable right now, when we refinanced your 02 bonds, I don't know if you remember, we refinanced them on the call date, so we refinanced them exactly when they were callable, so even though they're not callable today what we can do today is what's called a defeasance or in "bond speech" it's called an advance refunding, and what that basically means is we could go out today and issue new bonds and this is where it gets a little bit complicated to explain. We issue new bonds today, they pay 4.35% and what they do, the bonds until May of next year, they actually invest in U.S. Treasury bonds, so that's called a defeasance. So the bonds are issued and the proceeds go into U.S. Treasuries, and those U.S. Treasuries secure your old bonds. So the District has two sets of bonds outstanding, and the impact of that is, today interest rates are very low so you're taking money and you're investing in treasuries for 1 year and those treasuries for 1 year yield basically zero, but the coupon on the old bonds is roughly 6% so you have what's called negative arbitrage, and that cost depends on how you measure it. The way I measure it is the most conservatively which is around \$550,000. So say we closed on bonds in April or May of this year, there would be this defeasance cost of \$550,000 and that gets rolled into the bond issue. So every month that you wait to refinance the bonds, the defeasance cost goes down by roughly \$45,000 per month, that's essentially the \$550,000 divided by 12. The numbers that I'm showing you assume the defeasance that we issue today versus waiting, just so you know. Anyway, I'm on page 5 and the punch line is this, if we went ahead and refinanced today, even with the defeasance costs, because when we issued your bonds just in May of last year of 12 the average coupon on those bonds, it was a market rate at the time but the average coupon was around 5.05% and again your initial bonds were 6.90% so there was still a lot of savings. Rates have actually continued to come down as you've probably seen in the papers, and actually if we refinanced today, not only have rates come down but the municipal bond market has actually gotten even stronger, so if we refinance today the average coupon would be around 4.3%, so it's about 70 basis points lower than what we just did, so assuming the defeasance cost, the cost of issuance,

everything, minimum savings you could achieve today would be 14%, so everyone's assessments would go down by 14%. Now these are the questions that people always ask, if you waited 1 year and rates were absolutely the same, your savings would be like 20%, the question is are rates going to be the exact same 12 months from now than they are today. My belief is they won't but that's really a decision that a board needs to debate, not me, but my position is that there's a lot of factors going on, the economy is getting a lot stronger, the FED has announced that they're probably going to stop their bond buying program, the world economy is getting better, I think you're going to have less foreign money coming into the U.S. Treasuries, so what we often talk about is the breakeven, essentially how much rates would have to go backwards for you, the waiting would go away. Again, if you waited a year, and rates were exactly the same, about 20% savings, and interest rates would essentially have to back up roughly 75 basis points in 1 year, so 70 to 75 basis points for the savings to be the same today, if I refinanced today, versus if you waited a year. Does that all make sense to everyone?

Ms. Castro: Yes, if we do it this year, we couldn't do it again next year, right?

Mr. Kessler: Correct, and usually on these types of bonds it's usually about 10 years, the investors want 10 years of call protection, and it's possible we could probably do maybe 7 or 8 years of call protection, but usually it's around 10 years.

Ms. Elliott: So acting now gives you a pretty good number of 14%.

Mr. Kessler: Yes, and I put together a detailed summary if you look on page 8.

Mr. Winkeljohn: One thing, and this is the first time I've heard him give a speech to a board without giving this one sentence, so I will give it for him, is municipal governments which is where I came from, usually refinance in the 5% savings range.

Mr. Kessler: That is true, it's usually around 3% to 5% savings is the municipal standard, but they also don't have the luxury of, the only thing I don't like about that is that governments, such as the City of Miami, their bonds are usually always investment grade, so here you're going from non-investment grade, to investment grade so it's always a bigger impact but, you're absolutely right. So what I did, if you look at page 8, now the other thing that's very positive about this is that because there's excess

collections from prior years Paul, the par amount of the new bonds would not exceed the par amount of the old bonds based upon the run that I did but, if you look on page 8.

Mr. Cooper: Can you explain that a little bit more in detail just to clarify that?

Mr. Kessler: Yes, and if you look on page 8 I laid it out side by side, so the old bonds, there's \$10.95 million outstanding, and your new bonds would be slightly less, it could be plus or minus a little bit but \$10.860 million outstanding, so often times when you do an advance refunding like this where you have that defeasance cost built in that I talked about, the par of the new bonds, you could still have annual savings that is lower every year, but you're issuing more bonds to pay for the defeasance cost. You're actually doing the same here but because there's excess, the District has some excess monies from prior years that were collected, late payments, and tax certificate sales, and things like that, that has excess money that's in the revenue account. Then the other thing that really helps is, the bonds that you have outstanding right now, they have what's called a debt service reserve fund and that's a rainy day fund that's collateral for the existing bonds and that equals 1 years worth of debt service. The new bonds that we're talking about issuing will only have one half of 1 years worth of debt service as a rainy day fund, so that excess money essentially pays for those defeasance costs and the cost of issuance to the bonds.

Mr. Pawelczyk: And that excess money, the debt service reserve fund is a full year of protection, it's set up when all we have is raw land here, so it's a protection for the developers in case there is a foreclosure, or in case something catastrophic happens and the landowner doesn't pay the bonds, they have that 1 year of basic protection and now since the community is built out we don't need to put as much money in that debt service reserve fund, so we don't have to basically hold that account at 100% making hardly any interest at all, now we only have to do 50%. The one other thing I want to point out is if you look down under final maturity, and this question always comes up, you're not extending your maturity date, like sometime when you refinance your mortgage, so the maturity date stays the same as 2034.

Mr. Kessler: The thing that I like to equate it to is it's essentially, in mortgage speech, it's a zero cost, out of pocket refinancing basically.

Mr. Winkeljohn: I would add one other little detail to the reserve fund is, those excess funds are common in a District this size, like Jon said, it's because of some people who pay late, you get the penalties for it, and a few other reasons, that money is basically reserved for only one thing and that's the last payment or last couple of payments on year 30 of your bond, it's controlled by rule, so it's useless for you to sit there and look at that money that you and your neighbors put in over the last 10 years, and now you are mobilizing that money and getting a benefit out of it, so there's some philosophical way to put it that you're actually getting some motion out of those funds because otherwise your other bonds, that money could be used, in this bond indenture you can't do that, so I just wanted you to know that.

Mr. Kessler: So really the punch line is on pages 8, 9, 10 and 11, and again, trying to make this as clear as possible, page 8 is you issue now, it shows you the par, the coupon, the reserve, the maturity, the savings on an aggregate basis, so the District saves \$123,000 per year, it's \$2.2 million over 20 years, and it's a lot of money which is 13.6% annually. Then on the following page I just show, assuming this information is still correct, basically by each community within Phase 2, the lot size, the number of units and what you're paying now, and what you would be paying, and it's roughly \$110 to \$111 a year, everyone's assessment would go down. Then on page 10, again it's assuming rates are the exact same one year from now as I said, and obviously the savings goes from \$110 to \$165, so it's around a 20% savings, but again there's no guarantee that rates are the same 1 year from now.

Ms. Castro: How did you come to this 20%?

Mr. Kessler: Well what I did was, I took where rates are today, and assumed we refinanced 12 months in the future and just ran the math, that's all, so it works out to be 20%, so you have no defeasance cost, then you have the benefit of the lower rate, so it's mainly the defeasance cost that's the difference in waiting.

Mr. Cooper: When does the bond mature next year? What month?

Mr. Winkeljohn: The call date is usually May 1st.

Mr. Cooper: Ok.

Mr. Kessler: Then the other factor which this does not address, which will be probably \$15, you have these 2008 Bonds that a bank owns and there's a covenant in that indenture so that when these bonds get refinanced you have to refinance those, and those pay 5.25%, it's about \$2 plus million, and we would refinance those into these at the same time, so you'd get the benefit of roughly 100 basis points on \$2 million, it would be about \$15 per year per unit is just a guess, but I left that out of the equation.

Mr. Winkeljohn: So the real simple picture is, we're handing you a scenario with today a 14% savings, the thing is, you have a bigger job than that, you have to balance the entire community, you have to balance your entire budget, you have to deal with the political decision, so 14%, what do I want to do with that 14% savings and there are two things I would put on this, I think a few of you probably already know where I'm headed. The community's tolerance to increase assessments in the next 4 to 5 years is your responsibility, especially those of you who just got elected this year, that's where you get the tough decisions, as your manager I will tell you that this is an opportunity for you to prevent a rollercoaster or a spike to your residents, now this is a special issue because the bigger bond relates to just Waterstone II and there is no savings to the Waterstone I residents, they got the bulk of it, over \$100 each last year and Waterstone II got \$10 or \$12, much lower, but they did get some benefit and it was all passed on to the residents. This year you have a different situation, one of which is the capital and the cash requirements to operate this clubhouse. You could take all of the savings or some portion of it and keep it in operating, and increase the assessment that you have now just to the Waterstone residents and use that extra income as operating as opposed to lowering it all on their debt side because they have two parts to their assessments, debt and operating, so you could shift the benefit from either giving it all to them, or take half of it and give it to the operating side, and the resident would only see whatever you decide you want them to see. Do you want them to see an increase, or a

decrease, or nothing, or somewhere in the middle, so what's the total again Jon, is it about \$120,000?

Mr. Kessler: Yes, it's \$123,000.

Mr. Winkeljohn: So what we're talking about is a \$120,000 annual income that goes to the debt line now, you would have a choice of shifting some of that, let's say you went 50%, that would increase the operating income to the clubhouse, and the reason I'm saying the clubhouse is because it has to be something for the Waterstone II residents and that's the one thing you have that's clearly for them. The other covenant in this is the gates, the little tiny issue of \$15 per resident is magically the right amount, so it works out great because you could increase that and assign it to just your revenue line and your operating, or you gate maintenance, and you have reserves in your gates, because as we've learned in the last few years, the gates are 3 or 4 years old now and you're starting to get replacement costs for equipment, you're starting to want to upgrade your technology, which we did a little bit last year, and so your needs are always there to increase your revenue. So this is an opportunity for you to increase revenue on the operating side, with the most enjoyable way in the world is where you don't increase the expenses to your residents, it's hard to not see that as an opportunity.

Ms. Elliott: That's a good suggestion.

Ms. Castro: However the way that I see it is that Waterstone I residents did get to see a significant decrease and it wouldn't be fair if we don't give them at least some portion of the decrease. We could get some money, my position is that we split it a little bit because Waterstone II pays a lot into this debt and they didn't get to see or enjoy the benefit of the decrease in their assessment.

Ms. Elliott: I would look at first what you need to put in reserves out of the \$120,000 for the operating costs because that is always going to be there, and you need some backup when it comes to the operating costs, especially for the gates and the clubhouse and then assess what your real needs are there and then see if there's anything left, but that would be a pretty big priority.

Mr. Winkeljohn: Well what I would do, just because it's complicated to come back to you with a budget and to make this happen so we can talk realistically, if you give me a line like Sonia just said, 50%, take 50% of it, keep it as a savings for the resident and turn the other 50%, that's \$60,000, over to the clubhouse, we put that in and because it affects our budget cycle which is starting, so I need to set the ceiling now, the highest amount we're going to assess and that helps me. Then we can only, if it's to our advantage or for whatever reason we think that's more, we can always adjust down a little bit but that's what I would propose in your minds of how this savings would be dealt with and I just basically need direction from you as well, but today Jon also needs to know, green light, go ahead, because he'll come back at your next meeting with an authorization resolution and we need to do the rating which takes a couple of months.

Mr. Kessler: Yes, I think we could get a rating in probably, well typically what we do, we did last time, it's basically a two-step process, we get the assessment, because then we can get that without all the documents, and that's probably 3 weeks, so by the next meeting I could probably have a rating indication and then what happens is, we would have documents because I need all the final documents to get the final rating, so I'd say about 6 weeks from start to finish.

Mr. Winkeljohn: Ok.

Ms. Castro: I have another question.

Mr. Kessler: Yes.

Mr. Pawelczyk: Before you even ask the question, that 6 weeks, if it goes 2 months, that's \$90,000 you've saved already.

Mr. Kessler: Right, except these numbers do assume to be closed in May.

Ms. Castro: The numbers on the savings sound wonderful but, I see the difference of 14% versus 20%, is there any way that we can give you maybe some sort of leeway and you can watch how it is going, and if you see that at any point it's going to increase, then we lock it because it is true it's a very big savings in 6 weeks, but if we wait a little bit longer then the savings would be a little bit more for our residents.

Mr. Kessler: Yes, right, and some boards do and what we do is we get everything ready, so we get the rating, we get the documents, and you say, ok if you think we can get 16% savings then let's do it, and so you give that authority and then you just basically watch it month to month, that's one approach. I think in any event, over the next 12 months it seems like you are going to want to do this, it makes a lot of sense so you could authorize staff, and myself to get the rating, do the documents, come back and report back at the next meeting where things are and then set forth parameters that you feel comfortable with and then we can pull the trigger accordingly.

Ms. Elliott: But at the same time don't you take a bit of a chance?

Mr. Kessler: Yes, you're taking a risk, the way interest rates work unfortunately it's very much that type of thing, at least in our market, the municipal bond market is that they change very quickly, in practice it's very difficult to react, you could have a 2 or 3 day period given how low rates are now where they could just snap back up but I've been saying that for 3 years now and I've been wrong, but it does seem like, if you just read about housing, housing is coming back big and I think everybody knows that, and so eventually rates have to go back up. Really what's driving everything, and as you know treasury rates have basically been the same, and keep in mind these are tax municipal bonds, but treasuries have basically been the same from the time we refinanced, your bonds until today, so it's really municipal bonds that have initially caught up with treasuries, but it's hard for us to fathom that they would get any lower from here, but again I've been wrong the last couple of years, but it seems to me that we're at a point where it's bottomed out. The 4.30% the reality is, and I don't always like to show the absolute, the reality is probably that it's 4.20% or 4.25% somewhere in that range, but it's not a big difference, but it's a little bit lower, but not meaningful.

Mr. Pawelczyk: Regardless, to your statement Monica, all you're doing today really is telling Mr. Kessler to go out and get the rating and at the next meeting you're going to come back, and obviously you're going to try and set the parameters now so we can prepare the documents and you're ready to go for the next meeting, but if at the next meeting you want to change those parameters, we can change them. So you could

say 16% now but that's just to prepare the documents, next time, he's going to come back and he's going to say it's 4.2% and you can save 17%.

Mr. Kessler: Well I think one thing to do after talking, their parameter resolution, they can decide on the spot and I'll come back at the next meeting and we'll have a blank parameter and decide what kind of a savings you want to achieve and you guys can debate it and discuss it, I'll report back 4 weeks in the future where rates are and show you the savings again, and you can decide based on that.

Mr. Pawelczyk: I think it isn't helpful to run your numbers for the board, it's helpful to know what portion of let's say the \$120,000 per year that you want to shift over to the operating account because that's going to require us to levy assessments for that, basically you shifting debt to O&M.

Ms. Elliott: Is that a decision that we need to make today?

Mr. Pawelczyk: I think what we would like is some direction, and we can change it but I think at this point he needs direction because he's working on a proposed budget, and Jon is trying to run some numbers.

Mr. Kessler: Well for me, I'm going to get the best rate we can and what is the deadline for the tax roll?

Mr. Winkeljohn: We have time for that.

Mr. Kessler: Ok.

Mr. Winkeljohn: It's just the sooner the better because the way this District functions is, and we were just talking about it a few minutes ago, there probably won't be a meeting in March because your normal meeting falls right on Spring Break, and so what we've done in the past is have an early meeting in April to do our proposed budget and then hash that out and see how that looks and then come back at the end of April, like on a Friday which we've done in the past and have a town hall meeting where we invite the residents so we can go over any projects or like the refinancing topic, so you would have the opportunity and I'm guessing the second week in April probably is what I was thinking for our next official business meetings where we would be able to really go over this again.

Mr. Pawelczyk: Now let's say you decided to shift over \$50,000, and I'm just throwing that number out there, so you shift over \$50,000 and basically what you're telling Paul is, Paul you're going to have \$50,000 more to put into the clubhouse budget, what you do with that \$50,000 is up to you. You might say, we really only need \$10,000 but I'd like to put \$40,000 aside because we don't have a reserve account now for the clubhouse, so we want to put that reserve there to build up the reserve in case we need a new roof in 5 years, then we can just go replace it rather than having to find the money at that time, but that's a decision that all of you have to make. I think Paul's just looking for what is a good number to shift over and balance the savings to the residents with shifting stuff to O&M so you don't have to increase assessments either this year or next year. You don't want to do the refinance and then have to increase your O&M assessment, lower it, and then next year increase it.

Mr. Cooper: Now if we decided obviously not to do this and hold off with this then basically you wouldn't need direction and there wouldn't be any money to switch over from one to the other, for this year's budget correct?

Mr. Winkeljohn: If you decided not to do anything, we would have the same discussion about our budget but your options would be much different, you'd have to either keep what you have and live with it, or you would have to increase assessments to have some of the things I know the board is interested in.

Mr. Cooper: Because I'm seeing here, and I know obviously that \$123,000 is a nice chunk of savings but \$183,000 per year, that's \$50,000 more a year if that magical rate is 20% from that date.

Mr. Winkeljohn: Well since I'm not a finance representative of your board, I will tell you that I've done bond financing for the last 25 years and I would say that I've never seen rates lower than they are now, I've only seen them higher, the highest I've seen them is usually in the 7% or 8% rate and nobody likes to borrow at that rate in tax exempt so is it going to go down much more, wouldn't that be great, but I doubt it. Is it going to go up a lot more, it would only seem reasonable, the last 10 years, if you look at your bond issues they were 5% and 6%, so that's typically what they're going to be,

so if you're at 4% right now the only thing you could reasonably expect is for them to jump back up a point or 2 in the next 12 months.

Mr. Cooper: Is there a way to see a chart since April from last year when we did it just to see how things have fluctuated?

Mr. Kessler: Yes, and actually the presentation I brought last time, but I didn't bring it this time, I had a graph of ratings for the last 10 years, and I can just email it to Paul so he can send it to you.

Mr. Winkeljohn: So how would you like to proceed? We need direction to Jon, and the immediate thing is to authorize him to initiate the Standard and Poors credit rating process and from the tone I'm hearing I would also ask him to be prepared to come back with an authorizing resolution for April and I think he knows if the parameters change dramatically, and I talk to Jon almost every day, so I'll let you know if something crazy is happening and we'll call a meeting or we'll know that this is something that we need to do so we don't go cold for 6 weeks.

Mr. Cooper: Ok.

Mr. Winkeljohn: Curtis if I can just elaborate on something real quick?

Mr. Cooper: Sure.

Mr. Winkeljohn: If you look at the presentation Jon is presenting to us on page 9, Floridian Bay Estates II there's a savings of \$111 which is 14%, if you go to page 11, the difference if we get to that magical number of 20% is \$50 more or less. Jon, with your experience can we wait?

Mr. Kessler: I think 12 months from now, I think 6 months from now, I think rates are going to be higher, and I don't know how else to show you what the financing is going to be 12 months in the future, this is how I lay it out and you all debate it. It's interesting to hear different boards debate these things, but I think 12 months from now rates are definitely going to be higher, I don't know if they're 75 basis points higher, they could be 50 basis points higher, I don't know, but all I can tell you if rates go back up 75 basis points, the benefit of waiting is gone, so 75 basis points is not that much of a

move even if it's 40 basis points, it's not going to be 20%, it's going to be more like 17% savings.

Mr. Winkeljohn: The good thing here if you look at it, the maturity on the new bond is the same as the old bond, it's not going to cost us anything, so there's no out of pocket cost and the savings you're actually looking at is a \$50 difference with the risk of not being able to obtain the 14% and possibly not even get to that 14%.

Ms. Elliott: For me I see that as a huge risk and not worth taking.

Mr. Winkeljohn: Right, correct. So you have \$123,000 now where you would just decide what to do with and maybe you can split it down the middle, keep half for operating and then the other half as savings, that's something we don't have to decide today, we can decide that later. What we have to decide now is to instruct Jon to move forward and start to work on the refinance.

Mr. Kessler: And even so there's no, it's more of just to get a head start, we could come back in April and you could decide well let's just watch it month to month, it's more to get the rating, get the documents prepared so that as you were saying, you're in a position to really pull the trigger more quickly because if you said, we don't want to do anything right now, then you always have that lead time of a couple of months of getting the documents, getting the ratings, and all of that, so that's all you're really authorizing.

Mr. Pawelczyk: One way I've seen boards look at this is, and you look at it from the long term, you have let's say approximately 20 years left on the bond, and you save \$100,000 for 20 years, that's a lot of money you're saving for the residents, and even if you're directing money into your O&M account, let's say you're directing the \$50,000 half of the \$100,000, you're really setting yourself up to be a very healthy District and to be able to maintain your improvements for at least the next 20 years. Of course you can always gamble and say, I want to save that extra \$50 more by waiting until next May, but like Jon said this gets the process started. How good is the Standard and Poors rating for, is it like 6 months?

Mr. Kessler: Well the assessment is good for 6 or 8 months but we would go back with a full rating, they would give us credit for that.

Mr. Pawelczyk: Ok, so if you decide not to do it once he comes back in April, that's fine, and there's no cost to you to do that, you're not paying Mr. Kessler anything, you're not paying bond counsel anything, until we go forward to close on the deal.

Ms. Elliott: I think we should move forward today with it though, what do you guys think?

Ms. Castro: I think it's true, we should move forward.

Ms. Elliott: Paul, what is the motion to be made?

Mr. Winkeljohn: I would word the motion to authorize bond refinancing and included would be authorizing Jon to initiate the credit rating, and to develop draft documents for final approval at our next meeting.

Mr. Cooper: Also just to bring clarity to the record, over the 20 years it's a win/win no matter which way we wind up going in this which is great, unless we did nothing, so basically we save for 20 years one aspect goes to \$3,300 and the other one is \$2,200 so it's basically \$1,000 for each home in Waterstone II over that 20 year period so that is an awesome savings.

Ms. Elliott: Yes, and the second suggestion that I offer to the board is the savings of \$120,000 to go ahead with it, I would look at putting almost all of it into an operating fund because you will need that money and \$120,000 doesn't go that far when you're looking at gates and a clubhouse and to have the money in backup for emergency things because our bills are high, it's expensive and it's always going to be something, it might be put to better use as a lump sum for the larger purpose.

Mr. Winkeljohn: Absolutely, you can always change your mind, 2 or 3 years from now if you feel you're fully reserved and fully funded and you can reduce rates.

Mr. Aponte: This 4.3% a year from now, let's just say we waited a year from now, to actually get that 14% savings?

Mr. Kessler: Well I think it's about 30 basis points.

Mr. Aponte: Ok.

Mr. Cooper: Now is there a way, just for fun, because obviously it's been going down, and obviously we can't see the future, running something where it shows 3.5% or 3%.

Mr. Kessler: Well for a triple B that's going to be hard, I would be shocked, because the one thing with this community with S&P just because we go through this rating agency process is, in this section it's like 25% of the units I think are townhouses and villas, and they have a lower assessed value, and so that's what would keep us from getting let's say an A rating. If these bonds, where in the A rating it would be like around 3.80% blended, so it was about 50 basis points but I think we need to be a little, to get into the A rating to probably get that low, but I'd be happy to run whatever you want, I'll follow up with the rates, I'll do the breakeven for you, I'll find out about the 14% and I can show you 3.5% if you want to see it, that's no problem.

Mr. Cooper: Alright.

Mr. Winkeljohn: So there's a motion on the floor.

Mr. Cooper: Yes.

On MOTION by Ms. Elliott seconded by Ms. Castro with all in favor, authorizing staff to prepare for the bond refinancing and also authorizing Jon Kessler to initiate the credit rating and develop draft documents for final approval at the next meeting was approved.

Mr. Winkeljohn: Thank you Jon. Ok, so I will do the budget as I just described, I'll do a keep it all, give it all back and then one in the middle and our budget is not that big, and the way I characterized it before would be, because of the ownership relationship that the money would most likely fall as a reserve account for the clubhouse. Now what you can do, and this is why I said that first quarter operating, you put it in a big clubhouse line, but you can use it for all of your operating accounts because the cash flow doesn't come in specifically just for the clubhouse, it comes in across the board, and then your clubhouse capital expenses you would pick them off in

the May/June time as opposed to October, November or December when you don't have the cash and so you basically more money around in your account in essence, in just a cash flow standpoint, not in an accounting standpoint, and that's healthy, because of the fact that you have very fixed monthly expenses and relatively small discretionary funds, it would give you some discretionary funding.

Mr. Cooper: Paul, let me ask you a question, would it also, if it has to go to Waterstone II, the money, doing like a fountain in the lake in the Waterstone II side?

Mr. Winkeljohn: Well it doesn't have to go Waterstone II, but if you're adjusting your assessments the way we've described them, you'd have to give it to that part of the community, so yes it could go to a fountain, it could go to anything, so it's not isolated to just the clubhouse but that was the thing that made the most sense.

Mr. Cooper: Ok.

Mr. Winkeljohn: Those types of thoughts are for a later time but absolutely can be considered.

Ms. Castro: Ok.

FOURTH ORDER OF BUSINESS

Staff Reports

Mr. Cooper: Moving on item No. 4 Staff Reports, Mr. Attorney?

A. Attorney

There not being any, the next item followed.

B. Engineer

There not being any, the next item followed.

C. Field Manager - Consideration of Actions and Proposals from Field Manager's Report

Mr. Cooper: Moving on to Field Manager's report, Mr. Baldis?

Mr. Winkeljohn: Before Dennis gives his report, I'd like to introduce Jeff Dunkelberger from our office, you may have seen Jeff's face or heard his name or seen him around here, he's been helping out. One of his main roles is to increase our

presence and our eyes on the property, but also he has an excellent background in landscaping and field maintenance and can help oversee contractors and things like that and as we use Dennis on other properties and he sometimes has fixed meetings, but if there's something important down here, we don't have to split him in half and so we can send Jeff down to take care of things.

Mr. Baldis: Alright, I have quite a few things I need to talk about today. Over the past month we've experienced a lot of fence and gate damage and I would say that it's increased a lot. Whole sections of the fence is being taken down, gates being removed, and discarded, we've been paying extra close attention to the gate area on the South Florida Water Management canal which is a constant battle there, just so you're aware of that. We had two bench areas, one at the school, one right outside the clubhouse here, that we're repairing the brick pavers, someone decided to throw bricks into the lake so we'll retrieve those and put them back where they go. The golf cart has been repaired, the structure at Waterstone Way and 137th has been painted. We're identifying areas along Waterstone Way from 137th all the way to the school where there are asphalt sidewalks being compromised by roots and sometimes they just get old, I got a price to replace that by the yard so you'll see that work happening shortly. Lights on Campbell Drive, there's been some spotlights that were broken behind the sign, they were being repaired today, hopefully they'll all be repaired. The light at Waterstone Way and 137th on the south side with reverse channel lettering where it says Waterstone, that light has been out, and in a couple more days we're trying to get replacement bulbs for that but we'll work that out by next week. We started removing the plants along Campbell Drive, there's a silver buttonwood hedge, and I'm sure if you drive by there slowly you'll notice that the hedge is just not surviving there. The conditions there between the homes and the buffer and in some areas there's 3 large trees planted within a 50 foot space and the canopy is just overwhelming.

Mr. Winkeljohn: I don't know if you noticed but there's a row of trees in the backyards and then right up against those is our frequency of trees and between the 3 of them they've grown into each other and there's no chance we can keep any kind of,

almost all material will fail in that setting, it's too moist, too dark, too shady, for about anything useful to grow. There's a few types of material that I've got our landscapers exploring that can live on a berm in a berm condition like that, but it's pretty expensive because it's a big area, it's almost a quarter of a mile if you draw it out on a piece of paper.

Ms. Elliott: Can we just put some grass over it?

Mr. Winkeljohn: Yes, we can grass, grass will still have trouble there, it's that's shady. There's a few ways to handle that, if Dennis doesn't mind me taking this topic.

Mr. Baldis: No, go ahead.

Mr. Winkeljohn: Ok, because it's a bigger topic and it's something that's on my list for you guys today. There are two elements, one is there is no sunlight getting there anymore, so the bushes defoliate and they die. The other problem is the bushes themselves, green silver buttonwoods, and green buttonwoods, particularly silver buttonwoods are a tree that has been by the nurseries kept in little pots and they stay small, and when you plant enough of them they turn into a bush, and as long as you keep trimming the top of them they eventually look like a very, like we have all around our streets, a screening attractive landscape element. Well, as you cut them down more and more eventually the lower branches thicken and they keep trying to be a tree and the top ones turn into a really tight bushy material that sits right below the trim line and what you have to do, and what we've done in the past is you trim down just below that "brooming affect" is what they call that, and so you trim down below that and you live with it for a while and eventually you get nice green sprouts, so you can do that for 4 or 5 years, and eventually the bottom gets so thick that it no longer foliates and then you can see through it. There's 3 solutions to that, change material, and that would be a \$500,000 decision easily. The second decision is to live with it like that and screen it with a ground cover, which some people did, they planted something in front of the silver buttonwood to cover the bottom two thirds, that's about a \$200,000 decision. The third option is to prolong their life, by cutting them significantly, and I mean knee high, like if you're standing right up against that bush it would be this big, you'll see three

quarters of the fence, it will look better every growing season, it will look like you want it in about a year and a half, and that's not free either, you still have to pay to have the landscapers cut and haul that away, but it's certainly a \$10,000 project as opposed to a half million dollar project, and you buy "X" number of years. Now one of the things we did was we put irrigation in there, and that can accelerate your non-rainy season growth period a little bit and you'll pick it up a little bit because we did do the drip line.

Ms. Elliott: So what's the question?

Mr. Winkeljohn: Well, the stretch in this back corner, none of that will work because of the 3 canopy scenario, they're already inter branched, cross branched, and so a short term solution you could do. If you found a material that was more tolerant to the shade, which there are a few, the copper leaf that we have out here, the red tree and there's a green version of it also, that does well in the shade, it grows fast, we could try that, and it's not terribly expensive. I don't have a price on that right now, do we Dennis?

Mr. Baldis: No, but what we were planning on doing is getting 3 or 4 different plants and trying them just to see rather than doing a big section and it fails, but the bad news to me is, if you drive down Waterstone Blvd. you have the same hedge in a lot of areas, so there's going to be other areas where we experience this type of problem where it's going to need to be replaced or addressed in some fashion.

Mr. Winkeljohn: Right and you can tell where the sun is by driving, who has sunlight and who doesn't, you can see, the more sunlight, the better the bush is and the thicker it is still, it's starting to show it's age but it's not as bad because those lower stocks get direct sunlight and they tend to foliate, and they'll do alright on Waterstone Way with a heavy cut, so your job is to make the policy decision, which way do you want to go. Obviously you can buy some time, Dennis needs to have a template or a blueprint of a replacement plant because ultimately they have to be removed, or replaced by more silver buttonwood which isn't a terrible idea but you just have to know going into it that every 8 years it's going to have to be redone again.

Ms. Elliott: Well if you could buy like maybe another 3 years out of it, or 3 ½ years, then you just trim them way back and let nature take its course and it will rejuvenate.

Mr. Winkeljohn: Right, but you have to live with it, you have to communicate to the residents why you're doing that to the bushes.

Mr. Aponte: What is the lifetime of the property?

Mr. Winkeljohn: I'd say 3 to 5 years it will look attractive, but as all plants do, it will go through the same lifecycle, very few plants can live 20 years and be a screen, the only one that could ever do that which doesn't do it anymore, and it's called the ficus. The landscape ficus hedge it will try to become a tree unless you keep trimming it but now with the whitefly it has something that finally fights it and knocks it back a notch. So it's a policy decision and what Dennis should have is a template and a replacement plan so when a car goes through, instead of putting back little tiny green buttonwoods or bigger ones, is to go to another plant option, he needs to have a price per foot of 4 or 5 options and what he was suggesting is where I would go also from your landscape design, is instead of having a monoculture, as they call it, or one plant material that gives you all of its problems all at once and gets expensive is to have a multiple variety, a multiple look pattern that you repeat and use that as your screening technique, so you'd have 30 feet of copper, 30 feet of podocarpus, in some designed professionally approach, but every time he has a section and each year you take \$10,000 or \$20,000 and you just pop an attractive segment out and replace it that way, and then you're renewing yourself in a less painful and more professional approach. The reality is, if you were the developer that's what you would put in, what you have, well we're not developers, we're the residents and we're here forever theoretically so we have a different plan on the horizon.

Mr. Cooper: Can they be transplanted?

Mr. Baldis: No.

Mr. Cooper: So you're looking for direction from this board in a motion or just basically just direction?

Mr. Winkeljohn: Dennis, do you need any direction?

Mr. Cooper: As far as the height?

Mr. Winkeljohn: Right, I need authorization to go on a heavy cut now.

Mr. Cooper: Ok, and I don't see anything wrong with that, aside from aesthetic wise, but I think that's going to be the best option.

Ms. Elliott: I think that's a smart financial decision.

Mr. Winkeljohn: Yes, and do you know what it cost Dennis?

Mr. Baldis: What areas are we talking about or all Waterstone Way?

Mr. Winkeljohn: Yes, and not all of it needs to be cut, some of it's newer, so there's a different answer across the board, but as a policy that would be the direction I would need, we need to get a cost and get approval of that.

Mr. Baldis: Well Campbell Drive it's just coming out, there's no hope there, we're going to plant things to see what works. We can come back and identify areas that we think need to be cut, areas that can wait, so have a plan of how long we think we can make areas last, like Paul said, we put a soaker line in some of these areas to get water to keep them going as long as we have, so the effort has been there, we'll just continue that by identifying the worst areas and saying to the people with the big losses, some people are going to lose their privacy for a while.

Mr. Cooper: I think right now from what I've noticed, and unless you guys see things differently, there really isn't any privacy anyway, you can see right through it anyway so it's just a matter of complete a black fence there or you can still see the fence.

Mr. Winkeljohn: That's another option, is on Campbell Drive to 137th corridor, that corner that really screams for some sort of wind screen material along those fences, or a different type of fence, a privacy fence as opposed to a chain link fence.

Mr. Baldis: Well the canopy has gotten large, we've had some areas where the light was blocked. We can go up and clean out the tree just to let the street light shine on the road.

Ms. Castro: My only comment I guess would be that due to neglect really we looked really bad for a couple of months there and to do this on purpose now, I don't

know, I don't feel comfortable with that. It seems to me that there has to be some other solution than just chopping down more than half of the tree to me makes us look a little bit better.

Mr. Winkeljohn: What neglect, you said neglect, who's neglected the plants?

Ms. Castro: Well for example, there were areas that the mulch was not really uniform, plants that weren't weeded, the entrances didn't look as neat and pristine. You went over a list when I told you that Waterstone wasn't really looking that good and a lot of it was corrected, they brought a crew in.

Mr. Winkeljohn: I thought you were referencing the buttonwood.

Ms. Castro: No, what I mean is in general, the look of Waterstone, it really deteriorated over a couple of months there, so I don't know, is there any other option, there has to be something else that could be done that is not as expensive, or as drastic as chopping down more than half of a tree, maybe do it sporadically in sections, it doesn't have to be all at the same time.

Mr. Winkeljohn: Well I think when you're taking the whole community in whole, the policy should be to, obviously you would only do it to the plants that need it, so that's a smaller list, but is it replace it, tear it out, or put something else in, or does it go for an interim heavy cut, that's really the distinction we needed and for everybody to really understand and to say ok, I understand what that means, because we're going to get phone calls, you're going to get response when you go to a heavy cut and that's the reality of it.

Mr. Cooper: I believe if we inform the residents, we have the town hall meeting coming up, we have the Waterstone Living magazine that is going to be coming out probably around the same time, the website, so I think if we inform everybody and let them know, in order to be full and grow we had to make this decision and it's going to look not as nice but overall we're going to have a nice flourishing plant that would not be the case if we didn't make that decision.

Ms. Elliott: Plus it's a smart financial decision for now as we build up your funds until you're ready to do a full replacement because the cost to do a full replacement is really high.

Mr. Cooper: And if they want a full replacement then they have to know that their assessments are going to go up instead of going down.

Ms. Castro: That is why I said, some other option that is not drastic financially and aesthetically, somewhere down the middle, maybe we could pick and choose.

Ms. Elliott: It's a plant though, that's how the plants work, you have to prune them back really, really hard sometimes to make them rejuvenate.

Ms. Castro: Yes, I understand that but not do it in Waterstone as a whole, maybe do it in different sections.

Mr. Winkeljohn: Well it will be sectionalized because we have new stuff, we have different lighting, and there's a different environment every 50 yards along Waterstone Way and there's a difference on the west side versus the east side, there's a big difference because the morning sun has a different affect than the afternoon sun, so yes, the whole place will be 4' shorter, but it will feel that way to that resident, and our job is to, Dennis will identify the areas that need it now, but in the next 3 years I would warn you and prepare you that all of the buttonwood would need to be cut back.

Ms. Elliott: Make it long term, do what you have to do now and make a long term plan.

Mr. Winkeljohn: Yes, we've identified it, and I don't have a way to communicate it to you today but by the town hall meeting, and we can have a map that will show you something like green, yellow, red and green would be doing fine, yellow is in the next year, and the red is now, so maybe we can do that.

Mr. Lopez: Then add the shade to that affect too because now we're talking about different plants.

Mr. Winkeljohn: Right and we can get a sense of how big it is.

Mr. Cooper: So do you have the direction you need Paul?

Mr. Winkeljohn: Yes.

Mr. Cooper: And Dennis you have your direction and everybody is ok with this?

Ms. Elliott: Pruning, yes.

Mr. Cooper: And providing a map, ok.

Mr. Lopez: And provide us with a map, am I correct, map first and then we'll decide to prune or replace.

Mr. Winkeljohn: Well I think you know the policy we're going to show you what it's going to look like, what areas, how big it is, and you can nudge a little more or less, we'll also give you what it's going to cost, it shouldn't cost much but there is a dollar sign to it.

Mr. Cooper: Ok, please continue Dennis.

Mr. Baldis: Over at Stonebrook at the entrance we had a bismarck that we lost at their entrance feature. It's been removed, it's been stump ground, and I need to replace it over there but what I was looking to do is try to have some contact with the people over there so I can exchange ideas and see what they would like because it really affects them the most, if anyone else at all because it's at Kim's Corner, but it's the area between those two gates, there's a little median and there is some electric in there for the gates and different things, but it can't stay bare, and I don't want to just take what I think would look nice, I'm looking for someone from that community that I can talk with and exchange some ideas.

Mr. Lopez: I'll talk to Phil tonight, I have a meeting with him.

Mr. Winkeljohn: Ok, just let him know before we do something.

Mr. Lopez: We're going to give them options, right?

Mr. Baldis: I want to meet with him and see what they would like to see there and then we'll see how we can work that out.

Mr. Lopez: Ok, perfect.

Mr. Baldis: Real simple. The other area is over on Waterstone Blvd., there's a bench area, we've cleaned it all out and this is Sonia's request. I provided Sonia with 4 different options of what we could do there for her to consider, and it wasn't just me, it was Corrine and Vince from ValleyCrest and Jeff was there, so that's an area also that

I'm going to assume that you and I are going to meet and you're going to tell me what you would like.

Ms. Castro: You didn't receive what I sent to you regarding the plant material that they suggested?

Mr. Baldis: Well I received your email, and it just sounded like you didn't like any of our suggestions frankly.

Ms. Castro: I like the one that sort of looks like ground cover, I like the Congo red, and I like something else that you have there that I don't remember the name, but I think I put it there, but there is one that looks like the "swamp thing". There is a fern that is horrendous, there is one that looks like wiggly furry worms, and the furry worms look fine in the picture but in reality out in real light, they don't look that good, they turn to brown, and they don't look nice.

Mr. Baldis: Well what we were suggesting is the one established shrimp plant, the red shrimp plant which is doing really well out there, bring a couple of gardenias in, some bromeliads around the corner, shrink the bed, add some ground cover, put it in around the gardenias and just add some color.

Ms. Castro: I like the bromeliads, and I don't have to tell you about the shrimp because I love more shrimp.

Mr. Baldis: Right and that's why we picked them because you like them, that's not in the drawing if you look at it, but if you see the drawings you'll see which ones we picked. It's not in any of the drawings, the fern you're pointing at, but they're all numbered as 1, 2, 3 and 4, and that fern isn't in any of the drawings, it was just on there to be considered, we didn't pick that.

Ms. Castro: The one that I like I think it was #2, the one that you marked as #2. We can discuss this later.

Mr. Baldis: Why don't we just discuss this after the meeting instead of taking up everybody's time and other than that we've just be doing general maintenance trying to do the upkeep, we will be changing the annuals before Easter but we will not be doing

the mulch until after, we're going to try and hold the mulch off to have it in place when the rains come.

Mr. Winkeljohn: Any questions for Dennis?

Mr. Cooper: I do have something, but not questions, on what I noticed on Waterstone Way, the sprinklers were on last night during the rain along Waterstone Way, so they need to be checked to see what's causing them to still be on with the rain.

Ms. Castro: Well what I was going to say about the sprinkler was, and I think I sent it to you Paul.

Mr. Winkeljohn: Yes, he's got it.

Ms. Castro: Ok, so you have it already.

Mr. Baldis: Yes, it was fixed today, they did a wet check today.

Mr. Cooper: Ok, and just also too, when they have an opportunity, I know they talked about how we do have that wonderful sprinkler for the hedges on Waterstone Way, the drip line, just to verify that is also working as well.

Mr. Baldis: Ok, I can do that.

Mr. Cooper: I don't know how often that's checked, and that's basically it.

Mr. Baldis: Ok.

Mr. Winkeljohn: One of the things I was going to talk about, if you don't mind Dennis, is one of the things that happens with landscaping is they start to get the same crew and they'll start to, they don't become apathetic, they just start to get little personal blinders, if you will, and it's human nature, it happens in every community that I've ever managed, 2 or 3 years with the same supervisor and a steady crew, you're very happy because you don't have to teach them every year where all the little corners are and the little places we cut that they don't know about. That's all good, but what happens is sometimes they, and this is one of my personal pet peeves that Curtis knows about, is they trim the bed lines flatter, every 6 months or so you'll start to see the bed lines start to get less curve to them because the same person is just doing it the same way every time. There are a number of trimming techniques and trimming habits that the same person will start to develop and it's not by not having the skill, it's just

because they've been doing it for a long time and we've had a steady contractor. One of the things I bring into other communities is an independent person to review maintenance techniques and also somebody who is trained in the health of plants, they'll see emerging issues a little bit faster than the crew that's here every day because they see it every day, they don't see the little changes and things they should have seen, or you'd like them to see. There are 2 ways to do that, one costs money and one doesn't and I'm going to guess that you prefer the one that doesn't cost money. ValleyCrest, our contractor is a very large organization and has the ability to take people that don't work on our property and bring them in and have them do a self-evaluation. They do that naturally but I've asked their owner to do a more thorough quarterly self-evaluation and provide a copy to the board, so I've started that process and I just wanted to let the board know. So you'll start to see little things like that which happen over time and it's a way to fix it. Anything else Dennis?

Mr. Baldis: No sir.

Mr. Lopez: I have a request for Dennis, we had the agaves cleaned up over on the entrance on Waterstone Way and Campbell, there's one that's growing on the actual sidewalk, the last one on the right hand side, on the exit, that one needs to be cleaned up and can we take a look at that bed as well, there's nothing there by that lake, I think that's the only lake that doesn't have a bench, but it's bare.

Mr. Baldis: Right, we took the ground cover out, there was some faxuhattee grass and the thought behind that was, instead of seeing the clumps of faxuhattee grass you could see the lake, so it was basically intentional because on Campbell there's a hedge and trees and you don't even know there's a lake there.

Mr. Lopez: Right, so you just put grass in?

Mr. Winkeljohn: Yes and site windows are huge and a lot of people make that mistake as they block off, they're nice to look at, and the landscaping as it grows in does that and there's also alternate plant material that you can see through, so agaves are good for that, and you can look at it with them.

Mr. Baldis: Right, we'll come up with something.

Mr. Winkeljohn: Great.

Mr. Cooper: I haven't been able to go on a couple of the drive throughs so I don't know if it was addressed but is there anything happening with the lantanas on the berms?

Mr. Winkeljohn: The micro berms?

Mr. Cooper: Yes.

Mr. Baldis: Yes, we've been talking about that the last couple of times and we basically decided, but we're always welcome for input is, we're going to reduce the amount in there and replace it with sod, we tried to make it attractive where it's in sections, so it's living out its life, and there was a lot of it, so we're going to reduce the amount that's there.

Mr. Cooper: Ok.

Mr. Lopez: It is my turn?

Mr. Cooper: Yes.

Mr. Lopez: Ok, well I have nothing else to talk about the District but I have a statement I want to make.

Mr. Cooper: No you have to wait until the end, this is just for Dennis.

Mr. Winkeljohn: Right, these are questions for Dennis.

Mr. Cooper: Alright, so field manager is completed.

D. Manager

- Clubhouse
- Gates

Mr. Cooper: Moving on to the Manager, and the clubhouse.

Mr. Winkeljohn: Thank you. A couple of things for the clubhouse, the roof contractor completed and pulled the metal off, replaced some wood, staff was on site and made sure that the wood they removed was extensive enough. They were able to return the metal back so the bill was the lower amount of \$4,800. The gutter estimate is coming next week, and hopefully if that's reasonable we'll have that done, and I don't think it's going to be very much, if it's anything big I will bring it back to you, so that's good news.

He mentioned he fixed a little spot in the parking lot, we've actually repaired a handful of things, we also found a leak in the women's bathroom that he fixed also at no charge. The pool contractor fell deathly ill and was supposed to start, he did not start, he's healthy now and he's back, he did the leak testing before he decided to drain the pool and do the acid washing, he found what he thinks is about a \$900 repair, it might be the weak link and we might still see another leak but I thought let's just fix this one, do the pressure wash and we'll deal with smaller leaks or other leaks as they come at this point, so he's going to go ahead and do that. No action on your part, I just wanted to let you know where we're headed on that. What else?

Mr. Cooper: The lighting, is there an item on that, I think we mentioned something about the lighting for the pool.

Mr. Winkeljohn: We were just going to change bulbs, when he drops the water down we're just going to switch the bulbs because the board didn't approve any more than that.

Mr. Cooper: Ok.

Mr. Winkeljohn: On the gates, if you want me to keep going, at our last meeting we had discovered one of the flaws with gate #1 was the actual arm system itself, not the actual mechanism with the board. We had replaced the electronic board twice, it turns out that even their correctly program board wasn't working properly with our system, they told us it would obviously, so they owed us, the manufacturer of that arm, and they paid for a replacement. The replacement is in there and it's working extremely well relative to what we went through, there have been no hits since it went in. We adjusted the speed bump a little bit and the driver's behaviors are really the only issue left now. While the gate was not operating consistently it's hard to tell how your data is working upstream because you don't know what the problems are to look at. We found about 38 corrupted data feeds that go to the gates, we fixed those, and there's probably 5 or 6 more in the next couple of weeks that we'll find, and we feel pretty good about it that the headaches that we were dealing with at gate #1 are gone and back to the way it should be with the exception of driver behavior at gate #1. Gate #2 we replaced the monitor and

some of the software in there that had failed and wasn't loading properly, so we got all that working, so they're pretty much back up to speed. The police did a speed trap on the exit lane and they're going to do another one, that's helped. All the hits that we had in gate #2 were on the exit side and they were related to speed. The only camera we have over there is a license plate camera, and if they're speeding, it misses them because it's a rear shot and it's an angle for somebody who is going 15 mph, not 30 mph, and so we couldn't catch them is basically the punch line there.

Mr. Cooper: Can we place a speed bump there?

Mr. Winkeljohn: I think we did put one there on the exit, we were going to put one on the exit of gatehouse #2, so if it's not there we'll order one and put it there. So generally speaking we've had some improvements and I'm pleased about that. I've resurrected the inspection program for the gates. That's working much better. Basically Jeff goes to each one of the 3 gates every Tuesday, goes stem to stern on them, electronics, toilets, every problem and everything in there, and it creates a list, the list goes out and gets emailed, we've had good response, and that process coming back has been very helpful and I mentioned to you that it will be electronic in a couple of weeks and then it will be even smoother, it will send out emails to the vendors and contractors. We have a little bit of damage on all 3 of them now on the ceilings so I've got enough work to go ahead and have a contractor touch those up, I'll probably order that in the next couple of weeks.

Mr. Lopez: Can we have Jeff come in at midnight and check all the light bulbs?

Mr. Winkeljohn: Well that's the guard's job.

Mr. Baldis: Actually, Vince drives through.

Mr. Winkeljohn: Right, we do a night check. One of the things that's funny, such as the bug zappers, one of the guards loves the bug zapper and two of the guards hate the bug zappers because of the noise, they don't like the buzzing sound. So historically they unplugged them and left them off, so we'll fix that, but that's about the only complaint that I'm still working on are the bug zappers.

Mr. Lopez: Those coach lights on the top, is that the switch that they have to flick, all the way at the top?

Mr. Winkeljohn: Well that should be an auto light sensor, but I'll check that.

Mr. Lopez: Alright.

Mr. Winkeljohn: That's all I have.

Mr. Cooper: Alright, does anybody have any questions for Mr. Winkeljohn?

Ms. Castro: I do have a presentation here. I was out by the Pembroke Pines, Broward area, and I saw Pan American Landscaping, and I approached them and I told them that I loved their landscaping and I invited them to come down here and speak to us being that we have been on this board and we have had issues with ValleyCrest over the years, and me, for one, I am ready to move on and explore different options so I invited them to come down here and present to us whatever it is that they do up there, if they have any suggestions for us, and tell us about their landscaping business so you can come up now.

Mr. Cooper: Well before we do that, is there anything else for Paul on what he just talked about or anything that needs direction?

Ms. Castro: No.

Mr. Cooper: Ok, so we're good.

FIFTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Cooper: Ok so we can move on to supervisors requests and audience comments.

Ms. Castro: Can you please make sure that the microphone is turned on with the green light.

Mr. Safdie: Thank you. My name is Elliot Safdie and I represent Pan American Landscaping, we've been in business for about 20 years, servicing Dade, Broward and Palm Beach Counties. Our primary focus is focusing on the HOA communities, that's our biggest client, so we maintain approximately about a dozen HOAs up in Dade and

Broward. We also do some governmental work, we do work for the South Broward Drainage District, which we're contracted to do all their storm clean up. We do work for the City of Pembroke Pines, we do work for the City of Hollywood we've done work for Broward Beautiful, Broward County, and a bunch of others. I believe I was out here in 2009 and that's probably how you first met us. There was someone on this board that got us out here to do a walk through, we rode in a golf cart, and went ahead and looked at your community and we never heard back. So recently we got a phone call from I believe Sonia, to come out and re-introduce our company to the CDD so this is strictly an introduction of our company offering any services we can provide to you and keep us in mind for any future opportunities, if you're going to put some of the work out to bid, or should you have hurricane cleanup needs.

Ms. Castro: Do you have any brochures with any pictures?

Mr. Safdie: I have just a couple of handouts here.

Mr. Lopez: Thank you very much.

Ms. Castro: And I would like to know if you have down here any land because the setup we have with ValleyCrest as it stands, is that they are literally down the street and they offer the service of an arborist and based on need she comes by and so they have that service available, they have their own nursery, and what else is it that ValleyCrest offers so we can see if it's compatible?

Mr. Winkeljohn: They do every service.

Ms. Castro: They also do porter service and they do everything, would you be able to offer those services to this community?

Mr. Safdie: Absolutely, yes, we do. We operate a nursery in Broward County and I heard earlier you were mentioning some plant species that we actually grow, you mentioned bromeliads, agaves, we grow those right now. We could entertain some contract growing which is a discussion you had earlier about growing for the future and future replacements so we can entertain that for you if you'd like. We also have a location off of Krome Avenue and 182nd, so these are opportunities that we would love to explore and discuss. As far as tree trimming and arborists and folks like that, we have

them all on staff, we're fully licensed, fully insured up to \$2 million, triple A rating with the Better Business Bureau, we've been in business for 20 years, never had any litigation, so we've never had any issues, family owned and operated, three key people in our company are all veterans and that's the way we keep it because the veterans are focused on policies and procedures and that's basically how we operate, policies and procedures. One of the comments we received from South Broward Drainage District on one of our recent jobs was that we're the safest company they've ever seen working for them which basically is an accolade that I like to talk about. So if there are any questions for us just let us know, we'd love to entertain any opportunities.

Ms. Castro: Yes, I do have a question. Being that there is the issue with the plants and I basically put it on the record that I don't feel comfortable with chopping all the trees down, is there any suggestion that you can give regarding that?

Mr. Safdie: Well without really looking at each area you talked about, it would be fair for me to say to go this route or that route, but I think Paul's assessment pretty much was standard common sense approach to correcting your problem. What I would recommend is that you do go with your replacements with the different species and the reason is, and you mentioned ficus, ficus at one time were known as the most hardy plant material down in South Florida, nothing can beat the ficus, nothing can beat up the ficus, nothing can attack the ficus. Then came the little whitefly baby and look what it did to the ficus in South Florida, and now in the western part of South Florida. Now the whitefly is attacking royal palms, queen palms, goldmounds, and other plant species, so if you do go with replacement, my recommendation is to go with different plant materials so if another insect comes along and attacks a particular species you don't lose thousands of one like plant, you might only lose 300 to 400 and still have another 5,000 of different types, plus it makes the community more appealing and less boring as you're driving through the community, you have different colors and different elevations, but that's just a common sense kind of approach I would do.

Mr. Cooper: Do you have a website or are there communities that you guys service that's similar to what we are down here that we could take a look at?

Mr. Safdie: Yes, we have a website that is under construction right at the moment, so the link might be broken at the moment but we'll get that up and running probably next week. If you want to visit our nursery you can visit our nursery by appointment and we can take you out and show you some of the communities we service, perhaps on a Saturday or on a day that everybody has off, we could do something like that, do a field trip. I have lots of references I can provide. The reference sheet there is just a very basic one, so there are only a half a dozen communities on it but there are more, so we can provide telephone numbers of the references where you can contact these folks and meet with them if you like.

Mr. Cooper: Ok.

Ms. Castro: Ok, so we can set that up maybe.

Mr. Safdie: So again we'd love to service the community, any meetings you may have, or even if you just want to have us come and take a look and provide some advice we'd be more than happy to provide some free advice as well like we just did, there's no problem with that.

Mr. Cooper: Now what Sonia was talking about earlier with regards to ValleyCrest being right here and all the equipment is here and nearby and if we were to entertain and get to the point where we needed to switch and then obviously you guys were considered possibly for that opportunity what would be your plan to be able to service our community with all those individuals?

Mr. Safdie: Right, that would be pretty easy, what we would do is set up a crew or crews from the Dade location so the commuting time would be about 20 to 25 minutes. The advantage is should you have a storm, or another hurricane, like Wilma or Andrew, I have another operation in Broward County and I'll be able to respond. During Hurricane Wilma, we would base 1 or 2 or 3 crews, however many we have to make closer. The advantage of also having another location is for a post storm clean up visit we can respond. At our Broward location we have our own field farm, we have all the heavy equipment kept there, bobcats, frontend loaders, our trucks are parked there, trailers, heavy equipment, stump grinders, chippers, so it's a matter of a balancing act.

Mr. Cooper: And porter services, we have a gentleman that comes around here constantly every single day, Monday through Sunday basically, do you guys have that type of service?

Mr. Safdie: We actually do, for one community we provide similar cleanup to their clubhouse, their bathrooms, their decking, so that's something we already do for one of the communities and that's on that list.

Mr. Cooper: Ok.

Ms. Castro: Do you have any questions Mike?

Mr. Lopez: No, I'm good.

Mr. Cooper: Ok, thank you.

Mr. Safdie: Ok, thanks for the opportunity.

Mr. Winkeljohn: Thank you.

Ms. Castro: We'll be in touch. Thank you for coming.

Mr. Safdie: Thank you.

Mr. Cooper: Ms. Castro do you have any more requests?

Ms. Castro: No, just thank you Paul for the name tags I appreciate it.

Mr. Winkeljohn: My pleasure.

Mr. Cooper: Mr. Aponte?

Mr. Aponte: Just going back to the light poles where quite a bit of lights are still out, Homestead Electric, and I can't see the numbers on the pole, but I have one that I marked myself for Homestead Electric, and it's actually on the south side of Portofino Pointe entrance, that one has been out for a couple of months now, and then I'm not sure, but the road towards Stonebrook which had several out and I don't know if that's been identified and taken care of, but there were quite a bit over there maybe about 7 of them.

Ms. Castro: Paul, I do have a request, I'm sorry, if there is any way for the next print out of the Waterstone map, if we could change the colors so Waterstone II doesn't look sickly and green.

Mr. Winkeljohn: Ok.

Ms. Castro: So if it could be made gold and teal.

Mr. Winkeljohn: Ok, very good.

Mr. Cooper: Mr. Aponte, anything further?

Mr. Aponte: No, that's all I have.

Mr. Cooper: Alright, Mr. Lopez?

Mr. Lopez: I just want to put something on the record real quick and this is my third meeting so I'm surviving. It's just something that I really need to put on the record more than anything and I'm pretty sure it's not going to come as a surprise because I'm assuming that we're all informed on the board of what occurred last year with a former manager in the clubhouse and a security contract that was being guaranteed through him.

Ms. Castro: What, I'm sorry?

Mr. Lopez: I don't know if Sonia is not aware of what happened or not.

Mr. Winkeljohn: I have no idea who knows or doesn't know.

Mr. Lopez: Ok, well I was informed, and I'm saying this again because this is about our reputation which is I can say very good on the community level, so I want to do this to protect our reputation. I was informed that last year, a former manager of the clubhouse was guaranteeing a security contract without the board's knowledge and he was terminated, it was here at the Waterstone Bay Clubhouse, Waterstone II Clubhouse, and I just can't sit here every month knowing what I know and not address the issue and take into consideration that our reputation is at stake if we do just sit here and sweep this under the rug. So knowing what I know, I wanted to go on the record and let you know how I believe we should proceed, how I feel about this, it's not about saving the reputation of some management company. Were you not aware of this Sonia?

Ms. Castro: I had no idea.

Mr. Aponte: I'm completely lost.

Mr. Cooper: Are you talking about a security company, not security guard?

Mr. Lopez: No, I was informed and Paul would you like to inform the board of that please?

Mr. Winkeljohn: What I can talk about is a personnel matter for Continental. A contractor approached Continental that one of their employees was involved with cash payments to continue to be the security for a HOA, for the master association, and it's not CDD related by the way.

Mr. Cooper: Not security guard, but security.

Mr. Winkeljohn: Right, just a security job, and the history is this came to light when the District took over the clubhouse the CDD security company took over the person, and you just saw her, she works for CSC and was paid through that contract. The previous company that had the site made a complaint. My understanding is the complaint was reviewed as a personnel matter so there are limits on what I'd know because it's personnel and Continental made the decision to remove the employee from the premises, the previous manager of the clubhouse, who is no longer the manager, they brought in an interim manager, and this all happened right as the CDD took over, so it's really a HOA matter but the background on it is that Continental was contacted and they resolved it.

Mr. Lopez: I just wanted to bring it up to the board and put it on our public record for transparency more than anything. A year ago the former chairman of the board who had obtained 1 or 2 homeowner affidavits or power of attorneys to do record reviews and so forth, and all the time he was doing these records review they were promoting to the extent where even Waterstone Living, our beloved magazine was being used to draw comparison charts between one company or another and you would say a political maneuver more than anything, and I also agreed with his record reviews because I have nothing to hide and after 10 months of doing record reviews and not finding anything he didn't even have the courtesy to apologize for it. So with that said, and without pointing fingers or anything of that nature, I just wanted to go on the record and say that I believe all levels of corruption need to be dealt with an iron fist, and this board has a very good reputation which I'm doing this to protect more than anything, and since we've already had Pan American Landscaping here, I believe that moving forward and not dwelling any longer on the past because I know that all of us here at this table we have the same

vision for Waterstone, and I believe that all contracts that are associated with this District, landscaping, security, management, the snack vendors, the gym equipment vendors, all those contracts need to be revisited and need to be reviewed in detail, so that we can see how far this went, how long it's been happening, how much did it cost this District, or how much is it costing the District today. We haven't really investigated, we haven't gone into details to see this, this is the perfect opportunity now to not only take a look at ValleyCrest's contract but also bring in more bids, revisit each and every contract that is involved with this District because of that instance alone, because that individual or that former manager was at the clubhouse level as well, am I correct, once the CDD took over?

Mr. Aponte: I hate to interrupt you, but no, the Waterstone manager here was managing Waterstone II, they were not managing any of our contracts, that was done by our management firm.

Ms. Castro: That is GMS.

Mr. Aponte: I think there's some confusion in understanding the difference between HOA and CDD.

Mr. Lopez: So that manager had nothing to do with District contracts?

Mr. Winkeljohn: No, it was transitioned from HOA contracts to District and that's where the conflicts began.

Mr. Lopez: Well again, at the risk of repeating myself, I don't want to be the adversarial board member here, I just feel that we should revisit all the contracts, but that management company is managing this clubhouse right now.

Mr. Winkeljohn: We pay the management company's, the employees that are hired by the HOA, however they're hired, whoever they choose, right now the District has a contract to pay the master association for the use of those employees, it's not an agreement with any company.

Ms. Castro: And it's only one employee, it's only Georgina, right?

Mr. Winkeljohn: Yes, we pay for Georgina.

Ms. Castro: So it's only Georgina because she deals with everything that's CDD.

Mr. Lopez: Ok.

Mr. Winkeljohn: Right, it's a probably a percentage of Ivan, and a small percentage of Maria.

Mr. Lopez: Again, I just wanted to bring this to the public record for transparency of this board, and I've always believed that Sunshine is the best disinfectant. I'm done, thank you.

Mr. Winkeljohn: Thank you.

Ms. Castro: So Curtis I believe you're going to talk about the magazine?

Mr. Cooper: I have a couple of things actually and it's going to go probably another hour so I hope you guys are ready.

Mr. Pawelczyk: In that case, Mr. Chairman, can I be excused so that I can make it to my next meeting?

Mr. Cooper: Yes, and I don't think it's going to take an hour, but if you'd like to leave early that's fine.

Mr. Pawelczyk: Unless you guys need me I'll stay, and I will just be late for the other one.

Mr. Winkeljohn: Well they're going to set meeting dates.

Mr. Cooper: We can actually tackle that first if you prefer.

Mr. Pawelczyk: Yes, if we could do the meeting dates first, that would be great, thank you Curtis.

Mr. Cooper: Alright, so we're looking for a town hall meeting date.

Mr. Winkeljohn: I was going to propose the town hall meeting date be April 26th, which is the Friday after your normal meeting date of April 25th, and you usually like Friday's correct, unless you wanted to do it the evening of the 25th, which is also an option.

Mr. Cooper: For my work schedule, I work the 26th, so it would help me out being Thursday the 25th, if we could do that, unless you guys see a need to do it on Friday the 26th.

Mr. Winkeljohn: Then you can keep it on the 25th, Thursday evening.

Mr. Cooper: It all depends on Miguel.

Mr. Winkeljohn: Well what we usually do is we'll have a regular 4:00 o'clock meeting, if there's any business we take care of the business and then we recess the meeting, and then come back at 6:00 or 6:30.

Mr. Aponte: However you guys want to do it is fine.

Mr. Winkeljohn: Mike usually doesn't have to go, I usually excuse staff, I usually take any questions.

Mr. Cooper: So we could do April 4th for the regular meeting?

Mr. Winkeljohn: April 4th, yes, or the next week, it's up to you, the next Thursday gives you a little bit more time, it gives him the full 6 weeks he mentioned for the refinancing.

Mr. Pawelczyk: I can't do the 11th, I have Coral Bay that night.

Mr. Winkeljohn: Ok.

Mr. Pawelczyk: Well actually if it's 4:00 o'clock that's fine.

Mr. Winkeljohn: Yes, a regular board meeting at 4:00 o'clock.

Mr. Pawelczyk: Oh no, I can make it.

Mr. Winkeljohn: Is the 4th ok? How about the 4th, Mike's calendar is full on the 11th, so how about April 4th?

Mr. Cooper: April 4th works for me for a regular meeting.

Mr. Aponte: It's fine with me.

Mr. Cooper: Sonia?

Ms. Castro: I'm good with any day you pick.

Mr. Cooper: Alright, so April 4th our regular meeting that we're missing at the end of March is going to April 4th.

Mr. Winkeljohn: So it would be a motion to advertise April 4th and April 25th for our meetings. April 25th is already advertised, but we'll advertise it as a town hall meeting, we usually do that, so we'll advertise a 4:00 o'clock meeting if we need it we'll hold it, and if we don't we'll just do the town hall meeting at 6:30 p.m. if that's ok with everyone.

Mr. Pawelczyk: Your 25th meeting is already advertised, so when you advertise the April 4th meeting, also advertise the town hall meeting.

Mr. Winkeljohn: Right.

Ms. Castro: So that day we're not going to meeting at 4:00 p.m.?

Mr. Winkeljohn: We don't normally have to, if we're going to meet on April 4th, we won't need to meet.

Ms. Castro: Ok, perfect.

Mr. Winkeljohn: But sometimes we do.

Ms. Castro: Just let me know and I'll be here.

Mr. Pawelczyk: What time is the town hall meeting, 6:30?

Mr. Winkeljohn: Yes, 6:30 p.m. is usually when we do it.

Mr. Pawelczyk: That's fine.

Ms. Castro: Do we need my services for finger foods and drinks and stuff?

Mr. Winkeljohn: We can talk about that on the 4th.

Ms. Castro: Ok.

Mr. Pawelczyk: Thank you everyone.

Mr. Cooper: Ok, thank you.

Mr. Winkeljohn: Is there a motion?

On MOTION by Ms. Castro seconded by Mr. Aponte with all in favor, authorizing staff to advertise a meeting for April 4, 2013 at 4:00 p.m. and also the Town Hall meeting for April 25, 2013 at 6:30 p.m. at 1355 Waterstone Way, Homestead, Florida was approved.

Mr. Cooper: Ok, so that was the first item. With regards to the guards, Paul, I don't know and I understand that obviously pay is an issue, and all the services, and you pay for what you get, and maybe some guards aren't getting paid as much as others or however that all works out, and whatever they're getting as a hourly rate, but with regards to what they're looking like, how they present themselves, I don't blame the guards, I blame that supervisor that's supposed to be monitoring them, so it should be

Sonia, Miguel and Mike going through there and seeing a jacket hanging up on the wall, it should be picked up, unless all of a sudden the supervisor leaves and he takes off and gets ready, but they need keep it up as far as their presentability is concerned and how they're supposed to look, so if you could just mention that to the supervisor.

Ms. Castro: In that regard, I'm sorry, now that we have two girls as part of our crew, is there any way that we could make it a little bit more feminine?

Mr. Winkeljohn: Sure, what would you like?

Ms. Castro: I don't know, maybe pants that doesn't look like guys pants, and maybe we should also include wording there that says that the pants shouldn't be as tight as you skin, because I've seen that too, but we can get together and maybe look for alternatives for the girls.

Mr. Winkeljohn: Ok, and we can ask Julian to give us a copy of his uniform catalog and if you want to look at it and pick something out. That was Alex's job and I never really got involved in it. I'd be happy to but I'd rather not.

Ms. Castro: Alright, ok, I'll do that, it's not a problem.

Mr. Winkeljohn: Great and I'll coordinate it of course. Anything else Curtis?

Mr. Cooper: No, I'm just trying to think now because there was so much stuff I wanted to go over.

Ms. Castro: What about the Waterstone magazine?

Mr. Cooper: The Living, yes. I spoke with Mr. Anderson, the one that puts everything together, we basically just need to give him the stuff, I don't want to give it to him piecemeal so I need to receive the articles from the board members that are assigned for that, and I don't want to hound anyone, and if you have a picture, that's great, if not we can either take a picture or whatever we need. So just for future reference obviously I'm not the one that is going to be overseeing and have a lot of time to babysit, my role is not to do that, so if there are things that need to happen at a specific time I'm just going to leave it up to you guys to get it so I don't have to send out reminders because I have a lot of stuff going on in my life as well.

Ms. Castro: I need the email address so that I can send it to whoever.

Mr. Winkeljohn: Send it to me, I'll make sure it gets to everybody.

Ms. Castro: Ok.

Mr. Cooper: So I guess send everything to Paul.

Mr. Winkeljohn: Yes, send it to me, I read the articles and I may have comments back and I give a different perspective of course, and I'll help you edit, I have editors on my staff, that's what they do, so we do that part, then once the articles are basically organized and edited then they go to John if there's a space issue then he comes back to me and I work with him on that. That's what the normal procedure was and everybody knows what articles they're writing?

Mr. Aponte: Yes.

Ms. Castro: Yes.

Mr. Winkeljohn: Ok, great.

Mr. Cooper: So if we can get it so we're not postponing, Wednesday of next week, and if you already have it now just send it over to Paul and I'll catch up with Paul and see where we're at with that and also I'll follow up with the school for their article.

Mr. Winkeljohn: Ok, so we're good on that.

Mr. Cooper: So basically the goal is we have a month basically to do this and I'd like to see it out April 1st, so if we can swing that I think we need to figure out who we utilized before for the ads.

Mr. Winkeljohn: We have all of that.

Mr. Cooper: Ok, good. The next topic is, the reason why I made the comment about the park, and I know you weren't here and it was something that we had mentioned before and it was something we did reiterate, and I'll go also into another topic on a meeting that we had with GMS and the City of Homestead just to bring you guys in on it and obviously we'll decide to make the push or not make the push if you go that route or not. A long time ago obviously because there is a dividing area with Waterstone Blvd. and there's not a continuity in the community we had talked about possibly where the section of land over the FPL easement over on Waterstone Blvd. on the canal side that we had talked about maybe in the future, down the road, getting some

type of a park for Waterstone because we didn't have one. Then the question was how do we have access, the only way you can get to it is by going outside of Waterstone, going around and going through Waterstone Blvd. side, so then there was talk about possibly putting a bridge like we have over there, not necessarily like we have, but just a pedestrian one over on that side to reach there and then maybe going down the FPL easement I guess to get access. So maybe some of the other board member have some ideas on that.

Mr. Lopez: I think that should be priority and not only that, but we also need to find a way, trying to unify our electricity grid.

Ms. Castro: We can't because half of us are FPL and half of us is Homestead Electric.

Mr. Lopez: Well that's what we have to do, we have to try to find a way to get everyone on the same grid, there has to be a way.

Ms. Castro: There is no way, there were talks about FPL purchasing Homestead Electric, but Homestead will not let it go, so we're stuck being divided in the electrical grid area.

Mr. Lopez: I just feel on that aspect, if there is a hurricane obviously it's going to help get us up and going a lot sooner than having two major electrical corporations working on it, and not only that it would help Waterstone II residents save money as well.

Ms. Castro: I understand.

Mr. Aponte: I will save money but in that aspect Homestead is much faster when it comes to storm related issues.

Mr. Lopez: I didn't know that.

Ms. Castro: For Katrina the side of Waterstone that has FPL was out of electricity for about a week or a week and a half, two days after Katrina we were up and running and cooking in our kitchens with Homestead Electric.

Mr. Lopez: But at what cost?

Ms. Castro: Right and the surges are horrendous but that is a talk that we need to have with Homestead Electric.

Mr. Cooper: Ok, duly noted. With regards to the park, I know that's what we had talked about doing possibly in the future down here, obviously there's funds that we would need to obtain for that because that just doesn't come out of the air. I had a meeting recently and Paul was also present, Luis Hernandez, one of the other managers for GMS was there and I'll tell you why he was there as well, and why Paul was with Councilman Meldonado who I've been previously working with and assessing parks to figure out how we can get the east of Homestead, not just necessarily Waterstone, but a community park that we need. So right now the city's plans are to purchase a plot of land, depending on size and what we would like to see the residents of Waterstone want and all the different CDDs in the area. They pass an ordinance for CDDs go ahead and combine services I guess unless Paul has a different way to explain that.

Mr. Winkeljohn: Well what they would do is, and the simple thing is there's nothing but CDDs on this side of Homestead, East Homestead are all within Districts, all the new development, and they couldn't afford to do the park with city tax dollars so they were thinking well if there's already Districts there, if the Districts all ponied in, if you put the park close enough to them they're allowed to have assessment dollars go to an offsite facility. It would be an open public park, you couldn't restrict use to just those players, it would be to the whole city, but the city could impose a fee if it were that type of park for people not in the city, so that kind of fee structure if it were a fee type park, which I don't think it will be, but it could be. So the idea basically is wait forever, or wait a long time for the city to build an upgrade and improve it, or accelerate that, a couple of bucks for residents for 5 years and you've got enough money to take whatever land they end up with and upgrade it to a passive exercise park, maybe a tot lot and things like that. So let's assume that it's in walking distance of the community, assume that because I don't know that, and it would be an all or nothing proposition. If one District does not decide they want to do it, the deal dies, so that one group can't just let the others do the work for them.

Mr. Cooper: Well to elaborate on that, say there were 8 Districts and they said go ahead and do this, they have to budget that, and assessments would have to increase, whatever dollar amount it would be and every board come budget time would have to approve it, so if one of the boards said yes, go ahead and do it, and then they withdraw, well then the park wouldn't be able to be funded because that District was being counted on to contribute and now they're not, so Paul saying that you would have to get a commitment and there are certain ways they talked about doing that, but everybody would be on board to go ahead and do it and we would be able to expedite the process. So I just wanted to give you guys a heads up on that, I believe there's a letter that's been drafted that's been sent out to the different CDDs, we are going to have a conglomeration of input as far as what the park would be like, and maybe this would be discussed at the town hall meeting giving all the residents in Waterstone an idea of what may be happening in the future with regards to the park.

Mr. Winkeljohn: But basically Councilman Meldonado would be issuing a letter, we had hoped to have it this week but I didn't get it, it didn't get done, but the letter would ask you to consider an assessment or approve the concept and then through the assessment process for October 1st you would have in place a pledged amount, say \$5 per resident and they would pull the money together, they would figure out a way to coordinate the construction, one of the Districts would probably have to do it, and take the lead, and it would probably be you guys because you're the biggest one or maybe Oasis would be the other option. You're the only District, besides Malibu Bay, you're the only District that's fully built out essentially so the other Districts would have large developer relationships, so a big chunk of the money isn't coming from local residents, it's coming from large landowners and so there are pros and cons. I presented several scenarios to him, one of which that he had to learn to overcome is the east is deprived of services but pays the larger amount of taxes and you'd have to explain that one first before I think you can explain an increase in assessments because Malibu Bay and here are both paying between the two of you \$400,000 a year to increase security, and he knows that, he's well aware of that, he's a resident in this area obviously.

Mr. Cooper: So that basically what's coming down the pipeline whether it goes forward or not it's just going to be basically in our private community of what they want to do. I've been making myself available for the whole process and Paul has also made himself available and we're just seeing how things go with that but I wanted to give you that heads up over here. I do not have anything else.

Mr. Winkeljohn: I just have two more things real quick, I just wanted to let you know, your website is fully certified by GO DADDY and Google as a secure website, I finally got it fixed, then the other thing is the financials.

SIXTH ORDER OF BUSINESS

Financial Reports

A. Approval of Check Run Summary

B. Balance Sheet and Income Statement

Mr. Cooper: Yes, we need approval of the Check Run Summary and the Balance Sheet and Income Statement.

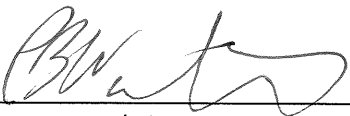
On MOTION by Mr. Aponte seconded by Mr. Lopez with all in favor, the Check Run Summary and Balance Sheet and Income Statement were approved.

SEVENTH ORDER OF BUSINESS

Adjournment

Mr. Cooper: Then we just need a motion to adjourn the meeting.

On MOTION by Mr. Aponte seconded by Ms. Castro with all in favor, the Meeting was adjourned.


Secretary / Assistant Secretary


Chairman / Vice Chairman