

MINUTES OF MEETING

**FISHHAWK
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Fishhawk Community Development District was held on **Monday, November 17, 2003 at 1:06 p.m.** at the Fishhawk Ranch Clubhouse, located at 5721 Osprey Ridge Drive, Lithia, Florida 33547.

FIRST ORDER OF BUSINESS

Call to Order

Mr. Williams called the meeting to order. Present and constituting a quorum were:

Don Whyte	Board Supervisor, Chairman
Doug Gilmore	Board Supervisor, Vice Chairman
Rhonda Brewer	Board Supervisor, Assistant Secretary
Kerri McDougald	Board Supervisor, Assistant Secretary
Kary McDonald	Board Supervisor, Assistant Secretary <i>(joined the meeting in progress)</i>

Also present were:

Pete Williams	District Manager, Rizzetta & Company, Inc.
Biff Craine	District Counsel, Bricklemyer, Smolker & Bolves
Strickland Smith	District Engineer, Heidt & Associates, Inc.
Justin Rowan	Investment Banker Representative, Prager, Sealy & Co., LLC <i>(joined the meeting in progress)</i>
Brett Sealy	Investment Banker, Prager, Sealy & Co., LLC <i>(joined the meeting in progress)</i>
Cyndi Brown	District Employee
Mr. Hernandez	TECO Representative
Mr. Miller	TECO Representative

SECOND ORDER OF BUSINESS

**Consideration of Minutes of the
Board of Supervisors' Meeting
on October 20, 2003**

Mr. Williams stated that the first item on the agenda is to consider the minutes of the Board of Supervisors' meeting on October 20, 2003 (behind tab 1). He asked if there were any additions, deletions or corrections to the minutes. There were none, so he asked for a motion to approve.

On a Motion by Ms. Brewer, seconded by Ms. McDougald, with all in favor, the Board of Supervisors approved the minutes of the Board of Supervisors' meeting on October 20, 2003 for Fishhawk Community Development District.

THIRD ORDER OF BUSINESS

Consideration of Authorization to Disburse District Funds 2004-02

Mr. Williams stated that the next item of business is the consideration of the Authorization to Disburse District Funds 2004-02 (located behind tab 2). The disbursement consists of invoices for standard contractual commitments and utilities. Mr. Williams asked if there were any questions. There were none, so Mr. Williams asked for a motion to approve.

On a Motion by Mr. Gilmore, seconded by Mr. Whyte, with all in favor, the Board of Supervisors approved the Authorization to Disburse District Funds 2004-02 for Fishhawk Community Development District.

FOURTH ORDER OF BUSINESS

Consideration of TECO Easement Revisions, Phase I

Mr. Williams stated that the next order of business is the consideration of the TECO easement revisions for Phase I. He explained that there are representatives from TECO present. A detailed description of the easement including the location and amount of land, was given by the TECO personnel.

Mr. Miller, TECO representative, explained the proposed configuration of the TECO lines and indicated the placement and type of poles that would be utilized. The original easement was granted to TECO back in 1953 and it is a 160-foot easement which spans Boyette Road heading east across Lithia Pinecrest Boulevard. The language of the easement actually specifies two lines of poles. This limitation was brought to TECO's attention in 2002 with a proposal relating to the trail from the District. TECO is proposing a revision to the easement to accommodate any future construction (no construction is currently proposed). Essentially, the revision would be to strike the word "two" from the conditions. In consideration of this revision, TECO would allow the trail to be extended across Boyette, just south of the right-of-way line. This would enable the Developer to make a trail connection to Fishhawk Boulevard. Trails were installed east of Boyette Road because the land was owned by the Developer, whereas the area owned by TECO (approximately ¼ mile) and approval to construct the trail was not granted.

Mr. Whyte stated that the Developer has been working on the pedestrian connection for approximately five years. However, there has never been a motivation for TECO to grant the approval. The connection of the trail is something that residents have wanted for a long time.

The Developer can commit to the construction of the connection, but the District would have to authorize the revision of the easement because the District owns the land in question.

According to the revisions, a projected build out would include two H-frame structures on either boundary and two H-frame structures in the center. This would be the maximum that could be installed based on the space allotted. Mr. Gilmore expressed his concern that residents may be opposed to power line installation near their homes which may obstruct their view.

Mr. Miller stated that the poles would be placed six feet inside the easement. Mr. Whyte stated that higher poles make it easier to hide with landscaping because there is less structure on the ground. Mr. Miller stated that the new vertical configuration should have less impact on surrounding neighbors than the current plan. *(Mr. Williams noted that Ms. McDonald, Mr. Rowan and Mr. Sealy have joined the meeting).*

Mr. Williams recommended to the Board that the audience members be asked to respond with their opinion of the proposed placement of the power lines. There were no audience comments. Ms. Brown responded that she is aware of one resident who placed their house for sale due to the proposed power lines.

Mr. Williams explained that there have been numerous requests made on behalf of residents to install a connection route from the Phase I entryway on Lithia Pinecrest to Fishhawk Boulevard. Currently there is not sufficient land owned by the District or the Developer to construct this access route. However, this easement would enable the District to construct this access route.

Ms. McDougald asked how many houses would be affected by the construction of the power lines. It was agreed that approximately 30 house would be affected by the power line construction. Mr. Williams explained that the issue of the proposed power lines was published in the local paper, the Osprey Observer, which only generated one response concerning the proposal and it related to only general questions concerning the easement. Mr. Williams stated information in the article included the ability to provide public comment at today's meeting.

Mr. Whyte suggests that the easement revision be granted contingent on a timeline requirement for the approval of the pedestrian connection. There is urgency on behalf of the District and this should be shared by TECO.

Mr. Williams asked Mr. Hernandez, TECO Energy Delivery for TECO, whether the configuration of the proposed power line placement would enhance the delivery of electricity for the residents based on the growing nature of the community. Mr. Hernandez confirmed that the electrical needs of the Fishhawk residents would be enhanced by the proposed power line placement and substation plan (public hearing to be held by TECO on December 11, 2003 at Fishhawk High School).

Mr. Williams stated that the easement revision would change from two (2) to four (4) lines excluding the actual distribution lines to feed the community. This approval is contingent on the granting of the pedestrian connection across the TECO easement.

On a Motion by Ms. McDougald, seconded by Mr. Gilmore, with all in favor, the Board of Supervisors approved the TECO easement revision, contingent on the granting of approval for the construction of the pedestrian connection by TECO for Fishhawk Community Development District.

FIFTH ORDER OF BUSINESS

Consideration of Drainage Easement

Mr. Williams stated that the next order of business is the consideration of a drainage easement. Mr. Williams explained that District Counsel has been working on the issue and will review his findings at the end of the meeting.

SIXTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel
Mr. Craine will hold his report until the end of the meeting.
- B. District Engineer
No report.
- C. District Manager
Mr. Williams stated that representatives from the Investment Banker's firm Prager, Sealy & Co., LLC are present today and have requested the opportunity to address the Board. Mr. Sealy wanted to present some options for the District to either save the residents some money, or raising new money under a refunding bond issue. He distributed a packet of information to the Board. The packet includes different scenarios and the representative figures. As part of the on-going investment banking services, Mr. Sealy's firm is continually monitoring for potential restructuring opportunities. On a quarterly basis, the firm produces an update report for the Bondholders pursuant to continuing disclosure requirements. Over the past 60 days, the firm drafted four potential scenarios for refunding the bonds. By equating the issuance of bonds to that of a typical home mortgage, the restructuring would work similarly to refinancing a mortgage. The Series 1996 bonds funding most of the road extension, earthwork and utilities. The three refunding scenarios are: advance refunding, current refunding or crossover refunding.

Because these bonds are "call protected," an advanced refunding would occur prior to the first call date (May 1, 2006). Pursuant to the Indenture approved upon

the issuance of these bonds, the bonds may not be called prior to that call date. An advance refunding would mean that the bonds would be refunded prior to the first call date. Essentially, a new series of bonds would be issued at today's interest rates which would fund an escrow to pay the principal and interest on the existing bonds until they can be called out on May 1, 2006. The initial bonds were issued at a 7 5/8%. Today a comparable 20-year deal would be approximately 5 3/4% on a non-rated basis. However, when looking at refunding bonds, the primary focus lies not only on interest rates, but the credit of the District which has been built over the time that has elapsed since the initial issuance. At the time the initial bonds were issued, the entire responsibility of repayment lies upon the Landowner, typically one person or entity. The risks involved with this are much higher than when the responsibility is spread over the number of Landowners (homeowners) within the community, in this case over 1,600. The likelihood that all of the landowners would default is essentially non-existent. This allows municipal bond underwriter to issue either a bond insurance policy or issue a rated bond. The interest rate differential between a non-rated bond and a rated bond is significant.

The District may simply maintain the current maturity date of the bonds (May 1, 2018) or choose one of the following restructuring scenarios. First, the Board may choose to issue new bonds, but maintain the same maturity date, which would create an annual savings of about \$50,000 (approximately 6% of the current debt service). This would equate to a 4% net present value savings. Most municipalities will consider a refunding if the net present value savings is between 3-5%. This would save each resident approximately \$29 annually in debt service assessments. Or instead of realizing the annual savings, the maturity date and annual assessments can be left the same, and the District would raise approximately \$525,000 that the Board could use for capital improvement projects. This could be anything from increasing landscaping to building an additional recreation facility. If this option is chosen, funds could be available in about 75-90 days, depending on actual underwriting time. Mr. Sealy asked if there were any questions. There were none.

The second scenario would be for the Board elect to extend the maturity of the bonds and realize the annual savings. This would increase the savings from \$50,000 annually to about \$200,000 annually. This represents about a 25-30% annual savings. This annual savings would be through the current maturity date; however, the maturity date would be extended an additional 10 years. Residents would be paying assessments for an additional 10 years. Ms. Brewer asked what the benefit would be by choosing this option. Mr. Sealy stated that assessments typically are viewed as "paying for what you use" since the debt stays with the home. If a homeowner moves before the maturity of the bonds, they only paid for the time they lived there, so seeing the annual savings is usually important to the residents by taking a significant reduction in the amount they will pay if they do not intend to live in the home until the bond maturity. The maturity date

extension benefits those individuals who do not anticipate residing in the home for less than maturity length of the bonds. The savings under this scenario would equate to approximately \$130 annually per resident.

The final scenario would be to extend the maturity date, and very similarly to the first scenario, rather than realizing the annual savings (residents would pay the same annual assessment as they do currently, but for a longer length of time), the District could raise approximately \$3 million dollars. This funding can be used for new projects as well.

Mr. Whyte stated that he feels that the complexity of this type of financing already makes residents feel uncomfortable with seeing the assessments on their tax bill. Also, because Mr. Whyte knows that Fishhawk II has set their assessments to be exactly the same as this District, he does not feel comfortable with having the debt service being different from the current assessments because it is difficult to explain to people why they may be paying different from their neighbor.

However, it is foolish for the District to not get the benefit of refunding based on the credit worthiness of the District and the lower of interest rates. If there is a \$525,000 figure available, there are some deficiencies in the community that have been identified by residents which may be addressed by this additional capital such as landscape upgrades, the addition of swing sets, and additional tennis courts, and signage repairs. The only funds that the District has are provided through annual assessments, and it is very difficult to estimate emergency expenses in the annual budget. If a large scale repair was needed, the District would have to secure financing through a bank, whereas refunding the bonds provides the ability to set up a reserve for such an expense. Mr. Whyte is fearful that extending the maturity date would be a problem for those individuals who may be retiring or on limited incomes. Mr. Sealy noted that the funds would have to be for capital improvements and could not be reserved for maintenance. All projects would have to meet the qualifications for improvements to be financed through tax exempt bonds.

Mr. Williams stated that scenario two and scenario four would require additional public hearings and all landowners would have to receive a mailed, written notification. Mr. Sealy stated that for informational purposes, public hearings should be held for any scenario.

Mr. Gilmore agrees that keeping assessment level and maturity the same would be the easiest to explain to residents. He recommends that a concrete list of projects to be funded would be helpful.

Ms. McDonald asked what would have to be done to lock in the interest rate. Mr. Sealy stated that the presentation today is not a guarantee of what can be

accomplished. He stated that the Board would not be asked to incur any costs associated with the credit underwriting. This is part of services provided as the Investment Banker. What the Board is being asked today is for authorization to begin the process of preparing a refunding package by beginning the presentation process to the credit insurers. This final information will be presented to the Board with actual figures for final consideration.

On a Motion by Mr. Gilmore, seconded by Ms. McDonald, with all in favor, the Board of Supervisors authorized Prager, Sealy & Co., LLC to proceed with the bond refunding process for Fishhawk Community Development District.

Mr. Sealy asked that an item be added to next month's agenda for the presentation of the information gathered. Mr. Williams stated that this will be done. He also noted that Rizzetta & Company has worked with Mr. Sealy's firm over the past six years on issuing of over \$1 Billion worth of bonds in the various CDDs that they work with. He noted that Prager, Sealy & Co. does an admirable job. He suspects great results will be accomplished.

SEVENTH ORDER OF BUSINESS

Audience Comments and Questions

Mr. Williams stated that the next order of business is the audience comments and questions. He stated that there are several members of the audience present. Mr. Williams asked if there were any audience comments. A resident asked when the TECO easement process will be completed. Mr. Whyte stated that this should be completed in the near future.

Another resident asked if a survey of some sort could be done to see what type of improvements the residents would like to see done, should the District refinance the bonds. She would recommend increasing the size of the pool. Mr. Whyte recommends that the Board present a list of items that may be done (based on research completed by the Developer and resident input), and simply gain input from residents on which items the residents would like. He would hate to see business completed in a manner that only the loudest person is heard.

Another resident asked if the Board meeting is always held during the day. Mr. Williams confirmed that this is the meeting time adopted by the Board for the year, except for the May and July meetings which are scheduled for the evening because they deal with the annual budget. When the public hearing is set for the bond refunding, the Board may want to consider the availability of residents to attend the meeting.

Mr. Trent Boisen stated that the Courtside Cabana has been having construction problems regarding waste and water issues with the County. He will present the information to Ms. Brewer and the District Engineer for their input. There were no other audience comments.

EIGHTH ORDER OF BUSINESS

Supervisor Requests and Comments

Mr. Williams stated that the next order of business is Supervisor requests and comments. He asked if there were any Supervisor requests or comments. Mr. Gilmore asked for an update on the street light plan for Tanager Lake Road. Mr. Williams stated that the street lights were installed according to plan, and no lights are missing. This will be added to the list of improvements that the Board may consider if additional funds are acquired through the bond refunding.

Mr. Gilmore also asked about the crosswalk and signage issue. Ms. Brewer stated that the signage will conform to the previous signage. Mr. Gary Tate (Hillsborough County Safety Engineer) contacted the District's contractor to have the signage upgrades completed. But the process was put on hold for additional changes. Ms. Brewer stated that she will follow-up with Mr. Tate to see what changes are being proposed.

NINTH ORDER OF BUSINESS

District Counsel Report on Drainage Easement

Mr. Williams stated that the Board will now revisit the issue of the drainage easement. He asked Mr. Craine to review his findings. Mr. Craine stated that a resolution has not been reached, but information should be available at the next meeting.

TENTH ORDER OF BUSINESS

Adjournment

Mr. Williams stated that there were no other items on the agenda and asked for a motion to adjourn the meeting.

On MOTION by Ms. Brewer, seconded by Ms. McDonald, with all in favor, the Board adjourned the meeting for Fishhawk Community Development District.
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Pete Williams
Secretary

W. Don Whyte
Chairman