

**MINUTES OF MEETING**

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

**HARBOUR ISLES  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Harbour Isles Community Development District was held on **Tuesday, February 24, 2015, at 11:00 a.m.** at the Harbour Isles Clubhouse located at 121 Spindle Shell Way, Apollo Beach, Florida 33572.

Present and constituting a quorum:

Larry Fazzari	<b>Board Supervisor, Chairman</b>
Gregg Letizia	<b>Board Supervisor, Vice Chairman</b>
Betty Fantauzzi	<b>Board Supervisor, Assistant Secretary</b>
Bryce Bowden	<b>Board Supervisor, Assistant Secretary</b>
Bob Nesbitt	<b>Board Supervisor, Assistant Secretary</b>

Also present were:

Greg Cox	<b>District Manager; Rizzetta &amp; Co., Inc.</b>
Biff Craine	<b>District Counsel; PWCWP, LLC</b>
Jordan Caviggia	<b>District Engineer; Bayside Engineering</b>
Scott Brizendine	<b>Financial Advisor; Rizzetta &amp; Co., Inc.</b>
Brooke DeVito	<b>Financial Advisor; Rizzetta &amp; Co., Inc.</b>
Ed Bulleit	<b>Bond Underwriter; MBS Capital Markets</b>
Lori Flemens	<b>Property Manager; T3 Property Mgmt.</b>
Paul Ramsewak	<b>Property Manager; T3 Property Mgmt.</b>
Josh McGarry	<b>Account Manager; Aquatic Systems</b>

Audience

**FIRST ORDER OF BUSINESS**

**Call to Order**

Mr. Cox called the meeting to order and read the roll call. All present stood and recited the Pledge of Allegiance.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

There were no comments or questions from the audience.

**THIRD ORDER OF BUSINESS**

**Discussion of Bond Refinancing**

Mr. Bulleit provided updated information (**Exhibit A**) regarding the Series 2004 bond and advised that now is the best time to complete the refinancing. He answered questions from the Board and explained that the term sheet from potential investor Hancock Bank was not yet complete but should be done within a week, and suggested that the Board consider continuing the meeting to a date about ten days from now in order to consider the completed item. The Board agreed to continue the meeting to Friday, March 6<sup>th</sup> at 10:00 a.m.

**FOURTH ORDER OF BUSINESS**

**Consideration of Revised LED Lighting Proposal**

John Polizzi of Electric Today was present to review the proposal he had submitted for conversion of the landscape lighting to LED wattage for \$6,938.00. He also explained some points regarding the comparison of regular bulbs to LED bulbs. Mr. Fazzari asked that if the proposal was approved, that any reusable items from the old landscape lighting be salvaged for possible use elsewhere in the District.

On a Motion by Mr. Fazzari, seconded by Mr. Bowden, with all in favor, the Board accepted the proposal from Electric Today in the amount of \$6,938.00 for the conversion of regular lighting to LED lighting for the Harbour Isles Community Development District.

**FIFTH ORDER OF BUSINESS**

**Staff Reports & Updates – Part I**

**A. Aquatic Services Update**

Aquatic Systems account manager Josh McGarry reviewed his latest inspection reports for the Board and provided an update regarding ongoing aquatic maintenance and recent events. He discussed the status of the water plants that were installed in areas throughout the District and how some that did not survive would be replaced. He also answered questions from the Board. Mr. Letizia expressed positive comments about how good pond #9 is looking.

**SIXTH ORDER OF BUSINESS**

**Consideration of Proposal for Security System Maintenance & Monitoring**

Billy Renfroe of TYCO presented proposals for maintenance and monitoring of the security camera system and the burglar alarm system. The Board had several questions which Mr. Renfroe answered for them. After discussion the Board moved to approve the three proposals.

On a Motion by Mr. Fazzari, seconded by Mr. Nesbitt, with all in favor, the Board accepted the proposals from TYCO for security camera system maintenance at a cost of \$271.00 per month, system monitoring at a cost of \$158.71 per month, and burglar alarm monitoring services at a cost of \$67.71 per month, all beginning on April 1, 2015, for the Harbour Isles Community Development District.

The Board members held additional discussion with Mr. Renfroe regarding the need to train his staff on the security system equipment and the possible creation of a “how to” handbook for

District staff to use.

**SEVENTH ORDER OF BUSINESS**

**Staff Reports & Updates – Part II**

**B. District Engineer Update**

Mr. Caviggia presented his latest District Engineer's report to the Board and discussed the status of the fitness center construction. The Board considered the idea of putting funds in escrow because of concerns that the building warranty would not be handled properly by the builder. Mr. Caviggia reviewed the punch list items and everyone concluded that the items had been completed. Exterior painting was also discussed.

Mr. Craine summarized that everything appeared to be finished except for the installation of additional flashing at the top of the roof. The Board discussed the \$780.00 cost of the engineer's inspection during which the flashing issue was discovered. It was suggested that the builder was then responsible for that cost.

In addressing questions from the Board, Mr. Craine explained that a lawsuit for failure to honor a warranty differs greatly from a construction lawsuit. Mr. Letizia suggested that from the remaining amount due the builder, the District should withhold \$250.00 to cover half the cost of the additional irrigation repairs needed and the \$780.00 cost of the engineer's inspection, a total of \$1,030.00. The Board agreed that a decision of final acceptance would be made at the continued meeting to be held March 6<sup>th</sup> if the roof was found to have been repaired; if it has, then all payments would be release minus the \$1,030.00 as discussed.

Mr. Caviggia then discussed the railings, explaining to the Board that no payment has been made yet to Ornamental Design for the railings nor would one be made until the railings are installed and complete. Mr. Caviggia indicated that the company is difficult to communicate with but he had been told that the railings would be ready the following week.

**EIGHTH ORDER OF BUSINESS**

**Business Administration**

**A. Consent Agenda Items**

Mr. Cox presented three consent agenda items to the Board for consideration:

- i. Consideration of Minutes of Board of Supervisors' Special Meeting held January 20, 2015
- ii. Consideration of Minutes of Board of Supervisors' Regular Meeting held January 27, 2015
- iii. Consideration of January 2015 O&M Expenditures

Mr. Fazzari discussed issues related to overcharging by Pool Time in December and January that had been found and corrected.

On a Motion by Mr. Fazzari, seconded by Mr. Bowden, with all in favor, the Board approved Consent Agenda Items A.i, A.ii, and A.iii as presented for the Harbour Isles Community Development District.

**NINTH ORDER OF BUSINESS**

**Consideration of Carpeting Proposal**

Mr. Cox presented a carpeting proposal for consideration. The Board tabled the item.

**TENTH ORDER OF BUSINESS**

**Consideration of Bench Proposal**

Mr. Cox presented options for the purchase of benches to the Board for consideration.

On a Motion by Mr. Fazzari, seconded by Ms. Fantauzzi, with all in favor, the Board approved the purchase of three benches, two for the walking trail and one for the new tot lot playground area, for the Harbour Isles Community Development District.

**ELEVENTH ORDER OF BUSINESS**

**Consideration of HVAC Maintenance Proposal**

Mr. Cox presented to the Board for consideration the proposal from ABM/Linc Services for a revised contract to include maintenance of the HVAC system at the new fitness center.

On a Motion by Mr. Fazzari, seconded by Mr. Nesbitt, with all in favor, the Board approved the proposal from ABM/Linc Services for a revised contract to include maintenance of the HVAC system at the new fitness center for the Harbour Isles Community Development District.

**TWELFTH ORDER OF BUSINESS**

**Staff Reports & Updates – Part III**

**C. Property Management Update**

Mr. Ramsewak presented his latest property management report to the Board. The Board discussed the topic of new rules signage for the playground area. Ms. Fantauzzi indicated she would bring modified verbiage to the next meeting for consideration. Mr. Ramsewak described the “No Fishing” signs he wants to install around the large pond behind the clubhouse. He also informed the Board that TECO informed him they would not install a lock on the power switch behind the fitness center because the switch must be accessible to emergency personnel.

Mr. Fazzari described requests he had received for a suggestion box to be placed in the clubhouse. The Board took no formal action on the request.

**D. Landscape & Irrigation Update**

Mr. Cox informed the Board that he had been notified that account supervisor Jerimy O’Neal was no longer working for Girard Environmental and that a new supervisor would be

assigned shortly. The Board discussed the need for fire ant treatments in the common areas. They also discussed how common areas with Bahia sod are fertilized and treated for weeds.

The Board asked that Girard staff and District staff provide them with information explaining how all common areas are treated under the current contract. The Board also asked that Girard staff attend the March 6<sup>th</sup> continued meeting along with the newly assigned supervisor if possible. Mr. Letizia requested that Girard examine the newly planted Sylvester palm by U.S. 41 and the Bismarck palm near the marquee to determine the health of the trees.

**E. District Counsel Update**

Mr. Craine addressed a question from Ms. Fantauzzi with regard to residents using the parking lot to teach their children how to drive.

**F. District Management Update**

Mr. Cox announced that the next regularly scheduled meeting will be held on March 24, 2015 at 11:00 a.m. and the current meeting would be continued to 10:00 a.m. on March 6<sup>th</sup>.

**i. Financial Status & Summary Report**

Mr. Cox presented to the Board the monthly unaudited financial status and summary report as of January 31, 2015 and reviewed it for them. Mr. Fazzari asked staff to provide the Board with information on how much unencumbered monies remain in the general fund following completed payment of fitness center expenses.

**G. Action Items List Review**

Mr. Cox reviewed the latest action items list with the Board. Ms. Fantauzzi provided an update of the permit issue with regard to the playground shade structure and indicated that it is still not completed.

**THIRTEENTH ORDER OF BUSINESS**

**Supervisor Requests**

Ms. Fantauzzi indicated she had been approached by a landscape contractor about removing oak trees on Cockle Shell Loop and Hope Bay Loop and replacing them with palms. Other Board members commented that they also had been approached.

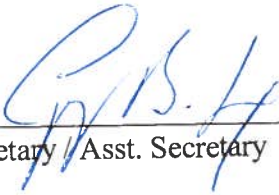
Mr. Fazzari noted his concerns about comments Jim Cleary had made to Mr. Ramsewak and also regarding warranties on the recently installed plants, shrubs and trees. Mr. Fazzari also requested that all access to the computer system from outside sources, including Darryl Singh, be stopped immediately and that the software installed for such purposes be removed.

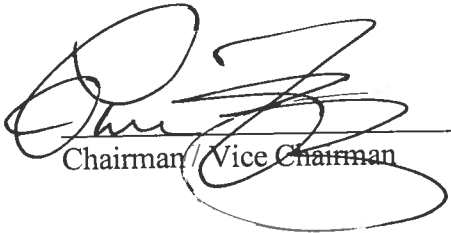
The Board members noted that the continued meeting would be primarily for the purpose of completing bond issues plus discussion of T3 Property Management billing, status of the old fitness

center, training on new fitness center equipment, and completion status of the new fitness center.

**FOURTEENTH ORDER OF BUSINESS**                      **Continuance**

On a Motion by Ms. Fantauzzi, seconded by Mr. Letizia, with all in favor, the Board continued the meeting to March 6, 2015 at 10:00 a.m. for the Harbour Isles Community Development District.

  
Secretary / Asst. Secretary

  
Chairman / Vice Chairman

# **Exhibit A**



# Harbour Isles Community Development District

Update to the Board of Supervisors  
Series 2004 Refinancing Opportunity

February 24, 2015

Presented by  
**MBS Capital Markets, LLC**

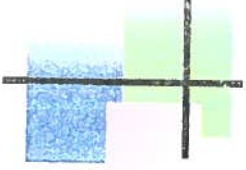
MBS Capital Markets, LLC  
152 Lincoln Avenue  
Winter Park, FL 32789  
(407) 622-0130

MBS Capital Markets, LLC  
4890 West Kennedy Boulevard  
Suite 288  
Tampa, FL 33609  
(813) 281-2700

MBS Capital Markets, LLC  
8583 Strawberry Lane  
Boulder, CO 80503  
(303) 652-0205

MBS Capital Markets, LLC  
1005 Bradford Way  
Kingston, TN 37763  
(865) 717-0303





## Overview of Series 2004 Bonds

- In 2004, the Harbour Isles Community Development District (the "District") issued its \$5,965,000 Special Assessment Bonds, Series 2004 (the "Series 2004 Bonds").
- The Series 2004 Bonds were originally issued as non-rated tax-exempt bonds.
- The Series 2004 Bonds are currently outstanding in the amount of \$5,045,000.
- The Series 2004 Bonds are callable in whole at any time at a premium of 1% declining to par on 5/1/15.
- Given current market conditions, the Series 2004 Bonds can be refunded for economic savings.

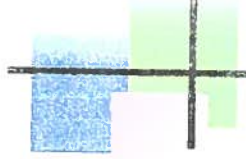
Outstanding Series 2004	
Par Amount	\$5,045,000
Avg Coupon	6.125%
MADs	\$430,178
DSRF	\$432,350
Final Maturity	5/1/2035
Rate	Fixed
Total Debt Service	\$8,965,460
Call Provision	5/1/2014
Call Premium	1%

## Estimated Refunding Results- Private Placement

- MBS completed a refunding scenario assuming a private placement of the bonds. The estimated results are based upon current market rates, and assuming the bonds can be privately placed to a bank, and certain other customary costs of issuance associated with a bank placement.
- The District's existing funds are utilized as a source of funds for the refunding. These funds include the existing Reserve Account (\$432,350), and existing Revenue Account (\$591,818.67). Estimated Savings are higher also due to \$176,973 shown as excess funds after the prior 11/1/14 payment.
- There are no deferred costs are owed to the Developer.

Proposed Series 2015 Private Placement	
Issue Date	3/15/2015
Par Amount	\$ 4,585,000
Avg Coupon	3.600%
MADs	\$325,530
DSRF 40% MADs	\$130,212.00
Final Maturity	5/1/2035
Rate	Fixed
Annual Savings	(\$104,648)
NPV	20.6%
NPV Savings	\$943,606
Cost % of Par	4.23%

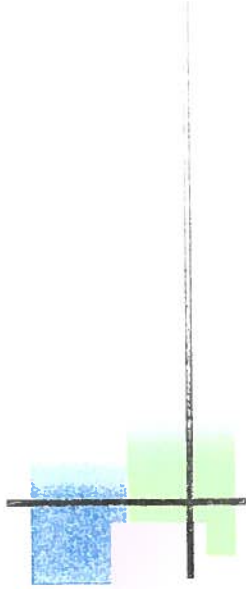
Series 2015 Refunding Private Placement Estimated Sources & Uses	
Par Amount	\$ 4,585,000.00
Net Original Issue Discount	
Liquidation of Revenue Account	\$ 591,818.67
Liquidation of Reserve Fund	\$ 432,350.00
<b>Total Sources</b>	<b>\$ 5,609,168.67</b>
Escrow Deposit	\$ 5,199,503.13
Reserve Fund at 40% of MADs	\$ 130,212.00
Interest thru 11/1/15	\$ 83,993.50
Cost of Issuance	\$ 125,000.00
Underwriter's Discount	\$ 68,775.00
Contingency	\$ 1,685.04
<b>Total Uses</b>	<b>\$ 5,609,168.67</b>



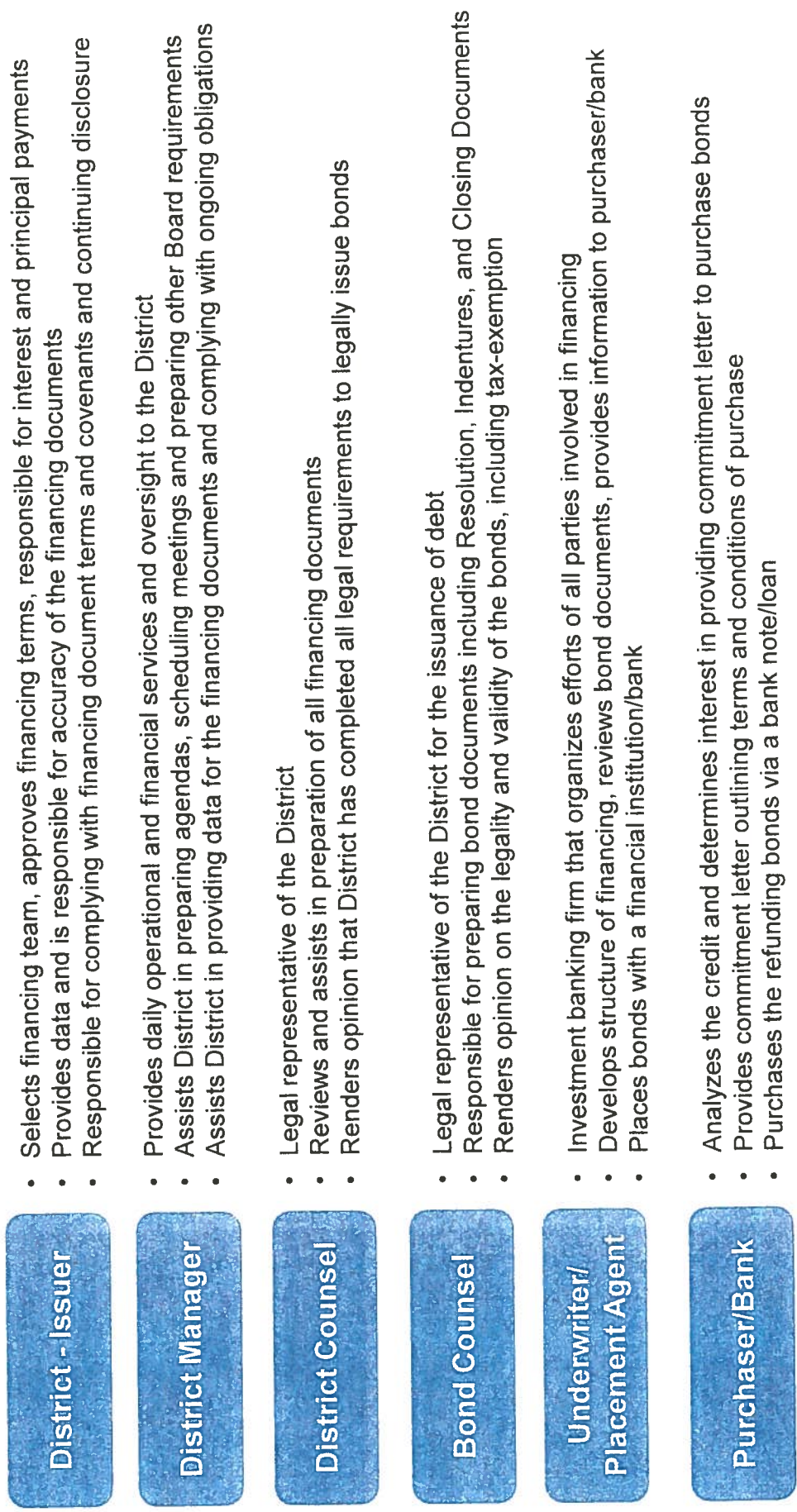
# Est. Reduction of Annual Debt Service Assessments – Public Offering

TABLE 2 PROPOSED SERIES 2015 ASSESSMENTS						
Product Type	Assbl Units	Proj. Series 2015 Annual Debt Service Assmt/Unit <sup>1</sup>	Proj. Reduction in Annual Debt Service	Proj. % Reduction in Annual Debt Service Assmts.		
SF 70	240	\$658.84	\$225.13	25.5%		
SF 80	151	\$729.94	\$249.43	25.5%		
SF 90	104	\$822.06	\$280.90	25.5%		
<b>Total</b>	<b>495</b>					

<sup>1</sup>Assumes a 8% gross-up (4% discount and 4% fees)



# Financing Participants



# Financing Participants

## Purchaser/Bank Counsel

- Represents the purchaser/bank and advises on matters related to purchasing the refunding
- Reviews bond documents prepared by Bond Counsel

## Trustee

- Manages Trustee held bond funds, reserves, revenues, construction proceeds and refunding escrow
- Receives interest and principal payments from District and distributes to Bondholders
- Holds liens and security interests and exercises remedies for Bondholders in event of default

## Trustee Counsel

- Represents and advises Trustee on matters related to the Trust Indenture and any Supplements
- Reviews bond documents prepared by Bond Counsel

## Assessment Consultant

- Prepares Assessment Methodology Report
- Determines the Debt Service Assessment amounts for refunding bonds

## Rating Agency

- Independent third party that reviews the underlying credit, legal and financial structure of the bonds
- Assigns credit rating to bond issue
- Completes ongoing surveillance of all rated issues for upgrades/downgrades

## Verification Agent

- Certified Public Accounting firm that verifies defeasance requirements of refunded bonds
- Verifies mathematical accuracy of escrow calculations
- Ensures escrow funds are sufficient to pay all redemption requirements of refunded bonds

# Comparison Transactions

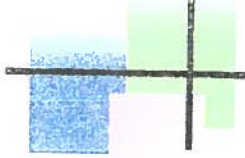
RECENT FLORIDA CDD REFUNDINGS									
Public Offerings - Underwriter's Discount/Costs of Issuance									
District	Par	Issue Type	Underwriter	Discount	Issuance*	Total	% of Par		
								Underwriter's	Costs of
Wynfield Lakes CDD	\$ 7,490,000	Refunding	MBS	\$ 116,020	\$ 141,389	\$ 257,409	3.44%		
Meadow Pines CDD	\$ 8,510,000	Refunding	MBS	\$ 170,200	\$ 167,415	\$ 337,615	3.97%		
Capital Region CDD	\$ 9,855,000	Refunding	MBS	\$ 147,825	\$ 142,221	\$ 290,046	2.94%		
East Park CDD	\$ 4,515,000	Refunding	MBS	\$ 90,300	\$ 138,289	\$ 228,589	5.06%		
Celebration CDD	\$ 5,175,000	Refunding	MBS	\$ 77,625	\$ 100,000	\$ 177,625	3.43%		
Heritage Park CDD	\$ 5,095,000	Refunding	MBS	\$ 76,425	\$ 131,911	\$ 208,336	4.09%		
Harmony CDD	\$ 13,945,000	Refunding	FMS	\$ 278,900	\$ 135,050	\$ 413,950	2.97%		
Gateway Services CDD	\$ 2,630,000	Refunding	FMS	\$ 52,600	\$ 92,000	\$ 144,600	5.50%		
Pelican Marsh CDD	\$ 6,460,000	Refunding	FMS	\$ 129,200	\$ 110,590	\$ 239,790	3.71%		
Fiddler's Creek CDD	\$ 2,425,000	Refunding	FMS	\$ 60,625	\$ 81,134	\$ 141,759	5.85%		
Stonegate CDD	\$ 8,085,000	Refunding	FMS	\$ 202,125	\$ 118,543	\$ 320,668	3.97%		
Suncoast CDD	\$ 5,125,000	Refunding	RBC	\$ 102,500	\$ 153,926	\$ 256,426	5.00%		
<b>Average</b>	<b>\$ 6,609,167</b>			<b>\$ 125,362</b>	<b>\$ 126,039</b>	<b>\$ 251,401</b>	<b>3.80%</b>		

Information compiled from Offering Statements

\*Costs of Issuance includes a bond rounding amount that is less than \$.50,000 in all issues

RECENT FLORIDA CDD REFUNDINGS						
Private Placements Costs of Issuance						
District	Par	Issue Type	Placement Agent	Issuance	Costs of	% of Par
Lakewood Ranch CDD 4	\$ 2,085,000	Refunding	MBS	\$ 136,500		6.55%
Lakewood Ranch CDD 6	\$ 4,940,000	Refunding	MBS	\$ 179,325		3.63%
Harbourage at Braden River CDD	\$ 2,665,000	Refunding	MBS	\$ 146,200		5.49%
Park Place CDD	\$ 4,315,000	Refunding	MBS	\$ 189,725		4.40%
Grand Hampton CDD	\$ 8,375,000	Refunding	MBS	\$ 245,625		2.93%
Urban Orlando CDD	\$ 13,355,000	Refunding	MBS	\$ 365,325		2.74%
Bridgewater at WC CDD	\$ 5,020,000	Refunding	MBS	\$ 141,300		2.81%
<b>Average</b>	<b>\$ 5,822,143</b>			<b>\$ 200,571</b>		<b>3.44%</b>
<b>Estimated Costs of Issuance*</b>						
Ballantrae CDD	\$ 8,030,000	Refunding	MBS	\$ 260,450		3.24%

\*Preliminary, subject to change



# APPENDIX A

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## Disclosures Regarding Underwriter's Role – MSRB Rule G-17

### Disclosures Concerning the Underwriter's Role

- (i) Municipal Securities Rulemaking Board Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (ii) The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the District and it has financial and other interests that differ from those of the District;
- (iii) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- (iv) The Underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (v) The Underwriter will review the official statement for the District's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

### Disclosure Concerning the Underwriter's Compensation

Underwriter's compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.





## Disclosures Regarding Underwriter's Role – MSRB Rule G-17 (cont'd)

### Conflicts of Interest

**Payments to or from Third Parties.** There are no undisclosed payments, values, or credits to be received by the Underwriter in connection with its underwriting of this new issue from parties other than the District, and there are no undisclosed payments to be made by the Underwriter in connection with this new issue to parties other than the District (in either case including payments, values, or credits that relate directly or indirectly to collateral transactions integrally related to the issue being underwritten). In addition, there are no third-party arrangements for the marketing of the District's securities.

**Profit-Sharing with Investors.** There are no arrangements between the Underwriter and an investor purchasing new issue securities from the Underwriter (including purchases that are contingent upon the delivery by the District to the Underwriter of the securities) according to which profits realized from the resale by such investor of the securities are directly or indirectly split or otherwise shared with the Underwriter.

**Credit Default Swaps.** There will be no issuance or purchase by the Underwriter of credit default swaps for which the reference is the District for which the Underwriter is serving as underwriter, or an obligation of that District.

**Retail Order Periods.** For new issues in which there is a retail order period, the Underwriter will honor such agreement to provide the retail order period. No allocation of securities in a manner that is inconsistent with an District's requirements will be made without the District's consent. In addition, when the Underwriter has agreed to underwrite a transaction with a retail order period, it will take reasonable measures to ensure that retail clients are bona fide.

**Dealer Payments to District Personnel.** Reimbursements, if any, made to personnel of the District will be made in compliance with MSRB Rule G-20, on gifts, gratuities, and non-cash compensation, and Rule G-17, in connection with certain payments made to, and expenses reimbursed for, District personnel during the municipal bond issuance process.