

**MINUTES OF MEETING OF THE  
STONEBROOK AT VENICE  
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the STONEYBROOK AT VENICE Community Development District's Board of Supervisors was held on **Thursday, April 7, 2016, at 12:12 p.m.**, at the **Stoneybrook Activity Center, 2365 Estuary Drive, Venice, Florida 34292.**

**Present and constituting a quorum were:**

Daniel Minnick	Chairman
Carl Jones	Vice Chairman
William Riley	Assistant Secretary

**Also present were:**

James P. Ward	District Manager
Tony Grau (telephonically)	Grau & Associates

**1. Call to Order & Roll Call**

Mr. Ward called the meeting to order at 12:12 p.m. and roll call determined that all members of the Board were present.

**2. Consideration of acceptance of resignation of Mr. Hamilton (Seat 1) and Mr. Zajac (Seat 2) from the Board of Supervisors**

Mr. Ward stated that the two resignations were in effect, by law, as of the date they were sent. For the record's sake, he requested the Board to accept the resignations by motion.

**Motion was made by Mr. Minnick and seconded by Mr. Jones to accept the resignations of Mr. Hamilton and Mr. Zajac, and with all in favor the motion was approved.**

**3. Consideration of replacement members to the Board of Supervisors for Seat 1 and Seat 2, whose terms expire November 2016 and November 2018, respectively**

Mr. Ward explained that the remaining Board members had the right to appoint two individuals to fill the unexpired terms of office. Mr. Hamilton's term was set to expire in November 2016, and Mr. Zajac's term in November 2018. In November 2016 there would be a general election by qualified electors residing within the District. Another election would take place in November 2018, that would include the Chairman's and Vice Chairman's seats, plus Mr. Zajac's replacement's. He called for a motion to name the replacements and said that acceptance would be by a majority of the Board, i.e. the three remaining Board

members. Mr. Minnick asked if Mr. Jones had indicated to the candidates that one position would be for a very brief term and the other would be for a duration of about 18 months. Mr. Jones replied that he had indicated as such.

Mr. Ward advised that they table the motion for the moment, pending receipt of one of the candidate's names, and he proceeded on to item 6.

Returning to the item, Mr. Ward called for a 5-minute recess at approximately 12:33 p.m., so that they could learn the name of the second candidate.

Mr. Ward reconvened the April 7<sup>th</sup> Stoneybrook at Venice Community Development District meeting at 12:38 p.m.

**Motion was made by Mr. Jones and seconded by Mr. Minnick to appoint Joe Buckley for Seat 1, and with all in favor the motion was approved.**

Mr. Ward asked for a motion to appoint a person to fill Seat 2's unexpired term.

**Motion was made by Mr. Jones and seconded by Mr. Minnick to appoint Gary Compton for Seat 2, and with all in favor the motion was approved.**

**4. Administration of the Oath of Office to the newly appointed officers for Seats 1 and 2**

- a) Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees
- b) Form 1 - Statement of Financial Interest

Mr. Ward stated for the record that neither of the newly appointed officers was in the room. He tabled administration of the oath of office, adding it to the next meeting's agenda.

**5. Consideration of Resolution 2016-1 re-designating the Officers of the Stoneybrook at Venice Community Development District**

Item 5 was not taken up at the meeting. No action was required or taken.

**6. Consideration of Minutes**

- a) September 3, 2015 – Regular Meeting

Mr. Ward asked if there were any additions, corrections, or deletions, adding that otherwise, a motion for their approval would be in order.

**Motion was made by Mr. Minnick and seconded by Mr. Riley, to approve the September 3, 2015 minutes, and with all in favor the motion was approved.**

b) September 24, 2105 – Regular Meeting

Mr. Ward Mr. Ward asked if there were any additions, corrections, or deletions, adding that otherwise, a motion for their approval was in order.

**Motion was made by Mr. Minnick and seconded by Mr. Riley, to approve the September 24, 2015 minutes, and with all in favor the motion was approved.**

**7. Consideration of acceptance of the Audited Financial Statements for the fiscal year ending September 30, 2015**

Mr. Ward explained that as a matter of law, the Statements had been prepared by Grau and Associates and filed with the appropriate State agencies, and are posted on the website, also mandated by law. Tony Grau, a partner with the firm, was on the telephone to outline the audit and answer any questions. Following Mr. Grau's review of the audit, Mr. Ward would ask for a motion to accept the Audited Financial Statements for purpose of inclusion in the record.

Referring to pages 1 and 2, Mr. Grau said that their independent auditor's report had a clean opinion with respect to the financial statements of the District. He directed their attention to the section, Management and Discussion Analysis, which represented a recap of financial activities for the District. Turning to page 4, they could see a condensed balance sheet showing comparative numbers with the prior year, the assets, liabilities, and then the net position broken down to glean different categories at that position. On page 5, was a condensed Income Statement, and Mr. Grau pointed out that both were on full accrual basis, being government-wide statements, so that they included capital assets and long-term debt. Two years were shown, with the fiscal year's revenues at about \$590,000, a little less than the previous year's \$626,000. Expenses were a little higher, with a change in net position; and in both years there were decreases – about \$175,000 for the Statement's fiscal year, and about \$160,000 the previous year. After the MBNA, there were the actual statements, starting on page 7. Pages 7 and 8 contained, in fact, the same numbers as the MBNA he had just gone over, only in more detail, presenting the balance sheet and the statement of activities. On page 9 was the Fund Balance Sheets for the General and Debt Service Funds. There was roughly \$79,000 balance in the General Fund and about \$535,000 in the Debt Service Fund. On page 11, they could find the Income Statement for both Funds, showing revenues which were mainly assessments, with a small amount of interest, and indicating where the money was spent. The Debt Service reflected money that was used to pay principal and interest. There was a fairly large prepayment, he believed, resulting in a loss that year in the

Debt Service Fund coming from funds collected in prior years, that were then used to pay down the bonds. The Statement footnotes were on pages 13 through 20. The description of the nature of the organization and the reporting of some State accounting policies were basically the same as the previous year's. That is to say, there weren't any new accounting standards that impacted the District. On page 19 was the Fixed Capital Assets, to which there were no additions. The only change in fixed assets was depreciation, which amounted to \$332,000. The Long-term Liabilities, listed at the bottom of the page, showed that they paid down bonds by \$340,000, \$245,000 of which was prepaid. The scheduled payment would have been \$95,000, but the prepayment amount was larger. On page 21 was the Budget Actual for the General Fund. Pages 23 through 27 contained three reports. They had no findings in the report on investments, meaning there was no issue there. Finally, on page 26 was the management letter required by the Auditor General, and they had no findings there, as well.

Mr. Ward asked if there were any questions from the Board. He remarked that the audit was essentially the same as what they had seen in prior years with no substantive changes. He specified that the reference Mr. Grau had made to the large prepayment was actually the reduction in the Reserve Account they had talked about previously, which occurred in the last period of that fiscal year. He reiterated that the report had been filed as a matter of law with the appropriate regulatory agencies, which included the Auditor General and the Department of Financial Services, and that it was posted to their website also. There being no questions, Mr. Ward stated that a motion to approve the Audited Financial Statements for inclusion in the record would be in order.

**Motion was made by Mr. Minnick and seconded by Mr. Riley, to approve the Audited Financial Statements for the fiscal year ending September 30, 2015, and with all in favor the motion was approved.**

**8. Consideration of Resolution 2016-2 approving the Proposed Budget for Fiscal Year 2017 and setting a Public Hearing for Thursday, September 1, 2016 on the Proposed Budget**

Mr. Ward stated that it was the same process they went through yearly, because by law, he was required to submit a Budget to the Board before June 15<sup>th</sup>. The Board, in turn, was required to approve it only for the purpose of setting the public hearing. It didn't bind them to any costs included in the Budget, nor to any of the assessment rates contemplated, as a result of the preparation of the Budget itself. It merely allowed them to move forward through the process, so that by the time the public hearing came in September, they would be asked to adopt it and set the assessment rates. Mr. Ward recalled that at Stoneybrook they didn't usually have a Board of Supervisors meeting between the April meeting and the September public hearing. He said that if there were any

questions or changes to make, it would be the appropriate time to do so. He added that a Board meeting could be held before September if they so desired.

In relation to the Budget, Mr. Ward drew their attention to pages 1 and 2, which included the General Fund. He pointed out that General Fund was the operating portion that they could control and stated that it was exactly the same as in prior years, with the assessment rate remaining at \$74.69 per unit. On page 5 was the Debt Service Fund, the rates of which remained constant in that particular District for the different product lines, as seen at the bottom of the page, The Debt Service changed only \$1,000 or \$2,000 a year, and it was down just a little bit in the following fiscal year. Just above the Assessment Rate was an analysis of the Fund balance for the Debt Service Fund. He explained that although they could always decrease the Budget at the public hearing, they could not go back over the numbers prepared for them in the Budget. Mr. Ward asked if there were any questions. Mr. Minnick asked whether there was any negative impact to the CDD itself, when an individual bought out or paid out early. Mr. Ward replied no, there was no negative impact to the individual or the District. He stated that a motion to adopt Resolution 2016-2 was in order.

**Motion was made by Mr. Jones and seconded by Mr. Riley, to adopt Resolution 2016-2, and with all in favor the motion was approved.**

**9. Consideration of Resolution 2016-3 designating the office or location of the registered office and registered agent for the District**

Mr. Ward reported that generally speaking, the District Attorney was the registered agent whose office was the registered office. The District Attorney for Stoneybrook was Buchanan Ingersoll & Rooney, out of Tampa, at present. Over the years, the registered agent and registered office had been there for service of process in the event of a lawsuit. In the last few years, the agent's role had become more administrative in nature, and notices or invoices received from the State went directly to the registered agent, who then forwarded it to him, the District Manager. Mr. Ward said that there was a fee charged by the District Attorney and the Resolution before them would change the registered agent to him personally, and the registered office to his office. In that way, any notices would go directly to him, and although the District did not get sued normally, it would not be a big issue if it did because legal counsel could work it out. Mr. Ward stated that he recommended they consider adopting the Resolution and that a motion to that effect would be appropriate.

**Motion was made by Mr. Minnick and seconded by Mr. Jones to adopt Resolution 2016-3, and with all in favor the motion was approved.**

In reply to a question by Mr. Minnick, Mr. Ward affirmed that adoption of the Resolution would save them about \$1,000 per year. He added that at some point in the near future, he would probably address the Board on going through the process of retaining a new District Attorney of record, explaining that the individual who had been representing the District in that capacity had left the firm. It was not an urgent matter and he would advise the Board when he had a recommendation for the position.

**10. Consideration of Agreement with MBS Capital Markets, LLC, to provide underwriting services for the District in relation to refinancing of the District's Series 2007 Bonds**

Mr. Ward informed the Board that Brett Sealy of MBS Capital Markets, whom he knew personally, and who did the original issuance of the bonds, along with the majority of CDD financing across the State of Florida, would act as their underwriter. Securities and Exchange Commission laws required, essentially, that the underwriter had to be retained by the client in order to provide financial advice and information on any sort of financial matter. The first step in considering refinancing was to retain MBS Capital, LLC as underwriters, and at the next meeting the company would go over the time schedule for refinancing, who they would need to retain to do the actual refinancing, costs of refinancing, and potential financial impacts of refinancing of the 2007 Bonds. The bonds could not be obtained for another year or so, at any rate. In the current market, Mr. Ward suspected they would end up waiting the whole year, but Mr. Sealy would examine the situation. If the opportunity arose to refinance prior to the September meeting, and Mr. Sealy reviewed it, Mr. Ward said he would call a special meeting of the Board. He recommended Mr. Sealy highly as an underwriter. Mr. Minnick observed that in securing any goods or services, it was common to shop around for a vendor, comparing bids and quality, and in this case they were not doing that. Mr. Ward replied that some governments did just that and those governments generally had large staffs that did all the work that the bond underwriter normally did prior to issuance of the bonds, including preparation of documents, financial analyses, and so on. Following staff input, the bonds would then be put on the market and underwriters would bid for the job, declaring their underwriting fees. CDDs did not have the manpower to do the financing and the fees stayed basically the same: roughly 2% of the par sum issued, plus the cost of issuance. Changes in interest rates and/or the quality of the actual underwriter were more crucial considerations. Brett Sealy was highly qualified as one of the best underwriters. There were a number of other professionals, such as underwriter's counsel, bond counsel, and financial analysts, who would charge a fee, as well. All would be reviewed by the Board when the fee structure of the bond was considered. Mr. Minnick asked the approximate cost of refinancing and the amount of debt. Mr. Ward answered that they were at 6.75% interest and the outstanding par debt was \$5,215,000, which would be reduced by \$110,000 as of May 1, 2017; so it would be as much as \$5,215,000, or less. Mr. Ward confirmed Mr. Minnick's estimation that the

underwriter's fee would be roughly \$75,000. There being no further questions, Mr. Ward said that a motion to adopt the agreement was in order.

**Motion was made by Mr. Minnick and seconded by Mr. Jones to adopt the Agreement with MBS Capital Markets, LLC, and with all in favor the motion was approved.**

- a) **Attorney** – No Attorney's report.
- b) **Engineer** – No Engineer's report.
- c) **Manager**
  - I. **Financial Statements for the period ending February 29, 2016** – Mr. Ward stated he had nothing to report. The financial statements before the Board were consistent with what they had seen in the past.

**12. Supervisor's Requests and Audience Comments**

Mr. Ward asked if there were any comments from the Board. There were none. He requested that the record reflect that there were no audience members present.

**13. Adjournment**

**Motion was made by Mr. Minnick and seconded by Carl Jones to adjourn the meeting, and with all in favor the motion was approved.**

The meeting was adjourned at 12:40 p.m.

  
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James P. Ward, Secretary

  
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Dan Minnick, Chairman