

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

The Regular Board Meeting of the Stoneybrook at Venice Community Development District's Board of Supervisors was held on **Thursday, September 18, 2014**, at 12:00 p.m., at the **Stoneybrook Activity Center, 2365 Estuary Drive, Venice, Florida 34292**.

Present and constituting a quorum were:

Anthony Burdett	Chairman
Jason Hamilton	Assistant Secretary
Matt Morris	Assistant Secretary

Also present were:

James P. Ward	District Manager
Anthony Grau, Jr.	Grau & Associates, Auditor (Telephonic)

Members of the Public

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order at 12:05 p.m., stating the record will reflect that all members of the Board are present at roll call with the exception of Supervisor Riley.

SECOND ORDER OF BUSINESS

Consideration of Minutes

a) June 5, 2014, Regular Meeting

Mr. Ward stated you've all been previously distributed a copy. If there are any additions, corrections or deletions, it will be appropriate at this time to so indicate. Otherwise, a motion for their approval would be in order.

On MOTION by Mr. Hamilton and seconded by Mr. Morris, with all in favor of approving the June 5, 2014, regular meeting minutes.
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THIRD ORDER OF BUSINESS

**Consideration of Acceptance of the
Audited Financial Statements for the year
ended September 30, 2013**

Mr. Ward stated I had sent you all a separate item outside this particular agenda, which was the acceptance of the audited financial statements for September 30, 2013. Your auditor, Tony Grau, Jr., is on the phone with us. So I think what would be appropriate is that we go ahead and take the agenda out of order a little bit, and I'll ask Tony to go ahead and present the audit to you. It was completed some time ago, and filed as a matter of course with the appropriate regulatory agencies, but I'll ask Tony to take some time and go through that with you.

Mr. Grau stated thank you, Jim. Good afternoon. I'll do a presentation of the audit for Stoneybrook At Venice CDD. We'll start off with page one, which is the Independent Auditor's Report. The format is a little different. There are some new auditing standards, so the wording of the opinion is different than what you may have seen in years past. Basically, it says he awarded you a clean opinion. There is one new item on page two, it says it's a matter that relates to GASB 65, which was implemented during the year. That requires the write off bond issue cost in the year it occurred for you to capitalize that and then amortize it over the life of the bonds. I think you had about \$200,000 in bond issue costs that were written off during 2013.

The next section is called the Management and Discussion Analysis. It's basically a recap of the financial activity for the District. If you go to page four, at the bottom there, you'll see a statement of net position. That's another change that occurred that it used to be called net assets, now it's net position, so wherever we set net assets, which was all over the place, that changed to net position. You also have to put inflow and outflows, which the District didn't have any of those this year.

You can see that the balance sheet is pretty consistent between the two years. There was a decrease of about \$400,000 in your net position, and if you go to the next page, which is the changes in net position. You'll see that the change in net position was a loss of \$213,000. Remember, this is on the full accrual basis. Both of these statements include the long-term debt, and the capital assets of the District, so that loss is basically the result of the depreciation of the fixed assets. Then below the \$213,000, you'll see the \$207,248, that's the write off of the previous bond issue cost for the District.

Next I'd like you to go to page nine, which is the balance sheet of the District at the fund level, so this is on a modified accrual basis, and it's a very simple balance sheet, basically a cash investment, a little bit of accounts payable, and you see in your fund balances, you're positive \$66,139, and debt service of about \$710,000. If you go to page 11, you'll see the income statements for the funds. You'll see the special assessments, and you'll see what the money was spent on. Basically, the general government for the general fund, and the debt service fund is used to pay the debt service on the bonds. You can see that on the modified accrual basis, it's basically a wash.

Next, I'd like you to go to page 14. There'll you see a footnote on new accounting standards that explains the three standards that were adopted during the year on page 14 and 15, so this is a one-time footnote. You won't see that again in the following year. On page 16, at the very bottom there, which explains the outflows and inflows. You didn't have any of them, but if you did, the footnote explains what they are. On page 19, you have two notes on your capital assets and your long-term debt. Capital assets are basically unchanged, except for depreciation, which is \$332,000, the long-term debt. You started off with about \$6 million, you paid off \$115,000, so the outstanding balance now is \$5,140,000 on the long-term debt.

On page 20, at the bottom you will see a subsequent event, the bonds are paid down. The \$15,000 and \$30,000 were pre-payments that were collected during the prior year, and also some probably during the current fiscal year, and that's a good thing. You want to repay the bonds as much as possible. Page 21, you have the budget to actual, and it shows you're pretty much in line with the budget, nothing unusual there. After that, on page 23 and 25, we have our auxiliary reports. The first one is the Independent Auditor's Report, on internal control and compliance, and we had no findings there. On page 25, you have Management Letter that's required by the Auditor General. After that, you have all the provisions on page 26 that you had to comply with, and you were in compliance with all of them. That's basically it for the audit. Do you have any questions?

Mr. Ward asked questions from the Board? I know you haven't seen this, but any questions from the audience, Mr. Minnick?

Mr. Minnick stated if you do the audience a favor, those of us who didn't have a copy, are there any high points that should be shared as far as a recap from what that gentleman just said?

Mr. Ward stated no, and it sounds very complicated, but, at the end of the day, there really has been no change in the District's status from last year to this year. That's not unexpected.

Mr. Minnick said something about financial accounting change or something?

Mr. Ward stated yes, there has been a number of accounting standards changes this past year. The only one that affected us, not in a negative way, when we issue bonds, there are a number of costs included in the issuance of bonds. We call it bond issuance costs. In years past, those costs are amortized over the life of the bonds. There was a standard out this past year that required us to expense them all off in the current year, that's why you see such a change in what we call our net asset or net position. It doesn't have any effect whatsoever on our cash balances or our liabilities, it has no effect whatsoever. It's just an accounting standard change on how we account for a long-term cost.

Mr. Minnick stated I have a question. I had a preview of this audit, and it appears to me that the first 18 months that the CDD existed, Lennar or the CDD or somebody chose to not make any payments.

Mr. Burdett stated I think in the first year there's a bond issuance enough to cover the interest.

Mr. Ward stated yes.

Mr. Burdett stated at least for the first year.

Mr. Ward stated capitalized interest.

Mr. Burdett stated yes, thank you. I'll let Jim explain it, he's going to be much better at it than me.

Mr. Minnick stated it just surprised me.

Mr. Ward stated capitalized interest is used in virtually every single municipal issue, but it means from the date of issue through a certain period, it could be upwards to 24 months, the issuer does not pay principal and interest on the debt. There's enough money funded from bond proceeds to actually pay the principal and interest. After that, then the principle and interest kicks in on an annual basis that the entity has to pay. That's kind of

standard in ever municipal issue. Any other questions? Then a motion to accept the audit for purposes of inclusion in the record would be in order.

On MOTION by Mr. Morris and seconded by Mr. Hamilton, with all in favor of approving the audited financial statements for September 30, 2013.

Mr. Ward stated thank you, Tony.

Mr. Grau stated okay, have a good day, bye.

FOURTH ORDER OF BUSINESS

Public hearing

a) FISCAL YEAR 2015 BUDGET

I. Public Comment and Testimony

Mr. Ward stated the first public hearing is in relation to your Fiscal Year (FY) 2015 Budget. I have some extra budgets up here for you, if the members of the public would like to take them. I'll just take a minute and go through it. The Board saw the budget in May and approved it for purposes of setting the public hearing for today. The budget is comprised of two parts; one is a general fund, which is the administration of the District only. The key element is what you pay for the administrative side of the District. That's shown on page two. In Fiscal Year 2015, it will be \$75.53 that will be included on your tax bill in November of this year. In the prior year, it was \$77.36, so just a dollar or two lower from what it was in the prior year.

That number has remained relatively constant and has gone down in the past few years related to the administration of the District itself. There are a number of pages of detail that explain to you exactly what the numbers are composed of, but most of them are the minimal fees necessary in order to keep a community development district in operation on a yearly basis. The second part of the budget is what we call the debt service. That is related to the District's 2007 Series bonds, and that begins on page five of the budget that I provided to you. That also remains consistent from year to year.

It shows you the principal and interest that's due on the bonds each year. At the bottom of page five on the right side is the assessment rate per unit that each of you will pay based upon your lot size. That number remains consistent each year for this District. It's

the same number that amortizes the bonds out yearly. The last payment is due in May of 2038, so in November 2037 that will be the last payment that you will see on your tax bill. Sometimes I do get questions, especially here in Stoneybrook as to whether or not that can be paid off in advance. The answer is yes, it can. It can be paid off, and you would no longer see the debt service portion of that assessment on your tax bill.

You do that by contacting my office, and we will give you the payoff information and how to make the payoff, and then you may decide whether you choose to do that or not to do that, as the case may be. With that, that's the simplistic version of the budget itself. If you have any questions, I'm certainly glad to them for you. But before we do that, this is a public hearing, Mr. Chairman, so I'll ask that you go ahead and open it up for any public comment.

On MOTION by Mr. Burdett and seconded by Mr. Hamilton with all in favor of opening the public hearing to the public.

Mr. Ward stated Mr. Minnick.

Mr. Minnick stated I can't find it right now, but there was a budget item of about \$7,000 for computer services or something like that.

Mr. Ward stated yes, \$8,000. That as for the establishment of the website that we're doing.

Mr. Minnick stated so last year when we spoke about maybe spending some money to reduce this cost in the long term. So is this the one-time charge or is this the annual?

Mr. Ward stated somewhat on the high side. I've gotten most of it already done. This is going to be on the high side. The annual is probably going to be half of that once I get finished with it, but I left this in here for 2015 as a just in case kind of thing. But I don't think we'll spend that in next year. Most of it is being spent this current year.

Mr. Minnick, asked in general, the administrative charge went down \$2?

Mr. Ward stated yes.

Mr. Minnick stated but we didn't see an adjustment on the tax bill, is that correct, or did I miss that?

Mr. Ward stated I'm sorry, I didn't hear what you said.

Mr. Minnick stated in reading these documents, somewhere it seemed to me that the administrative budget from last year went down like \$2 per unit. I don't think I saw that reflected, so we're not doing a savings, it will just be a in the surplus next year?

Mr. Ward stated no, it actually went down. The overall budget went down by about \$2,000 from last year, so that's why you see a slight reduction in the assessment rate per unit.

Mr. Minnick oh, I see, I'm sorry. I was looking at the bond payments. Thank you.

A female speaker stated I have a question on the assessment comparison. That 399 doesn't include the 75?

Mr. Ward stated correct, they're two separate numbers. If my memory serves me, I think it's two separate line items on your tax bill.

Mr. Minnick stated yes, it is.

Mr. Ward stated you'll see both of those on there. Any other questions?

Mr. Parkins asked can I ask a question?

Mr. Ward stated yes, sir. Could you put your name of record.

Mr. Parkins stated Conrad Parkins.. You said something about an \$8,000 to get the website up. Are you setting it up or is that an outside vendor setting it up?

Mr. Ward stated an outside vendor does it. I don't do that work. Any other questions? Yes, sir.

A male speaker. Just out of curiosity, we're paying six and three quarter's percent on our bond. What are the current rates of similar bonds?

Mr. Ward stated the current interest rate on these type of municipal bonds is roughly 5.6 percent, so they're substantively less. For a community that's built out, it will be even less than that. But when you issue the kind of debt that we have issued, they have call protection on them, so for, generally, the first ten years of the bond issue, the bonds are not callable without payment premium on them. These bonds were issued in 2007, and so the call provision will come up in 2017, so we have another year or two before we can call the bonds, and it's probably at a premium, probably like 101, so they want 101 percent of whatever the par outstanding is at the time. That would be the first call date that we have available to us.

Mr. Minnick stated follow-up, so even if we wait till the 11th year, as an example, there is a premium to call The Bond?

Mr. Ward stated usually whenever you hit the call date, it's 102, 101, and then 100, so in 2017, it's probably 102, 2018, it's 101, and 2019, it's going to be a par.

Mr. Burdett stated but that's only to refinance.

Mr. Ward stated that's for a refinance.

Mr. Burdett stated now individuals can pay them off with no penalty; individual homeowners or property owners, no prepayment penalty for an individual.

Mr. Minnick asked so if we all went together and borrowed a large amount of money, we could pay it off.

Mr. Burdett stated that I don't know.

Mr. Ward stated since you guys started to bring it up, I was going to bring this up under my report, but I'll go ahead and do this now, because it's somewhat related, not to this budget, to a future budget. When we do bond issues, there is what's called a reserve account; it is a cash balance that sits in a bank account that pays basically one year's worth principal and interest on the bonds. For Stoneybrook at Venice, that number is roughly a half a million dollars in cash that sits in the bank. There is a provision in the bond indenture that when we hit a threshold, which is 75 percent of substantially absorbed, that means we have roof tops here in Stoneybrook at Venice that have issued COs and no vacant land.

Then we can reduce the reserve account by 50 percent. We have hit that threshold this year. We just hit it; when I saw the rolls this year, I noticed we just hit it. We will be reducing that reserve account by, roughly, \$220,000 or so come November 1 of this year, when we make our next bond payment. That will, in turn, reduce the annual principal and interest that we have on the bonds, and will in turn reduce your annual payment that you have starting with next year's payment. This year you will have the numbers that you see on page five. Next year you'll see a reduction in those numbers.

I don't know what the reduction will be yet, because I'm still working with the trustee on redoing the amortization schedules, and finalizing the exact amount of the call. I suspect it will probably be a little more than 15% percent reduction in the annual payment that you make. As I said, I was going to talk to you about that at my report, but since it's a budget

issue, we'll just bring it up. If you have any more questions on the budget or what I was just talking about, I'd be glad to answer them at this point.

Mr. Minnick stated only because of the degree of adjustment you just cited surprised me after doing some math in my head. I'm all choked up. Would you do us a favor and then crunch that number and get it back circulated rather than us speculating as to if it's 12 percent, nine percent, 100 percent?

Mr. Ward stated yes, I'll do that a little bit later in the year. As I said, I'm just running through the calculations now. I know what the \$222,000 is about the right number, so that looks like it will reduce debt service probably 15 percent or so. But once I run those numbers, it will be another month before they get fully vetted and run through all of the trustee in my office, etc., and then I'll produce another debt service schedule for you. Yes, ma'am.

Ms. Hancy stated I live at 12103 Granite WoodsnLoop, and the last name is Hancy asked is it worth paying it off? You just told me you're reducing it.

Mr. Ward stated I'll let Mr. Minnick, because that's his favorite subject, and I'll have my two cents when he's done.

Mr. Minnick stated it's my favorite subject, because I've talked maybe 12 to 14 residents through this process of what are the choices that Jim, who is the source of all the information I'm about to give you. I don't have the paperwork in front of me, so jump in if I really get the numbers wrong. But, as an example, if you're on Granite Woods Loop, you're paying the largest. Roughly speaking, it's going to be about \$8,500.

Ms. Hancy stated I just paid it off, so that's why I'm saying I burned myself, because now it's dropping 15 percent?

Mr. Minnick stated here's the deal, we all share in the mortgage on this bond. It's like mortgaging your house or buying a car, whatever. If I've buy cash, I avoid the interest. If I take the mortgage, I pay the interest. When you paid it off, it's like paying yourself \$6.75 percent for the next 24 years. If you've got the money, it's a great decision. If you don't, I'll just keep cranking along

A female speaker stated what if you're not going to stay here. If you're not going to stay in the community, then it's not worth it.

Mr. Minnick stated when you sell your house, I've always said it's that deal closer. "Hey, by the way, this is paid off."

Ms. Hancy stated yes, and you save yourself \$700 a year.

Mr. Ward asked any more questions.

A male speaker stated when you said you were going to reduce the amount next year, is that again reduce your payments you owe? Everybody would get a total reduction on the amount owed?

Mr. Ward stated right.

A male speaker stated this year, I'm just going to use a figure, let's say \$10,000 to pay it off, would that reduce 15 percent next year?

Mr. Ward stated it will reduce it. I don't know how much yet. We're just working on this this past week. I said ten percent on the annual payment. I don't know what it will be on the par amount yet. It will be a reduction, but I just don't how much yet. Any other questions. A motion to close your public hearing would be in order.

On MOTION by Mr. Burdett and seconded by Mr. Hamilton with all in favor of closing the public hearing to the public.

II. Board Comment and Consideration

Their were no Board comments.

III. Consideration of Resolution 2014-3, adopting the annual appropriation and budget for Fiscal Year 2015

Mr. Ward stated that resolution is in order and recommended for your consideration.

On MOTION by Mr. Morris and seconded by Mr. Hamilton with all in favor of approving Resolution 2014-3.

b) FISCAL YEAR 2015, IMPOSING SPECIAL ASSESSEMENTS; ADOPTING AN ASSESSMENT ROLL, AND APPROVING THE GENERAL FUND SPECIAL ASSESSMENT METHODOLOGY.

I. Public Comment and Testimony

Mr. Ward stated let me just go through and explain this to everybody what this really is. As I said, it is an outshoot of what the budgeted option is. All it really does is put in place

the actual assessment rates that the Board just finished talking about, and it adopts an assessment roll. That means it shows for each folio number what the amount will be for operations and maintenance and, eventually, for debt service, and that is all this public hearing is really doing. I'll ask that you go through the same process.

On MOTION by Mr. Burdett and seconded by Mr. Hamilton with all in favor of opening the public hearing to the public.

Mr. Ward asked any questions from the public on this portion of the public hearing? Hearing none, a motion to close your public hearing would be in order.

On MOTION by Mr. Burdett and seconded by Mr. Hamilton with all in favor of closing the public hearing to the public.

II. Board Comment and Consideration

There were no Board comments.

III. Consideration of Resolution 2014-4, imposing special assessments, adopting an assessment roll, and approving the general fund special assessment methodology,

Mr. Ward stated that resolution is in order and recommended for your consideration.

On MOTION by Mr. Hamilton and seconded by Mr. Morris with all in favor of approving Resolution 2014-4.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2014-5 designating the dates, time and location for the regular meetings of the Board of Supervisors of the District for Fiscal Year 2015.

Mr. Ward stated they are set for the first Thursday of each month at 12 o'clock, here at the Stoneybrook Activity Center. As you know, we usually hold three or four meetings a year. We'll have a meeting in November for sure, and one in May, and then again another one in September for sure. Beyond those, we do have a new Board coming on in November, as a result of the election, and I'm sure if any changes occur at that time, I'm sure we'll

figure it out then. But the schedules in the agenda package that I gave you, if you have any questions, I'd be glad to answer them. Otherwise, that resolution is in order and recommended for your consideration.

On MOTION by Mr. Hamilton and seconded by Mr. Morris, with all in favor of approving Resolution 2014-5 as stated above.

FIFTH ORDER OF BUSINESS

Staff Reports

a. Manager

Mr. Ward stated I had nothing for you.

SIXTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Ward stated we'll do audience first, if everything is okay. It's an opportunity for the audience to ask any questions that they may have on an item that is either not on the agenda. So we will open it up at this point, and see if we have any questions from the audience.

Hearing none.

Anything from the Board? Hearing none, a motion to adjourn would be in order.

SEVENTH ORDER OF BUSINESS

Adjournment

Mr. Ward stated a motion to adjourn would be in order.

On MOTION by Mr. Hamilton and seconded by Mr. Morris with all in favor of adjourning at 12:35 p.m.


James P. Ward Secretary


Daniel Minnick, Chairman