

MINUTES OF CONTINUED MEETING HARMONY COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Harmony Community Development District held Thursday, May 29, 2014, was continued to Tuesday, June 10, 2014, at 6:00 p.m. at 7251 Five Oaks Drive, Harmony, Florida.

Present and constituting a quorum were:

Steve Berube (<i>by phone</i>)	Chairman
Ray Walls	Vice Chairman
David Farnsworth (<i>by phone</i>)	Supervisor
Kerul Kassel	Supervisor
Mark LeMenager	Supervisor

Also present were:

Gary Moyer (<i>by phone</i>)	Manager: Moyer Management Group
Tim Qualls (<i>by phone</i>)	Attorney: Young, vanAssenderp, P.A.
Todd Haskett	Harmony Development Company
Jon Kessler (<i>by phone</i>)	FMSbonds
Mike Williams	Akerman Senterfitt
Residents and Members of the Public	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Walls called the meeting to order at 6:00 p.m.

Mr. Walls called the roll and stated a quorum was present for the meeting.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next order of business followed.

THIRD ORDER OF BUSINESS

Refinancing Series 2001 Bonds

Mr. Williams stated the Resolution we provided to you is the bond approving Resolution. This is a transaction to refund all of the outstanding capital improvement revenue bonds, Series 2001. This Resolution approves five documents, which were included in the agenda package. One is the fifth supplemental trust indenture, which is the contract with the bondholders, and the blanks will be filled in next week. Second is the bond purchase agreement between the District and FMSbonds that will be executed by the Chairman or Vice Chairman next week when the bonds are priced. This Resolution sets forth certain parameters in Section 5 that have to be met before the bond purchase agreement can be signed. Third is the preliminary limited offering memorandum, which is the document Mr. Kessler's firm will take to the marketplace to

market the bonds on behalf of the District. Fourth is the continuing disclosure agreement, which is a document that is included in all bond issues. The Securities and Exchange Commission (SEC) required this document to be used by governmental bodies starting in 1996. It essentially requires that the annual audit and other financial information be provided to a depository so that the public can access that information. The last document is the escrow deposit agreement. We will close this transaction probably in late June, and for 30 to 32 days, money will be held in escrow. The bonds will then be paid off about 30 days after closing.

Mr. LeMenager asked the original bonds get paid off and new ones get issued?

Mr. Williams stated that is correct. We will take the money from the new bond issuance and some money that you have for the refunded bonds and put that in the escrow account. The trustee sends out notice to the 2001 bondholders saying that the bonds are defeased and they will be paid off 32 days after closing. We have to give them 30 days' notice, so about 32 days after closing, we will pay off the 2001 bonds. The closing and funding will take place about 32 days before the bonds get paid off.

Mr. LeMenager asked what is the deadline for getting the information to the tax collector to make sure this is reflected in the November tax bills?

Mr. Moyer stated the end of August.

Mr. LeMenager stated we have plenty of time if all that works.

Mr. Moyer stated that is correct.

Mr. Williams stated I would like to read the provisions of Section 5 that have to be met before the bond purchase agreement can be signed. The four parameters that have to be met when Mr. Kessler goes to price the bonds and before the bond purchase agreement can be signed are as follows: (1) that the annual reduction of the special assessments will be at least \$175,000, (2) that the principal amount of the Series 2014 bonds will not be any greater than the outstanding principal amount of the Series 2001 bonds, (3) that the Series 2014 bonds shall be subject to optional redemption no later than May 1, 2024, at par, and (4) that the final maturity of the Series 2014 bonds shall be no later than the Series 2001 bonds, which is May 1, 2032. So there will be no extension of maturity and no increase in the principal amount. The savings will solely be the reduction in the interest rate.

Mr. Kessler stated I provided a summary for the Board that shows what happens year by year. You will see the par on the Series 2014 bonds versus the Series 2001 bonds, the proposed interest rate, and the savings. The only thing that is not set yet is the interest rate, but we have to meet the other parameters, which is a minimum reduction in debt service and is tied to the interest rate. I cannot tell you with certainty it will be 5.35%, but I can tell you with certainty that it will be at least \$175,000 in annual debt service reduction. What we need to clarify is this is an average from year to year. I am looking at the debt service, and because there is rounding in the bonds, one year it might be \$1,000 higher and one year \$1,000 lower. But on average, it will be \$175,000.

Mr. Williams stated I will make that change to the Resolution if that is acceptable to the Board.

Mr. Walls stated that is fine, and it is reflected in the summary we were provided.

Mr. Kessler stated the other thing we discussed was the cost of issuance. Before I met with the Board, I had an estimate since I had not talked with all the consultants that are involved. It was pretty accurate. I think it was \$10,000 higher, but you should see that schedule attached to the summary. The only other thing we need to discuss is timing after Mr. Williams is finished discussing the Resolution.

Mr. Williams stated I will amend the Resolution to indicate the average debt service reduction is at least \$175,000 per year. The Resolution authorizes us to close the bond issue, and it authorizes the appropriate officers to sign the documents, which are boiler plate.

Ms. Kassel asked what is the Resolution number?

Mr. Moyer stated we will get that number and provide it to Mr. Williams for the Resolution.

Mr. LeMenager made a MOTION to approve the Resolution to refinance the Series 2001 bonds.
Ms. Kassel seconded the motion.

Upon VOICE VOTE, with all in favor, unanimous approval was given to the Resolution to refinance the Series 2001 bonds.

Mr. Kessler asked when is the next scheduled Board meeting in July?

Ms. Kassel stated the last Thursday in July.

Mr. Berube asked why are we talking about July?

Mr. Walls stated we have a meeting the last Thursday in June, also.

Mr. Kessler stated there is a piece of the prospectus that we are still working on that essentially describes the updated status of development. We are working closely with Starwood on that. We will need their sign-off before we mail it. We are hopeful that we can get the prospectus mailed at the end of this week, but it might get mailed Monday or Tuesday next week. We need a few days to market. We will definitely price the bonds no later than June 24 or 25. It is very possible that we can price the bonds on June 18 or 19. Assuming that the prospectus takes us a couple extra days, I am thinking conservatively that we should set a pre-closing, which is when we sign the documents. I suggest July 1 or 2 if that works. We do not need to have a Board meeting; we just need the Chairman to sign the documents. That would be the schedule that we will try to achieve, if that works. We need the Chairman or the Vice Chairman.

Mr. Berube stated I will be in town on those dates. If I am not here, Mr. Walls can sign since the documents are set up for him to sign if necessary.

Mr. Walls stated I am available then, also.

Mr. Kessler stated I will get your contact information so that I can be in contact with you as we price the bonds. This is a summary of activities. We will finalize the prospectus and mail it. We will then market the bonds. We will probably need three or four days to market the bonds. We will price the bonds, and at that point, the District is essentially locked in for the interest rate. We, as the underwriter, sign the bond purchase agreement, which the Chairman will also sign. The pricing is set, and then we go to closing, which is when we sign all of the documents. We would look to do that on July 1 but actually fund the bonds on July 2.

Ms. Kassel asked will Mr. Moyer also be available for whatever we need him to do for this transaction?

Mr. Moyer stated yes.

FOURTH ORDER OF BUSINESS

Other Business

A. Attorney Report

Mr. Qualls stated I have an item related to an email about the quit-claim deed where the developer is deeding to the District, through a quit-claim deed, certain parcels in

Neighborhood H-1. It asked for some information, which I provided and I am conferring with the Grantor's counsel. If the Board has no objections, I will ask for authorization to allow the Chairman to execute and approve that quit-claim deed.

Mr. LeMenager made a MOTION to authorize the Chairman to execute the quit-claim deed as Grantee for Neighborhood H-1.
Mr. Walls seconded the motion.

Upon VOICE VOTE, with all in favor, unanimous approval was given to authorize the Chairman to execute the quit-claim deed as Grantee for Neighborhood H-1.

B. Davey Tree Proposal

Mr. Haskett stated I provided the proposal from Davey Tree in the amount of \$19,584 for a year.

Mr. LeMenager stated the previous proposal was for about \$26,000.

Mr. Walls made a MOTION to approve the proposal from Davey Tree for landscape maintenance of Neighborhood H-1 in the monthly amount of \$1,632 for the remainder of fiscal year 2014 and the annual amount of \$19,584 for fiscal year 2015.
Mr. LeMenager seconded the motion.

Upon VOICE VOTE, with all in favor, unanimous approval was given to the proposal from Davey Tree for landscape maintenance of Neighborhood H-1 in the monthly amount of \$1,632 for the remainder of fiscal year 2014 and the annual amount of \$19,584 for fiscal year 2015.

FIFTH ORDER OF BUSINESS

Adjournment

The next meeting is scheduled for Thursday, June 26, 2014, at 6:00 p.m.

The meeting adjourned at 6:20 p.m.

Gary L. Moyer, Secretary

Steve Berube, Chairman