

MINUTES OF MEETING

HARBOR BAY
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of the Harbor Bay Community Development District Board of Supervisors was held **Monday, August 6, 2001 at 1:15 p.m.** at the offices of Terrabrook, located at 3505 Frontage Road, Suite 145, Tampa, Florida 33607.

Present and constituting a quorum were:

Mike Dady	Board Supervisor
Kathy Jacobs	Board Supervisor
Debbie Jones	Board Supervisor

Also present were:

Pete Williams	District Manager
John McKay	Financial Advisor
Danny Tyler	Bond Counsel
Lydia Brown-Kiser	Investment Banker
Toxey Hall	District Engineer
Jonathan Johnson	District Counsel (via speakerphone)

FIRST ORDER OF BUSINESS

Call to Order

Mr. Williams called the meeting to order.

SECOND ORDER OF BUSINESS

**Consideration of the Board of Supervisors'
Meeting Minutes on July 9, 2001**

Mr. Williams stated that the first item on the agenda is the consideration of the minutes of the Board of Supervisors' meeting on July 9, 2001 (located behind tab 1 in the agenda package). He asked if there were any additions, deletions or corrections to the minutes. Hearing and seeing none, he asked for a motion to approve.

On a MOTION by Ms. Jacobs, seconded by Ms. Jones, with all in favor, the Board approved the minutes of the Board of Supervisors' meeting on July 9, 2001 for Harbor Bay Community Development District.

THIRD ORDER OF BUSINESS

Consideration of Funding Request 01-10

Mr. Williams stated that the next order of business is the consideration of Funding Request 01-10, located behind tab 2 in the agenda package. The funding request consists of the standard contractual fees for District Counsel, District Engineer and District Management, as well as an invoice for legal advertising. Mr. Williams asked the Board if they had any questions regarding the funding request. A question was asked if any of the

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invoices were for capital projects. Mr. Williams stated that two of Hopping Green's and one of Heidt & Associates' were under capital projects and would be reimbursable at the bond issue. Hearing and seeing no further questions, Mr. Williams asked for a motion to approve.

On a MOTION by Mr. Dady, seconded by Ms. Jacobs, with all in favor, the Board approved Funding Request 01-10 for Harbor Bay Community Development District.

Mr. Williams stated that expenses that the Developer would like reimbursed at the bond closing are presented to the Bond Counsel, District Engineer and District Counsel to verify that they are a part of the construction infrastructure project. Mr. Tyler stated that, based on the Funding Agreement, the Developer is not really being "reimbursed". The CDD is actually acquiring or repaying amounts that have been advanced to the District. A comment was made that a Terrabrook package was being put together for review.

FOURTH ORDER OF BUSINESS

Consideration of Construction Matters

Mr. Williams stated that the next item for discussion is the consideration of construction matters. Mr. Johnson stated that he had no update other than what will be presented under Staff Reports.

FIFTH ORDER OF BUSINESS

Public Hearing on Special Assessments

Mr. Williams stated that the next item for discussion is to open the public hearing on special assessments. He asked for a motion to open the public hearing.

On a MOTION by Mr. Dady, seconded by Ms. Jacobs, with all in favor, the Board opened the public hearing for Harbor Bay Community Development District.

Mr. Johnson stated that Mr. McKay would walk through the proposed methodology that has already been presented to the Board previously. It takes the cost of the improvements from the Engineering Report that has also been presented to the Board at a previous meeting.

Mr. McKay stated that he had passed out the final Special Assessment Allocation Report for Series 2001 bonds. The bond structure is identical to the structure that was presented as the preliminary report. The total project improvements are \$51.6 million, with \$22,415,000 to be funded with the proceeds from the Series 2001 bonds. The Series 2001A long-term bond will fund \$2,968,000 of the improvements, the par amount will be \$3,870,000, 7% coupon rate, and 27 months of capitalized interest. Total assessments, including principal, interest and collection costs will be \$341,902. The bonds will be secured by 312 lots and 22.4 commercial and retail acres of the project. The paydown B bonds will finance \$19,447,000 of the improvements. The par amount is \$22,780,000, 6.35% coupon rate with 15 months of capitalized interest. The total interest only assessment is \$1,446,530. The bonds will be secured by all the lots and commercial and retail acres in the project. The allocation methodology is the same as was presented in the preliminary report using the Equivalent Residential Units (ERU's). The true-up provision in Section 6 is the same. Table 5 shows the annual assessments for the long-term bond as follows: villa/duplex units \$524, 60' lots \$787, 70' lots \$917, 80' lots \$1,048, 100' lots \$1,310, and the commercial and retail parcels will pay \$2,949 per acre for debt service. This includes principal, interest and collection cost. Table 6 shows the paydown amount of the par amount that is to be paid at each lot sale. The last page of the report is the final assessment roll. He asked the Board if they had any questions. Mr. Tyler stated that we expect the

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Developer to pay down the B bonds. There is no requirement in the assessment proceedings that require the B's to be paid at any time before their scheduled maturity. Mr. Williams asked Mr. Johnson if he had any questions.

Mr. Johnson asked Mr. McKay questions regarding the Special Assessment Allocation Report. On page 4 a table was presented which takes the ultimate uses of the property within the District and allocates an ERU conversion factor for use in allocating the debts associated with the projects itemized in the Engineer's Report. Mr. Johnson asked Mr. McKay to confirm that the ERU conversion factors are consistent with methodologies which have been used and approved in other local governmental debt issuances, such as the one being undertaken by this District today. Mr. McKay stated yes. And you believe they are useful and appropriate and should be considered by the Board in adopting this methodology? Mr. McKay responded yes, he did. Understanding that the components of the project addressed by the Engineer's Report have not changed dramatically from the previously provided report. Mr. Hall confirmed that. Mr. Johnson asked Mr. McKay that, in looking at the overall benefit that is being provided to the property, he would advise the Board that the lands that are being subjected to this special assessment are receiving benefits based upon the allocation reports is fairly and reasonably apportioned among the properties pursuant to this methodology. Mr. McKay responded yes, he does.

Mr. Johnson asked if there were any comments or questions from the Board. A request was made that Mr. McKay review the parcels that we have allocated for Phase 2 (Phase 3 in the Engineering Report). How have we apportioned the lots in Parcel 20 that share in the major infrastructure? Mr. McKay stated that the methodology used for the Phase 2 and 3 issue will use this same methodology as this issue so it will apportion the benefit and the bond debt the same way. Ms. Kiser stated that relating cost to benefit, this was defined as a system of improvements so, therefore, every lot can be assessed regardless of what infrastructure is funded with this bond issue. Would the same methodology hold true for other components related to the bond issue, i.e., recreational uses? Mr. McKay responded yes. Is there a split within the methodology between what is a B bond and an A bond or is it all considered one set of improvements with one bond issue? Mr. McKay stated it is one set. Mr. Tyler stated there only is one assessment. Mr. Johnson stated that on page A2 of the attachments to the Methodology, it is contemplated that there will be future bond issues that would provide the balance of the funds for the remaining components of the system of improvements that are contemplated to be funded by the District and that they are described in greater detail in the Engineer's Report. The Methodology notes that, in the event the District does not issue the bonds, we anticipate entering into an agreement with Terrabrook Apollo Beach LT to allow the developer to provide those improvements on behalf of the District if and when necessary and in conjunction with the timing and scope of future development. A question was asked about how the ERU figures were arrived at. Mr. McKay stated that it's based on front footage and lot size that is a burden on the infrastructure that is installed. It's a comparison of the benefit received by the infrastructure based on lot size. Mr. Johnson stated that a larger lot or a more developed piece of property may provide more traffic and greater stormwater runoff and the use of the ERU conversion factor allows you to capture all of this in one formula. There were no further questions.

Mr. Williams asked for any public comment and testimony. There is no public in attendance other than those named at the beginning of the meeting. He asked if there were any comments. Hearing and seeing none, he asked the Board if there has been any information related or testimony given that would equalize the assessments prior to the resolution being adopted. Has anything been heard that would cause the Board to consider raising, lowering or altering the assessments as proposed? The Board concurred there was none. Mr. Williams noted that this public hearing was properly noticed in accordance with Chapters 170 and 197 and that the proof of publication relating to the newspaper ad as well as the notice mailed to the property owners are retained at the District Office files.

On a MOTION by Mr. Dady, seconded by Ms. Jacobs, with all in favor, the Board closed the public hearing for Harbor Bay Community Development District.

Mr. Williams stated that the Engineering Report is referenced in the resolution. Mr. Hall stated that there have been no changes to the Engineering Report since the last circulation. The Board has been given copies of the report. Mr. Williams asked if there were any questions regarding the report. A question was asked about Table 1. The total project lists an amount of \$51,654,393 and \$22,415 006 (?) respectively. Are these referring to the total buildout costs of the entire project? Mr. Hall stated that \$51,654,393 is total project and \$22... is 2001. There were no further questions.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2001-06
Approving Special Assessments**

Mr. Johnson stated that Resolution 2001-06 would levy, approve and equalize the special assessments that are to be imposed upon benefitted property. Section 2 contains a number of legislative findings, which we are asking the Board to consider in conjunction with this process. By adoption of this resolution, you're finding that it is necessary to the public health, safety and welfare and in the best interest of the District that this District provide the project that is outlined in the Engineering Report. The cost of the project will be assessed against the land benefitted by the improvements and that the District issue bonds to provide for the funds for the commencement of the project. The levying of the special assessments are also necessary and in the best interest of the District pending the sale of the proposed capital improvement revenue bonds. Mr. Johnson stated that the Staff recommendation is to adopt this resolution. He asked if there were any questions. A question was asked if the resolution calls for the standardized collection method. Mr. Johnson stated that the resolution states that the District may and intends to utilize the Uniform Method of Collection to collect assessments. Consistent with the proposed Limited Offering Memorandum, this resolution does permit the District, in future years, the flexibility of using other means of collection which are allowable by law in the event that the Uniform Method is unavailable or that the District determines it is in its best interest to use some other collection mechanism. Hearing and seeing no further questions, Mr. Williams asked for a motion to approve.

On a MOTION by Ms. Jacobs, seconded by Ms. Jones, with all in favor, the Board approved Resolution 2001-06 for Harbor Bay Community Development District.

SEVENTH ORDER OF BUSINESS

Other Bond Related Issues

Mr. Williams asked Ms. Brown-Kiser to present the disclosure issues, Dissemination Agreement and Truth-in-Bonding documents. Ms. Brown-Kiser stated that the Board has a copy of the bond purchase contract, which summarizes the terms of Prager, McCarthy & Sealy's proposal to purchase the bonds. The purchase price is \$26,105,489.60 plus accrued interest. This is based on the bond sizing information reviewed by Mr. McKay. On the right-hand side of the green folders handed out to the Board there is a bond sizing. The terms are identical to Mr. McKay's description. There was a slightly different marketing strategy with this financing than with prior Terrabrook financings. She described the marketing of the bonds. A question was asked about the long-term bonds. Is it typical to have more than one investor? Yes, depending on the size. This was mailed broadly because it was a new market. She reviewed a list of the investors. The Truth-in-Bonding statement shows the par amount of the bonds and the purpose of the bonds that funded the project. The total interest over the life of the bonds combined is \$18,554,652.92. This is based on the stated maturity of the B bonds. This form also states that the total debt service (principal and interest) for both the

Series A and B bonds would be \$45,204,652.92. This money will not be available for anything else. Is there any penalty if the developer pays the B bonds down early? Ms. Brown-Kiser responded no. The Disclosure form highlights Prager, McCarthy & Sealy's fee, which, for this bond issue, is 1.75% of the par amount of the bonds (\$456,375.00). The fee had been reduced in appreciation of the business. The takedown is a sales component from the New York office. Mr. Williams asked if there were any further questions. Mr. Johnson asked Mr. McKay to confirm that he has reviewed the interest rates and the Underwriter's fee and that he believes they are appropriate and in line with what he has seen elsewhere in the market. Mr. McKay responded yes. There were no further questions.

EIGHTH ORDER OF BUSINESS

**Consideration of Resolution 2001-07
Approving Bond Purchase Award**

Mr. Williams asked Mr. Tyler to review the resolution for the Board. Mr. Tyler stated that previously a bond resolution had been adopted which authorized the issuance of bonds and approved a form of Master Trust Indenture. This was presented to the Circuit Court of Hillsborough County and had been validated by a judge. Today we have a Supplemental Indenture, which contains the terms of this particular transaction. This resolution reapproves the Master Indenture and approves the Supplemental Indenture. The Board is approving the execution and delivery of the Bond Purchase Agreement, which is the contract between Terrabrook and Prager, McCarthy & Sealy. The original issue discount, in this particular case, is \$78,135.40. This means that the Series B bonds that have a par amount of \$22,780,000. If one were to prepay prior to maturity, they would be paying back \$78,000 more than the funds would have generated in terms of proceeds. Ms. Brown-Kiser explained that all B bonds are always marketed at a discount; they're never sold at par. Mr. Tyler stated that the resolution approves the Disclosure document Limited Offering Memorandum, authorizing its execution and delivery, acknowledging that you've received the Disclosure, authorizing the execution and delivery of an Acquisition Agreement, and a Continuing Disclosure Agreement (required by Federal Securities law). He asked if there were any questions. A question was asked about the Disclosure fees item showing Akerman, Senterfitt. Mr. Tyler explained that they are the Underwriter's Counsel and their fee comes out of Prager, McCarthy & Sealy's fees. Are we approving the agreements themselves? Mr. Tyler stated that the Board is approving the general forms of the agreements that have been approved by District Counsel and Staff (pending finalization). There were no further questions and Mr. Williams asked for a motion to approve.

On a MOTION by Mr. Dady, seconded by Ms. Jacobs, with all in favor, the Board approved Resolution 2001-07 for Harbor Bay Community Development District.

NINTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel
Mr. Johnson stated that the Mortensen Engineering contract has been finalized. Mr. Hall may have some authorizations to discuss.
- B. Bond Counsel
No further report.
- C. District Engineer
Mr. Hall stated that he has received a series of six proposals dated June 8, 2001 from Mortensen Engineering. He is asking for approval by the Board for him to take them to Brian Sewell for signature. Because the proposals are 60 days old, Mr. Hall wants to discuss them with Mortensen Engineering and make sure that the proposals are the same. He will then transmit them to Mr. Sewell

for signature. Mr. Williams reminded the Board that they had previously authorized District Staff to review and obtain the appropriate format for the contract. He asked if there were any questions from the Board. Hearing and seeing none, he asked for a motion.

On a MOTION by Mr. Dady, seconded by Ms. Jones, with all in favor, the Board authorized execution of the proposals by the District Chairman for Harbor Bay Community Development District.

D. District Manager

Mr. Williams stated that the current financial statements were located behind tab 3 in the agenda package. The pre-closing date being considered is August 15, 2001 at 3:30 p.m. We will ask the Board to consider continuing this meeting to that date and time at the offices of Nabors & Giblin.

TENTH ORDER OF BUSINESS

Supervisor Requests and Audience Comments

Mr. Williams stated that the next item on the agenda is Supervisor Requests and Audience Comments. There was no audience in attendance other than those noted at the beginning of the meeting. There were no comments. He asked if there were any Supervisor requests. There were none.

ELEVENTH ORDER OF BUSINESS

Continuation

Mr. Williams stated that there were no further agenda items scheduled for discussion and asked for a motion to continue this meeting until Wednesday, August 15, 2001 at 3:30 p.m. at Nabors, Giblin, located at 2502 Rocky Pointe Drive, Suite 1060, Tampa.

On a MOTION by Ms. Jacobs, seconded by Ms. Jones, with all in favor, the Board continued the meeting until August 15, 2001 at 3:30 p.m. for Harbor Bay Community Development District.



Pete Williams
District Manager



Brian Sewell
Chairman