

**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.*

**WATERS EDGE  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of Waters Edge Community Development District was held on **Thursday, November 15, 2012, at 3:39 p.m.** at the office of Florida Design Consultants, Inc., located at 3030 Starkey Boulevard, New Port Richey, FL 34655.

Present and constituting a quorum:

Bob Sipple	<b>Board Supervisor, Vice Chairman</b>
Anthony Crudup	<b>Board Supervisor, Assistant Secretary</b>
Michael McCarthy	<b>Board Supervisor, Assistant Secretary</b>
Thomas Russo	<b>Board Supervisor, Assistant Secretary</b>

Also present were:

Brady Lefere	<b>District Manager, Rizzetta &amp; Company, Inc.</b>
Leslie Wells	<b>Representative, The Ryland Group, Inc.</b>

Audience

**FIRST ORDER OF BUSINESS**

**Call to Order**

Mr. Lefere called the meeting to order and performed roll call.

**SECOND ORDER OF BUSINESS**

**Consideration of Resolution 2013-01,  
Canvassing and Certifying Election  
Results**

Mr. Lefere reviewed Resolution 2013-01, Canvassing and Certifying Election Results. He stated that at the landowner's election held prior to the start of the Board meeting Bob Gibbons received 202 votes and was elected to Seat #4 with a four-year term.

<p>On a Motion by Mr. Sipple, seconded by Mr. Crudup, with all in favor, the Board of Supervisors approved Resolution 2013-01, Canvassing and Certifying Election Results (Bob Gibbons received 202 votes and was elected to Seat #4 with a four-year term) for Waters Edge Community Development District.</p>
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**WATERS EDGE COMMUNITY DEVELOPMENT DISTRICT**

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**THIRD ORDER OF BUSINESS**

**Administer Oath of Office to Newly Elected Supervisor**

Mr. Lefere stated that Bob Gibbons was not present at today's meeting and he would administer his oath of office at a later date.

**FOURTH ORDER OF BUSINESS**

**Consideration of Resolution 2012-02, Designating Officers of the District**

Mr. Lefere reviewed Resolution 2013-02, Designating Officers of the District for the Board. The Board decided to leave the Supervisors in their current positions.

On a Motion by Mr. McCarthy, seconded by Mr. Sipple, with all in favor, the Board of Supervisors approved Resolution 2013-02, Designating Officers of the District (Bob Gibbons – Chairman, Bob Sipple – Vice Chairman, and Anthony Crudup, Michael McCarthy, Thomas Russo, and Brady Lefere and Eric Dailey as Assistant Secretaries) for Waters Edge Community Development District.

**FIFTH ORDER OF BUSINESS**

**Consideration of the Minutes of the Board of Supervisors' Meeting held on June 28, 2012**

Mr. Lefere asked if there were any additions, deletions, or corrections. There were none.

On a Motion by Mr. McCarthy, seconded by Mr. Crudup, with all in favor, the Board of Supervisors approved the minutes of the Board of Supervisors' meeting held on June 28, 2012 as presented for Waters Edge Community Development District.

**SIXTH ORDER OF BUSINESS**

**Consideration of the Operation and Maintenance Expenditures for June, July, August and September 2012**

Mr. Lefere briefly reviewed the operation and maintenance expenditures.

On a Motion by Mr. Sipple, seconded by Mr. McCarthy, with all in favor, the Board of Supervisors approved the Operation and Maintenance Expenditures for June (\$175,448.08), July (\$27,716.63), August (\$70,821.83), and September 2012 (\$26,708.59) as presented for Waters Edge Community Development District.

**SEVENTH ORDER OF BUSINESS**

**Staff Reports**

- A. District Counsel  
Not present.

- B. District Engineer  
Not present.
  
- C. District Manager  
Mr. Lefere stated that the next regular meeting was scheduled for December 27, 2012 at 3:30 p.m. The Board requested that this meeting be cancelled.

Mr. Lefere asked if there were any items that the Supervisors would like to discuss as there were no business items to come before them at this time. Discussion ensued regarding the ownership of the wall and why the District owns some of it and HOA owns part of it. Mr. Lefere suggested that a current ownership map be obtained from the District Engineer.

Mr. Russo stated that at the end of the last meeting in June he had several questions and he had conference calls with Mr. Lefere, Matthew Huber, Joe Kennedy, and Robbie Cox from Rizzetta & Company. He stated that he met with them again on Friday. Mr. Russo gave an overview of the discussions at the meeting regarding assets owned by the District and an updated ownership map, pond maintenance, Westcoast Landscape picking up the trash, differences in debt service payments, possible bond refinancing, and a reserve account. He stated that there are still some open items that haven't been resolved. Mr. Russo also reviewed the discussions regarding a CDD 101 workshop in January or February and possibly setting up a website for the District.

**EIGHTH ORDER OF BUSINESS**

**Audience Comments and Supervisor Requests**

Mr. Lefere asked if there were any Supervisor Requests. There were none.

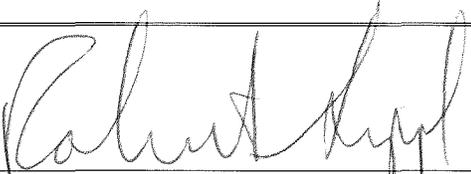
There were no audience members present. Mr. Lefere stated that there was no further business to come before the Board and asked for a motion to adjourn.

**NINTH ORDER OF BUSINESS**

**Adjournment**

On a Motion by Mr. McCarthy, seconded by Mr. Russo, with all in favor, the Board of Supervisors adjourned the meeting at 4:13 p.m. for Waters Edge Community Development District.

  
\_\_\_\_\_  
Secretary/Assistant Secretary

  
\_\_\_\_\_  
Chairman/Vice Chairman

**Questions asked by Thomas Russo at the June 28, 2012 Waters Edge CDD meeting and responses provided by Rizzetta at a later date**

September 13, 2012

At the CDD meeting of June 28, 2012, I asked several questions concerning the McDermit Davis Financial Audit and the Board of Supervisors Meeting Packet, Tab 3. It was suggested by Matthew Huber that an offline conference call be held to answer those questions. The conference call was held on July 2, 2012 with Matthew Huber and Joe Kennedy on the call with me. However, many questions were not answered and it was agreed that Matthew and Joe would investigate the unanswered questions.

On July 12, 2012 I followed up in an email to Matthew Huber, Joe Kennedy, and Brady Lefere to document the unanswered questions. Those questions were as follows:

Questions Re: McDirmit Davis Financial Audit

1. p.23, Note 7 - What were the capital assets financed by the District's long term debt? Which of these (and their value) were transferred to other government entities, and what entities in particular? Why were these transferred? (This will also answer the question of what assets remain under the control of the CDD?)
2. p.23, Note 8 - Throughout the history of the CDD, Ryland has made "Developer Contributions" to help pay for the O&M budgets. For FY 2010-2011, Ryland paid \$82,280 in Developer Contributions. However, it appears that \$55,546 has been recorded as excess Developer Contribution and is now reported as "Due to Developer". For what years is this excess being acknowledged, and why is this money now seen as an excess and need to be repaid to Ryland?
3. p.22, Para. 1 & 2 - We discussed that it might be possible to renegotiate the bond in order to reduce the interest rate of 5.3%, even before the early redemption date of May 1, 2015. If we can renegotiate the bond, before or after the early redemption date, what might be possible? Joe and Matthew were to initiate inquiries.

Question Re: Board of Supervisors Meeting Packet

4. Tab 3, proposed FY 2012-2013 Budget - I pointed out to Matthew that the column listing the annual O&M budget for 2011-2011 was stated to be \$258,500 with a Developer Contribution of \$42,280. However, on the last page of the tab 3 section, the 2011-2012 O&M actual budget is stated to have been \$218,500. Matthew pointed out that the "approved" budget was in fact \$258,500, but we operated under the previous budget of \$218,500. Matthew was to somehow put a note relating to this anomaly in the approved FY 2012-2013 budget. In addition, I would like to know if Ryland paid either \$82,280, \$42,280 or nothing in Developer Contribution for FY 2011-2012. It appears that

no Developer Contribution was paid, even though \$42,280 was authorized. If this is so, does this get subtracted from the \$55,546 Due to Developer discussed above?

The following are answers to the above questions that I received in emails or conversations with Rizzetta personnel.

1. p.23, Note 7 – In an email from Brady Lefere dated July 26, 2012, an attachment was provided called Proposed Infrastructure Plan which listed the infrastructure categories, today's ownership of these assets, and the responsible party for the operation and maintenance of the infrastructure. This is provided with this letter as Attachment 1.

I did not believe this fully answered my question and Brady followed up with an email dated August 1, 2012 which contained an attachment called Infrastructure Costs, Report of District Engineer. This document, dated September 5, 2012 listed the expected expenditures for earthwork, roads, storm drains, water distribution, sanitation sewer, and misc. These items totaled approximately \$11.8 million, of which approximately \$1 million was a contingency (about 10% of the budgeted work). This is provided as Attachment 2 with this letter. This did put in perspective what expenses, in general, were for roads compared to storm drains/sewers, etcetera and I felt this was sufficient for answering my question.

However, at some point the Board of Supervisors should have a more accurate accounting of the \$12.7 million actually spent and whether or not any monies were held in reserve.

2. P.23, Note8 - In an email from Brady Lefere dated July 16, 2012, Rizzetta's records shows an overfunding by Ryland for Fiscal Year 08-09.

However, it is not clear why this money was considered an overpayment and has not been paid back to Ryland. This liability should be brought to the attention of the Board of Supervisors for discussion and resolution. One possible resolution to be discussed should be asking Ryland for forgiveness of the debt.

3. P.22, Para 1&2 – In an email from Joe Kennedy dated July 30, 2012, Joe suggested I call one of two individuals at Rizzetta in order to fully discuss my question regarding the CDD bond. I spoke with Robbie Cox of Rizzetta who deals specifically with bond issues. He was very knowledgeable and fully answered my questions.

First, he did point out that other communities have restructured their bonds and others are trying to do so now. He did state that it unlikely we can renegotiate a new bond before the existing early redemption date of May 1, 2015. But he did look around to see what rate we could get today if early redemption was possible. He felt we could reduce the interest rate to at least 4.3%. One problem that we would face today is the concentration of ownership by a group or an individual. Currently, Ryland still owns between 15 and 17% of the lots (out of 1069). Bond lenders do not want to see more than 10% owned by any entity or individual.

Robbie felt we should keep an eye on the bond market and be prepared to negotiate well before the early redemption date in 2015.

4. Tab 3, proposed FY 2012-2013 Budget – In an email from Brady Lefere dated July 26, 2012, answers were provided to my question regarding the budget for 2011-2012. The FY 2012-2013 CDD budget will include a note regarding the FY 2011-2012 budget. It will state that the County collected assessments of \$218,500. If the CDD required additional funds, the Developer would have contributed a maximum of \$42,280.

However, it is not clear why the County used an old budget and not the approved budget in collecting the CDD fees for 2011-2012. It is also not clear why Ryland did not pay the \$42,280 it committed to pay in the approved budget, especially since the CDD still owes Ryland \$55,000 for overpayment in a previous fiscal year (see line item 2 above).

This is of concern because the budgeted expenditures for FY 2011-2012 were approximately \$300,000 while revenue collections were only \$218,500. Recent reports from Rizzetta show that the actual expenditures for FY 2011-2012 may fall within or just over \$218,500.

I request that these questions and the answers I have received be entered as minutes of the next meeting, and be brought up as an agenda item for discussion.

Sincerely,

Thomas A. Russo