

**MINUTES OF MEETING
OAKSTEAD COMMUNITY DEVELOPMENT DISTRICT**

A meeting of the Board of Supervisors of Oakstead Community Development District was held on Tuesday, August 22, 2006 at 2:30 p.m. at the Oakstead Clubhouse, 3038 Oakstead Boulevard, Land O'Lakes, Florida.

Present and constituting a quorum were:

John Witmer
Ken Jones
Mark Sifford
Joe Cascio

Vice Chairman
Assistant Secretary (via telephone)
Assistant Secretary
Assistant Secretary

Also present were:

Bob Fernandez
Karen Ellis
Doug Draper
Mark Straley
Tonja Stewart
Several Residents

District Manager
Severn Trent (via telephone)
Prager, Sealy & Company
Attorney
Engineer

The following is a summary of the discussions and actions taken at the August 22, 2006 Board of Supervisors meeting.

FIRST ORDER OF BUSINESS

Call to Order and Roll Call

Mr. Fernandez called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Public Hearing to Consider the Imposition of Special Assessments

A. Discussion of Engineer's Report

Ms. Stewart stated the report provides the estimated costs, projected by Mr. Piercefield, for the previously discussed improvements.

Mr. Fernandez stated the report lists the projects to be undertaken and the estimated cost of each project.

B. Discussion of Assessment Methodology

Ms. Ellis stated the methodology for the refunding of the current bonds to 2006 A1 and A2 Bonds. The assessments would be reduced on both previous issues and extra capital projects money would be created.

Mr. Fernandez stated Ms. Ellis is the author of the assessment methodology report which was part of the package mailed to all residents as part of the information for the meeting.

Mr. Don Hickson asked about the maximum annual assessment on the new money portion listed in the last column of the schedule of annual assessments. There were only four parcels with dollar amounts listed.

Ms. Ellis responded those parcels already paid off the A portion of their 2000 and 2002 bonds. The new assessment would be for the new capital projects money being spent on/for people who already paid off their debt. There were four units already paid; 1,183 total units with 1,179 assessable units.

Mr. Bruce Boore asked if the overall principal would be increasing on the loan.

Ms. Ellis responded the principal per lot is not increasing.

Mr. Boors stated the savings are strictly from the reduced interest rate and stays at "X" amount of years; it does not go back to 30 years.

Ms. Ellis stated correct.

Mr. Fernandez asked about a Board member's question, he fielded prior to the meeting, regarding the collection percentage.

Ms. Ellis responded the collection percentage for Pasco County is 2% which does not include the 4% discount also built in for collection fees but 8% was used for the numbers. It should be 6% so something is being worked on to adjust and correct it.

Mr. Witmer stated the existing bonds had slightly more than \$10 Million principal left on them and the new bonds are slightly more than \$12 million.

Ms. Ellis stated the cost of issuing is more but it does not affect how much the homeowner would be paying off. It is providing extra capital for capital projects. It will not affect in any way what the homeowner would pay off.

A resident, Laura, asked who made the decision to borrow more money.

Mr. Fernandez responded the Board of Supervisors decided. They had their choice among a number of options including whether to take savings or fund projects. They could have extended the period of time for the loan. There were several variables they could have considered. In their deliberations, they tried to determine the best combination of factors to meet the needs of the community. Residents continue to pay as though the original financing was in place.

Mr. Witmer stated the debt portion of the assessment is separate from operations and maintenance. The annual assessment from the CDD has two components; debt service and the operations and maintenance, which includes the clubhouse, the expenses of the staff, etc. Last year's assessment increase was in the operations and maintenance portion and not the debt service. Part of the increase was a one-time event. This year's tax bill is \$102 less.

Laura, from Marchmont, stated her fee was \$1,200 a year ago when she bought her home. Then she was told they would have to pay \$1,800 one time only. She felt the new fee is going down from the \$1,800 and not the original \$1,100 - \$1,200 so it is really not decreasing.

Mr. Witmer stated the operations and maintenance portion of the fee two years ago was \$559 from Rizzetta. It was bumped up from \$559 to \$996 for many different reasons. One of them was that Rizzetta made a significant miscalculation in computing the \$559. It was not enough money to operate the District. The bond payment in Marchmont stayed exactly the same this year as it was last year and the year before. The bond portion of it is \$798.

C. Public Comment and Testimony

Mr. Boore stated the bond debt was increased by \$2 Million. The capital projects total \$1.4 Million. He felt, by his math, \$600,000 was missing. During the refinancing, had nothing at all been done with the bond money, just refinancing with no capital expenses, the same bond debt would exist which would have lowered the costs. He wondered where the other \$600,000 went and the money they were supposed to save in the refinancing. It sounded to him they were borrowing more to refinance the whole thing. He did not see any savings in the refinancing.

Mr. Witmer stated the existing project list is roughly \$1.4 or \$1.5 Million. Schedule A2 shows the sources and uses of the funds. Included in the uses of funds is the cost of issuance for the new bonds which was \$396,250. The underwriter's discount was \$193,200, which basically totals \$600,000. It is what it cost to go through the whole process. The schedule states the projected funds from the refinancing are closer to \$1.9 Million as opposed to \$1.4 Million. It may not be accurate in the final analysis. How much will be saved will not be known until the bonds are actually issued.

Mr. Fernandez stated more can be done than just finance the bonds. The outstanding bonds can be financed and new projects can also be financed without any additional cost to the homeowner.

Mr. Boore stated the yearly debt could be reduced by a greater amount. He felt the Board has said the residents are satisfied with the current dollar amount. Since it can be lowered a bit

or kept the same, it did not matter if more money was borrowed. However, if the additional \$1.4 or \$1.9 Million was not borrowed, the homeowner would pay even less than they currently do.

Mr. Witmer stated there would be absolutely no money available for capital improvements. The agreement with the residents over the last year, what they have been screaming for, is they want landscaping, trails and improvements. The Board entered into the project under the assumption cash would be generated to fund the improvements so they would not have to be done with a special assessment.

Mr. Boore stated he was not against the improvements but was trying to clarify the residents are not necessarily funding everything with found money but with borrowed money instead. There was a lot of misconception. If the community had to borrow the money without refinancing, he would vote for it to help the landscaping, etc. They are actually spending more money than they would have to if they were not doing the improvements.

Mr. Fernandez stated not more than would be spent if there was no refinancing. If the current obligation already in place was kept, the same amount of money would be spent. Under this scenario, there will be projects in addition to the amount already committed.

Mr. Hickson stated most of the residents were under the impression the refinancing money was the only money available to be used for the projects. Most people did not realize there was another \$2 Million out there. He had no problem spending money. He did have a bit of an issue with the fact it was not quite explained there would be another \$2 Million.

Mr. Draper stated he is the investment banker for the District. It is not any different than a resident refinancing a home mortgage. If a \$250,000 mortgage is refinanced with 100% financing and there is no out of pocket money at the time of closing, at the end of the refinancing, when the broker looks at the outstanding balance of the loan, it will not be \$250,000. It will be \$250,000 plus whatever closing costs they added to the end of the mortgage; document stamps, brokerage fees and miscellaneous costs which happen during a refinancing. However, the reason a refinancing is done on a home mortgage is because the monthly payment ends up being lower. If the goal of refinancing a home mortgage was not to increase the amount owed on the home, it would not be done. It is the same thought process with refinancing for the District. There was an existing amount of outstanding debt. In order to refinance the existing amount of debt at a lower interest rate, there are a number of costs incurred. Those costs would include his and the other professionals who work on the transaction. The costs equate to about \$600,000 as Mr. Witmer

pointed out. Residents are getting savings because he started with the premise the residents want to fund \$1.4 Million worth of projects. That is the savings. It was the premise the started from. If it was not correct, it would be a different discussion all together. His understanding was, from a year's worth of work with the Board who has tried to reach out to the community and who spent a great deal of time come up with lists, the consensus of the community was \$1.4 Million worth of projects was what everyone wanted to do. Each resident will see a reduction in their annual number. There will be a slight increase in the principal pay-off amount. Unless someone prepays and pays their portion of the loan off early, it will never be encountered. Of the 1,183 owners, only four have prepaid. People would only prepay their assessment if they think they will be able to recoup the cost of the prepayment when they sell their home or if they expect to live in the community for the next 30 years until the assessment is over. The likelihood, from a resident's perspective, that the prepayment amount, the principal per unit amount, would ever come in to play is very unlikely. Everyone received the letter. Whenever one like it is put together, there is "legaleze" and language required by statute. It is a very fair and reasonable process with a public hearing for the community but usually ends up causing a level of confusion. The letter notices the maximum amount which could potentially happen. Since there is only \$1.4 Million worth of projects it is all that can be funded. The \$1.8 Million would be if there were \$1.8 Million worth of projects, but there are not. Because all the savings will be taken upfront in the way of new projects, it is what generates the \$1.4 Million for all the new projects. Every homeowner, regardless of what parcel or phase, sees a reduction. If the bonds were priced on this day, Strathmore would be looking at an assessment of \$885, which is a reduction from the current level of \$971. Hillington would be looking at an assessment of \$670 versus the \$735 from last year. Weymouth 6A would go from \$588 to \$536. Ashmonte would go from \$882 to \$804. Keswick would go from \$735 to \$670. Brenford would go from \$794 to \$724. Ballastone would go from \$1,597 to \$1,554. Marchmont would go from \$798 to \$777. Weymouth 6B would go from \$638 to \$621 and Tanglewylde would go from \$638 to \$621. The only down side to any of it is if a resident was thinking about prepaying their assessment because it would be paid at a slightly higher amount.

Mr. Hickson stated the savings in his village total approximately \$2,000 over the life of the loan but there will be improvements for the community which add value to a home if it is going to be sold.

Mr. Draper stated the developer came in when the area was a cow pasture. They developed the infrastructure. The way they financed it was with tax exempt bonds under Chapter 190 Community Development District law. At the time it was a cow pasture, from an investor's standpoint, it was very risky. The developer had a plan. The implementation of the plan was fine but if he failed, the developer could have been out about \$12 Million from both bond issues. As the infrastructure gets built, residents move in and the community becomes seasoned, the investment grade is no longer unrated, like the past bonds. It is now investment grade which allows credit enhancements. MBIA Insurance, which is another cost of issuance, is insuring it so the bonds go from completely unrated to AAA Securities and the interest rate declines. It is what generates all the savings. The term of anybody's bond was not extended. The obligation ends at the exact time it did before. They are simply trying to take advantage of the lower interest rate achieved from becoming a strong and vital community.

Mr. Frank Lovetere asked if anyone thought about the increase in electric costs over time for all the new lighting improvements.

Mr. Witmer responded a lot of the projects would have costs associated with them. They tried to take it into consideration in determining the project list. There is no avoidance of some of those situations.

Mr. Lovetere stated he brought it up because everyone is complaining about their assessments and tax bills. If a non-conservative approach is taken, people will be paying for things they might not necessarily get any use from. Costs are going to increase. People should understand it. If more is put in, more will be required to take care of it. Assessments will probably go up in the future for operations and maintenance of all the improvements. He hoped everyone understood everything involved.

Mr. Witmer stated the Board was aware of it. In the survey sent out, it was one of the considerations. It was brought out in the survey letter that certain improvements would involve certain costs. As an example, people wanted to heat the pool. To heat the pool would cost \$4,000 per month over and above the cost of the heater so the item was removed from the list. There is no reasonable way of estimating what additional lights will cost. The TRIM Notice recently received was based on preliminary numbers from a couple of months ago. It does not reflect the budget adopted in July or the refinancing.

Mr. Lovetere stated his notice was the same as last year; \$1,600.

Mr. Draper stated it is part of the reason people have been hustling to get the deal done. There is a September 15th deadline to get the tax roll certified. He anticipated everything being complete by then.

Mr. Lovetere stated many homeowners were under the impression the \$500 increase last year was temporary. Everyone assumed it was a one-time event to pay off the debt due to Rizetta's mismanagement. He now understands it was not the case. He felt the CDD fee will do nothing but increase from now on, depending on maintenance costs.

Mr. Witmer stated the operations and maintenance two years ago was slightly more than \$700,000 to operate the District. There was not enough money collected. Part of last year was a catch up adjustment for it. There was also another special item in the budget last year which is not in the budget this year and will not be there next year or five years from now. Those items went away. The budget recently adopted has an increase of about \$100,000 in operating costs over two years ago. But it also has, for the first time, the creation of a reserve of \$100,000. In that regard, this year's budget decreased \$102 per homeowner from last year. It will probably not go down next year. The chance of any significant decrease in future years is probably not likely. In previous years, the developer supplemented the cost of the community. It was a selling tool to keep fees low. He left and the community has to pick up the tab.

Mr. Boore stated he would like to see the Board address their process of choosing and approving the projects. The kiddie pool is a prime example. If there are 1,100 homes, 30% of them have pools. It leaves a potential 770 homes without who might enjoy a kiddie pool. He has a pool so it will do nothing for his property value and is not a selling tool. There are probably 250 different people who use the clubhouse pool per week. That number represents 6% or less of the residents in the community, or about 20 children. If \$40,000 is spent on a kiddie pool, it will be done for less than 3.6% of the population and 1.8% of the families in the community. He suggested the Board begin using a benchmark stating if it does not help increase the value of more than 30% or 40% of the homes in the community, it should not be done. Decorative streetlamps and landscaping will bring up the value of everyone's home. Individual projects are things the Board should stay away from. He requested the Board know the projected maintenance costs for a 10 year period on anything they do. He felt it incumbent upon the Board to know the figures before the first project was approved, including the landscaping.

D. Equalization of Assessments

Mr. Fernandez asked if there were any recommendations for changes to the documents.

Mr. Straley stated there was testimony about the projects and finances of the bond issue. He did not recall hearing anyone testify they had an issue about their assessment. The way the assessments were allocated, with larger lots paying a higher amount than smaller lots, had not changed. It is essentially the same assessment methodology in place for the existing bond issues. If testimony was heard from individuals who were unhappy with their assessment, this would be an opportunity for the Board to make adjustments. He did not believe any comments along those lines were heard.

E. Adoption of Resolution 2006-14

Mr. Straley stated the resolution is very similar to the one adopted by the Board in connection with the 2000 and 2002 Bonds. It approves the assessment report prepared by Severn Trent and actually levies the assessments upon the lots within Oakstead which are benefited by the original improvements being refunded and the new improvements which were discussed. Estimated numbers were used because the precise assessments were unknown. The resolution will need to be supplemented as soon as the bond is finally priced. They will probably come in a little lower than the letter sent to residents. It depends on market conditions.

On MOTION by Mr. Witmer seconded by Mr. Jones with all in favor Resolution 2006-14 authorizing construction of the capital improvement plan and the refunding of the District's capital improvement revenue bonds Series 2000A and 2002A; equalizing, approving, confirming and levying special assessments on the property specially benefited by such improvements to pay the cost thereof; providing a method for allocating the total assessments among the benefited parcels within the District; confirming the District's intention to issue its Oakstead Community Development District Revenue bonds, Series 2006; providing for severability, conflicts and an effective date was adopted.

THIRD ORDER OF BUSINESS

Other Business

Mr. Fernandez stated there was discussion about having a joint workshop with the HOA to discuss common issues.

Mr. Casio stated Ms. Monica Gobeli, an HOA board member, contacted other board members and was working on dates. He relayed she requested Mr. Fernandez facilitate the meeting.

Mr. Fernandez stated he will coordinate with her and choose a date that works for everyone.

Mr. Witmer advised Ms. Gobeli suggested via email the week of September 11th or September 25th would be preferable. The HOA is booked with two or three meetings already during the week of September 18th.

Mr. Fernandez suggested holding it in conjunction with the regular Board meeting on September 12th at 6:30 p.m. The workshop could be done either before or after.

Mr. Draper stated they already received the necessary approvals to market and sell the bonds. He will bring to the Board the results of that endeavor within two weeks. He needs to coordinate with the Chairman to sign the Bond Purchase Agreement which locks in the interest rate.

A resident asked if there would be a vote on the 29 capital improvement items.

Mr. Fernandez responded the Board makes the decision on the list of projects.

Mr. Straley stated the Board approved an Engineer's Report and a project list, which was contained in the letter. The Board has the ability to change the project list, should it choose to do so, if there were other projects it wants to construct.

Mr. Cascio asked for the results of a meeting Mr. Witmer had with the community regarding the prioritization of the projects.

Mr. Witmer responded everyone has projects they are in favor of and others they are not. There was an earlier comment about items related to the expansion of the clubhouse. There are 1,183 homes and 150 people said no. Feedback from the entire community was never received. Of the entire survey process, only 315 people responded out of 1,150. Of the 315 who responded, some were not sure, some said no and some said yes. The survey was to generate how people felt about different things. It was a process hastily done due to a three week time limit. Ideally, it would have had a description of each project, what its cost was, the ongoing cost estimate, etc. The bottom line is, each of the items is subject to being revisited, prioritized, modified or rejected based on current pricing. The Board will not spend more than what they have. Residents will not be asked to pay additional money for a project in order to complete it.

Mr. Cascio added the list was not etched in stone. The Board has the opportunity to evaluate all the projects individually and prioritize them based on its judgment. He asked if WilsonMiller could prepare a report of the lifecycle costs for some of the projects in order to

consider their operations and maintenance component. It would help the Board make a decision as to whether the costs would be warranted.

Mr. Fernandez responded the Board has the ability to consider those costs and have them figured in when making a priority decision.

Ms. Stewart stated she could do some estimating on electricity for street lighting because there is enough history but there may be one or two items more difficult to project. She will evaluate each of the items on the list.

Mr. Al Perillo stated he could not believe people voted for \$400,000 for clubhouse expansion. It would not serve him or increase the value of his home.

Mr. Cascio explained the idea was to create a multi-purpose building to accommodate future activities planned by the clubhouse director. It was the last item placed on the list and may not be done based on how much money is spent on higher priority projects.

Ms. Diane Davis asked if the proposed lighting for the tennis courts would be turned off when the clubhouse closes.

Mr. Witmer responded there would probably be some type of master control on the system which would shut them off at a specified time. In the summer months there could be lighting from 8:30 p.m. to 10:00 p.m. In the winter months, it may turn on at 5:30 p.m. and shut off at 10:00 p.m.

Ms. Davis felt lighting the areas and hearing the balls bounce in the evenings would upset residents in the nearby villages.

Mr. Sal Paradiso suggested solar lights as a possibility to reduce the cost of electricity. It may be a greater expense at the beginning but there would not be a high monthly electric bill.

Mr. Witmer stated those types of items would be addressed when the final decision on the projects is made.

Mr. Boore stated he expected any basic request for proposals from each vendor to include the operations and maintenance and replacement cost of the project for a five or ten year span. He suggested the Board consult the resident advisory committee when making the decisions because they could help with gathering information.

Ms. Intini stated the Board had a workshop open to residents which was advertised in the newspaper and posted on the clubhouse door as well as the bulletin board. From the 1,183

homes in the community, which have at least two adults per household, four residents attended the meeting.

Mr. Michael Young asked if the 29 items on the list in the report were prioritized.

Mr. Fernandez responded no. When it is time to implement the projects, the Board will decide which ones it wants to do first, second, third, etc. The prioritization will occur later.

Mr. Witmer stated if additional projects come to light which merit consideration and are not on the list, they may be entertained and possibly substituted.

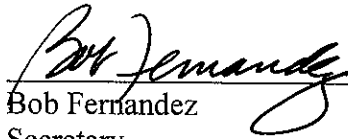
Mr. Straley advised the money can only be spent on capital projects. It cannot be spent for operations and maintenance or repairs. If there was a consensus, there is some ability to change the project list. The Engineer's Report would have to be modified.


FOURTH ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by Mr. Witmer seconded by Mr. Cascio with all in favor the meeting was adjourned.


Bob Fernandez
Secretary


John Witmer
Vice Chairman