VENETIAN COMMUNITY DEVELOPMENT DISTRICT
REGULAR BOARD MEETING
DECEMBER 15, 2011

A.  CALL TO ORDER

District Manager Jason Pierman called the December 15, 2011, Regular Board Meeting of the Venetian Community Development District to order at 11:02 a.m. in the Venetian River Club located at 502 Veneto Boulevard, North Venice, Florida 34275.

B.  PROOF OF PUBLICATION

Mr. Pierman presented proof of publication that notice of the Regular Board Meeting was published in the Sarasota Herald Tribune on October 4, 2011, as part of the District’s Fiscal Year 2011/2012 Regular Meeting Schedule, as legally required.

C.  ESTABLISH QUORUM

Mr. Pierman determined that the attendance of Chairman Tom Jones, Vice Chairman Jerry Jasper, Supervisors Charles “Mike” Craycee, John Milano and Marshall Turner constituted a quorum and it was in order to proceed with the meeting.

Also in attendance were: District Manager Jason Pierman of Special District Services, Inc.; General Counsel Andy Cohen of Hankin, Persson, Davis, McClanathan & Darnell; Engineer Rick Schappacher of Schappacher Engineering & Surveying; Richard Barber of WCI; Tom Greene of Raymond James; and Casey Grigsby of Castle Management.

Also present were: See Sign-In Sheet

D.  ADDITIONS OF DELETIONS TO THE AGENDA

There were no additions or deletions to the agenda.

E.  COMMENTS FROM THE PUBLIC FOR ITEMS NOT ON THE AGENDA

A resident requested that a discussion concerning reclaimed water be added to the agenda under new business.

F.  APPROVAL OF MINUTES
1. October 27, 2011, Regular Board Meeting
2. November 29, 2011, Special Board Meeting

Mr. Pierman presented the minutes of the October 27, 2011, Regular Board Meeting and November 29, 2011, Regular Board Meeting and asked if there were any corrections.
Mr. Jasper presented notes with changes to the October 27, 2011, Regular Board Meeting minutes to Mr. Pierman. Mr. Cohen noted that page 10 of the November 29, 2011, Regular Board Meeting minutes should be corrected to state that "a simple vote would not be feasible".

A motion was made by Mr. Craychee, seconded by Mr. Milano and unanimously passed approving the October 27, 2011 Regular Board Meeting Minutes, as amended, and approving the November 29, 2011 Regular Board Meeting Minutes, as amended.

G. OLD BUSINESS

1. Discussion Regarding the River Club Purchase

Mr. Cohen explained that he and his partner had met with Mr. Jasper to go over several issues, noting that the main issues relate to the methodology and when the WCI-owned lots will go on the tax roll. Mr. Cohen noted that the option of increasing the purchase price was not acceptable to WCI and that they are looking at an option of reducing the funding agreement in order to place the vacant lots on the tax roll immediately. For now, they are awaiting WCI's response. Mr. Cohen suggested recessing the meeting until January 12th to give WCI a chance to respond.

Mr. Cohen clarified that it seemed that everything except the debt assessments was agreed upon, and that himself, Mr. Pimentel and bond counsel all feel that the WCI-owned vacant lots receive a benefit that should be assessed. He further noted that including those lots would decrease the debt assessed to each parcel.

Mr. Jones asked how the appraisal came in to play, to which Mr. Cohen explained that the appraisal was needed to justify the purchase price and that the appraisals did support that price. A discussion ensued regarding the way in which the purchase price was agreed upon, during which it was explained that the appraisals were conducted to verify the Club’s worth, but that the price was agreed upon through negotiations with WCI and the HOA negotiating committee.

It was explained that the current estimated numbers (using a 7% interest rate for a 30-year bond) show that the assessments would go from roughly $500 per lot to $350 per lot, if WCI-owned vacant lots were to be included in the assessments, noting that those figures were high estimates. Mr. Greene of Raymond James, explained that the plan was to have the bonds rated, and expected them to be in the BBB+ to A- range. He further noted that District residents should be able to purchase those bonds in $5,000 denominations.

2. Discussion Regarding Lake #40 Fish Kills

Ms. Grigsby stated that the results had come in from the water testing and that there was nothing out of the ordinary except that the lake is low on oxygen, noting that samples have been sent to a biologist for further testing. Mr. Jones brought up the question of the District not accepting the lake, to which Mr.
Cohen stated that it is typically beneficial for the District to own and operate the lakes, but that they have the option not to take it. A discussion ensued regarding the differences in utilizing reclaimed water in the lakes, during which it was noted that this lake contains very little reclaimed water.

3. Discussion Regarding Possible Speed Hump Installation on Padova Way

Mr. Jones provided a brief history of the issue, during which Mr. Schappacher noted that stop signs are about $475 each. During the discussion, residents in the audience agreed that stop signs were a better option for Padova rather than speed humps.

A motion was made by Mr. Turner, seconded by Mr. Craychee and unanimously passed to direct staff to install stop signs at Padova Way. Mr. Schappacher noted that they would be installed to DOT standards.

H. NEW BUSINESS
   1. Discussion Regarding Reclaimed Water

A resident asked why reclaimed water was only put into one lake. Mr. Barber explained that there are two pumps: one for the golf course and one for everything else. He further stated that SWFWMD had notified him that they would like to close the case regarding the excess watering, and that they have requested a meeting and might reconsider the contract because of the lack of reclaimed water that the District is receiving. Following a discussion, the Board concurred that Mr. Jones and Mr. Schappacher should both attend the meeting.

I. ENGINEERING
   1. Update Regarding Venetian Lake Bank Restoration

Mr. Schappacher presented the landscaping plan for Phase 7, noting that he thinks that it looks good. Mr. Jasper suggested getting the watering plan to Ms. Grigsby for the new landscaping, and brought up the security along Laurel Road. The Board consensus was that they should move forward on the fencing project and directed Mr. Craychee to move forward with the project.

A motion was made by Mr. Jasper, seconded by Mr. Milano and unanimously passed to approve the Phase 7 Landscaping Buffer Revision dated November 17, 2011.

2. Engineering Updates

Mr. Schappacher stated that he has the Phase 7 Plat for signature, but does not have the final approval from the City. He also stated that the stormwater certification for the City was due by the end of the
year, and that TriCounty had submitted their final billing for the lake banks, including other areas. The invoice needs to be reviewed, but it stands at $15,219.75.

Mr. Schappacher stated that at the last meeting he was asked to review the condition of Veneto Road. He noted that the road looks okay, but thinks that the cement content was a higher ratio, causing some cracking.

J. ADMINISTRATIVE MATTERS

Mr. Cohen informed the Board that WCI had paid their taxes for the year.

K. BOARD MEMBER COMMENTS

Mr. Jones noted that the entrance way looked great with the holiday lights. Mr. Turner verified with Ms. Grigsby that the preventive maintenance agreement is in place for the front fountain.

L. RECESS

A motion was made by Mr. Jasper, seconded by Mr. Turner and unanimously passed at 1:04 p.m. to recess the Regular Board Meeting and to reconvene on January 12, 2012, at 11:00 a.m. in the Venetian River Club located at 502 Veneto Boulevard, North Venice, Florida 34275.

M. RECONVENE

District Manager Jason Pierman reconvened the December 15, 2011, Regular Board Meeting of the Venetian Community Development District on January 12, 2012, at 11:00 a.m. in the Venetian River Club located at 502 Veneto Boulevard, North Venice, Florida 34275.

N. ESTABLISH QUORUM

Mr. Pierman determined that the attendance of Chairman Tom Jones, Vice Chairman Jerry Jasper, Supervisors Charles “Mike” Craychee, and Marshall Turner constituted a quorum and it was in order to proceed with the meeting. Mr. Milano was not in attendance.

Also in attendance were: District Manager Jason Pierman of Special District Services, Inc.; General Counsel Andy Cohen of Hankin, Persson, Davis, McClanathan & Darnell; Engineer Rick Schappacher of Schappacher Engineering & Surveying; Richard Barber of WCI; Tom Greene of Raymond James; and Casey Grigsby of Castle Management.

Also present were: See Sign-In Sheet
1. Continued Discussion Regarding the River Club Purchase

Mr. Cohen provided a history and update on the negotiations, noting that he had received two responses from WCI on the recent Letter of Intent – the most recent arriving yesterday. Mr. Cohen noted the main changes in the LOI: the purchase price was now $5.5 million; the closing date is set for May 31, 2012, with up to three months of extensions at the sole discretion of WCI for a cost of $50,000 each month; WCI will provide up to $100,000 per year in deficit funding; the WCI-owned vacant lot will be assessed; WCI will contribute to additional administration expenses relating to the purchase of the River Club; WCI will manage the clubhouse for 3 ½ years; and WCI will pay the O&M per the District’s terms.

Mr. Cohen stated that with WCI agreeing to be assessed on their lots, we now have a methodology that should be able to be validated. However, he cautioned that the closing date provisions would be an issue, due to the District’s inability to control how long validation might take. Mr. Turner expressed concern that the deal seemed to keep tipping in WCI’s favor.

In response to audience questions, Mr. Jones explained the appraisal process, noting that the appraisals took into account comps in the area. He also noted that he was not aware of a second interested party that WCI may be entertaining, and that all of the financing and debt service reserve fund costs were included in the bond.

Mr. Jasper recounted the changes in the LOI, noting that the purchase price was still lower than it could be, per the agreement. He further noted that he believes the new LOI was reasonable and that District ownership would reduce the cost for homeowners, and any savings could be put towards a capital reserve fund.

Mr. Snyder stated that he was disappointed in where we are in the process. He noted that he believes the appraisals need to be adjusted, and that the biggest stumbling block has been the attorney’s insistence that WCI pay assessments on their vacant lots, which he does not necessarily believe to be true. Mr. Snyder further commented that residents have been kept out of negotiations because the attorneys have taken control. He also cautioned the Board to clarify that WCI will pay the same assessment as homeowners on their vacant lots, as it is not entirely spelled out in the LOI.

Mr. Cohen noted that not only he, but also the bond counsel and the methodology creator, agreed that WCI derives a benefit from the River Club and therefore must be assessed for their vacant lots.

Mr. Jasper noted that the extension of the management contract aligns with the end of the year. Mr. Jones stated that there were financial risks either way, but that they were guaranteed an increase with WCI. With District ownership, they would have more control over their costs. A discussion ensued regarding the closing date stipulations, the management contract and the clarification of WCI’s agreement to be assessed an equal amount for their vacant lots. Mr. Cohen suggested that the Board
provide direction to him and that he will attempt to obtain a purchase and sale agreement for the next meeting.

A motion was made by Mr. Jasper, seconded by Mr. Jones and unanimously passed to accept the non-binding Letter of Intent and bring back to the Board a purchase and sale agreement that addresses the closing date stipulations, the management contract and the clarification of WCI’s agreement to be assessed.

Mr. Craychee noted that in addition to those items, we must also resolve any outstanding bad debt. Mr. Cohen commented that the January 26th meeting would include the Methodology Report, Engineer’s Report, Bind Resolution, 170 resolutions, Petition to Amend the District Boundaries, and the Purchase Agreement.

Mr. Snyder asked what the Board would like for the committee to do going forward. Mr. Cohen expressed his concern over “too many cooks stirring the pot” and recommended that he continue to take the lead and keep others informed. The Board directed Mr. Cohen to continue taking the lead and to include Mr. Snyder and Mr. Shea on email updates that are sent to the Board.

A discussion ensued regarding the possibility of moving the meeting time beginning in February to 1:00 p.m. Mr. Jones requested that the item be placed on the next meeting agenda for discussion.

O. ADJOURN

There being no further business to come before the Board, a motion was made by Mr. Jones, seconded by Mr. Turner and unanimously passed to adjourn the Regular Board Meeting at 1:12 p.m.

[Signatures]

Secretary/Assistant Secretary

Chair/Vice-Chair 1-26-12