

MINUTES OF MEETING

OSCEOLA CHAIN OF LAKES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Osceola Chain of Lakes Community Development District was held Wednesday, January 3, 2018, at 4:30 p.m. at the District office, 313 Campus Street, Celebration, FL 34747

Present and constituting a quorum were:

Chris Tyree	Chairman
Ryan Kahn	Vice Chairman
Nihit Patel	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy	Attorney: Hopping Green & Sams
Nicole Stalder	Engineer: Dewberry
Brett Sealy (<i>by phone</i>)	Underwriter: MBS Capital
James Askey	Askey Hughey, Inc.
Andrew Orosz	Hanover Land Company

FIRST ORDER OF BUSINESS

Call to Order

Mr. Tyree called the meeting to order at 4:30 p.m.

SECOND ORDER OF BUSINESS

Roll Call

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

THIRD ORDER OF BUSINESS

Oath of Office for Supervisors Elected in the Landowner Election

Mr. Moyer stated Mr. Kahn attended the landowner meeting and cast votes on behalf of the landowner. Mr. Tyree received 45 votes, Mr. Kahn received 44 votes, Mr. Patel received 29 votes, and Seats 4 and 5 each received 29 votes. No one was nominated for Seats 4 and 5 but in order to establish the terms of office, votes were cast for those two vacant seats. Mr. Patel and the two vacant seats will serve two-year terms, and Mr. Tyree and Mr. Kahn will serve four-year terms.

Mr. Moyer stated for the record, I am a Notary of the State of Florida and as such, I can administer oaths of office.

Mr. Moyer administered the oath of office to Mr. Tyree, Mr. Kahn, and Mr. Patel.

Mr. Moyer stated I will ask the Supervisors to sign the written oath of office, which I will notarize and will make part of the District records. I believe the three of you already received the Form 1 Financial Disclosure when you were first elected to the Board.

Mr. Tyree stated yes.

Ms. Sandy stated everyone has already heard the information from Ms. Tucker Mackie at the organizational meeting about the Sunshine Law and the Public Records Law.

Mr. Tyree stated yes.

FOURTH ORDER OF BUSINESS

Public Comment Period

There being none, the next order of business followed.

FIFTH ORDER OF BUSINESS

Administrative Items

A. Consideration of Resolution 2018-29 Canvassing and Certifying the Results of the Landowner Election

Mr. Moyer read Resolution 2018-29 into the record by title.

Mr. Moyer stated this Resolution memorializes the votes cast at the landowner election and the resulting terms of office.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to Resolution 2018-29 canvassing and certifying the results of the landowner election.

B. Nomination for Seats 4 and 5

Mr. Tyree stated I would like to nominate Ms. Kimberly Locher to Seat 4. She was not able to attend today, but we will make sure she is available for our next meeting.

On NOMINATION by Mr. Tyree, with all in favor, unanimous approval was given to appoint Ms. Kimberly Locher to Seat 4, term expiring 2019.

C. Oath of Office for Newly Appointed Supervisors

This item will be carried over to the next agenda.

D. Consideration of Resolution 2018-30 Designating Officers

Mr. Moyer read Resolution 2018-30 into the record by title.

Mr. Moyer stated I have taken the liberty of putting myself as Secretary and Treasurer because those are functions I perform on behalf of the Board. You are required to have a Chairman. You may have a Vice Chairman and Assistant Secretaries and Treasurers.

On NOMINATION by Mr. Kahn, with all in favor, unanimous approval was given to elect Mr. Tyree as Chairman.

On NOMINATION by Mr. Tyree, with all in favor, unanimous approval was given to elect Mr. Kahn as Vice Chairman.

Mr. Moyer stated traditionally, any other Supervisor not holding an office has been appointed Assistant Secretaries in case I am absent and something needs to be signed. That would be appropriate for Mr. Patel and Ms. Locher if you are so inclined.

On NOMINATION by Mr. Patel, with all in favor, unanimous approval was given to elect Ms. Locher and Mr. Patel as Assistant Secretaries.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, approval was given to Resolution 2018-30 designating officers.

E. Consideration of Resolution 2018-17, Policy for Compensation of Board Members

Mr. Moyer read Resolution 2018-17 into the record by title.

Mr. Moyer stated pursuant to Florida Statutes, each of you is entitled to \$200 per meeting, not to exceed \$4,800 in any fiscal year. If you desire to be compensated, you can do that through this Resolution. You may also waive these fees, which is provided in the Resolution.

Ms. Sandy stated the Resolution sets the policy, and each Board member individually can choose to accept or waive compensation.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, approval was given to Resolution 2018-17, policy for compensation of Board members.

F. Ratification of Filing of the Notice of Name Change

Mr. Moyer stated we officially changed the name of the District from Hanover Lakes CDD to Osceola Chain of Lakes CDD and are asking for ratification of staff's actions in filing the notice of name change.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to ratify the filing of the notice of name change from Hanover Lakes CDD to Osceola Chain of Lakes CDD.

SIXTH ORDER OF BUSINESS

**Approval of Minutes of the November 1, 2017,
Organizational Meeting and the December 6,
2017, Landowner Meeting**

Mr. Moyer reviewed the minutes, which are included in the agenda package and are available for public review in the District Office during normal business hours or on the website, and requested additions, corrections, or deletions.

Ms. Sandy stated I previously reviewed the minutes and provided comments to Ms. Brenda Burgess that were incorporated into the version included in the agenda package.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the minutes, as presented.

SEVENTH ORDER OF BUSINESS

**Public Hearing for Adoption of the Rules of
Procedure**

A. Presentation of the Rules of Procedure

Mr. Moyer stated the rules of procedure were provided by Ms. Sandy and Hopping Green & Sams personnel. A variety of Florida Statutes tell us how to run a District. The rules of procedure incorporate a lot of those Statutes. As you can see, a lot of it deals with competitive bidding items: how we procure engineering services, how we go through RFPs, and things of that nature. We will deal with these as we go forward on a consistent basis. Part of the rules deals with what happens if a vendor objects to the way we handle a bidding process and how they appeal that. It does not happen often, but when it does, it is nice to have rules to tell us how to handle that situation. That is essentially what the rules cover.

Ms. Sandy stated Chapter 190, Florida Statutes, allows the District to adopt rules. These are the same rules that were presented at the last meeting. These are the rules that we recommend to all our Boards, and we stay up to date with the changing Statutes and will update them as needed. We will bring them back if any further changes are needed. I will ask Mr. Moyer to confirm for the public record that this public hearing was properly advertised.

Mr. Moyer stated yes, it was.

B. Public Comment

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to open the public hearing on the rules of procedure.

The record will reflect there were no public comments.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to close the public hearing on the rules of procedure.

C. Resolution 2018-31 Adopting the Rules of Procedure

Mr. Moyer read Resolution 2018-31 into the record by title.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to Resolution 2018-31 adopting the rules of procedure.

EIGHTH ORDER OF BUSINESS

Public Hearing for Adoption of the Uniform Method of Collection of the District's Non-Ad Valorem Assessments

A. Public Comment

Mr. Moyer stated this is a process we need to go through in order to use the property appraiser and tax collector in the future to collect our non-ad valorem assessments. For the record, this meeting was properly advertised for the hearing on the uniform method.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to open the public hearing on the uniform method of collection.

The record will reflect there were no public comments.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to close the public hearing on the uniform method of collection.

B. Resolution 2018-32 Adopting the Uniform Method of Collection

Mr. Moyer read Resolution 2018-32 into the record by title.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to Resolution 2018-32 adopting the uniform method of collection.

C. Standard Form of Agreements with Osceola County Property Appraiser and Tax Collector

Mr. Moyer stated I have copies of agreements from another District that were provided by the property appraiser and tax collector. They are somewhat non-negotiable because they are documents of those constitutional officers, and they do not like to

change those agreements. They are basically the same for municipalities, districts, and any other local government. So that we can complete this activity by January 10, 2018, I will ask the Board to approve these agreements in standard form, which will let Ms. Sandy and me get back with the property appraiser and tax collector with their agreements.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to the standard form agreements with the Osceola County property appraiser and tax collector and to authorize execution of same upon final review and approval from legal counsel.

NINTH ORDER OF BUSINESS

Public Hearing Regarding the Levy and the Imposition of Non-Ad Valorem Assessments

A. Presentation of the Master Engineer's Report

Ms. Stalder stated this District is 177.038 acres and will consist of 541 residential units. Currently, the development has five phases of infrastructure as identified in the report that may be financed by the District. The report includes several tables that break down land usage as well as the lots within the CDD area. The proposed master project infrastructure includes onsite public roadway improvements; water distribution and sanitary sewer collection systems as well as reuse water distribution systems; offsite public roadway improvements along Hickory Tree Road and Alligator Lake Road; master stormwater management systems; landscaping, irrigation, and hardscape; conservation mitigation areas; and electrical service systems which is the underground electric. These items are listed in a following table showing the proposed ownership and maintenance entities. These are further broken down into subsets including master stormwater management system, of which the master stormwater management for this site has a very large pond that discharges to the existing and adjacent lake. This pond has been designed to meet District criteria as well as County criteria by the engineer of record. These improvements may be owned and operated by the District, which has been noted on the tracts. A table following this information states the acreage of the pond per phase. It is one large pond, but it is broken out into subphases. The master public roadway system is onsite and offsite and includes improvements on Hickory Tree Road and Alligator Lake Road, as well as the associated roadway infrastructure within the development. It is proposed to be developed and funded by the District and later turned over to the County for ownership and operation for the majority of it. A small portion will remain private

and owned by the CDD or the HOA. The water distribution and sanitary sewer collection system as well as reuse water distribution system will all be provided by the City of Saint Cloud. These facilities may be funded by the CDD, but once turned over, they will all be maintained by the City of Saint Cloud. It is anticipated the reuse mains will be constructed by the CDD and turned over to the City of Saint Cloud, similar to water and sewer. Landscaping along the roadways and entrance wall signs may be funded and owned by the CDD. The electrical systems are Orlando Utilities Commission, and these items may also be financed. The proposed development requires mitigation of wetland areas for several impacts. This mitigation may be funded by the District. The report includes an opinion of probable construction costs as well as a summary stating the previously discussed items that may be funded by the District, including the stormwater, water, sewer, reuse, landscaping, and underground electrical, as well as onsite and offsite roadway improvements and conservation. These items are based upon the contractor's contract at this time. The permitting status is that the plans have all been permitted, and phase 1 is under construction. It appears those should be constructed for the master plan and the District can carry on with the master project.

Ms. Sandy asked based on your report and based on your professional experience, are the cost estimates found in Exhibit F totaling \$15,719,172 reasonable and proper?

Ms. Stalder stated yes.

Ms. Sandy asked are you aware of any reason the master project cannot be carried out by the District?

Ms. Stalder stated no.

B. Presentation of the Master Assessment Report

Mr. Moyer stated this report takes the information that Ms. Stalder just reviewed in terms of the capital improvement program. Added to the cost estimate provided in the engineer's report will be certain additional costs that are representative of what we will pay when the Board issues bonds, including capitalized interest, reserve funds, and things of that nature. Rather than \$15,719,172, the total assessment will be \$20,935,000 which is allocated initially over the benefited acres within the District. As the developer plats property, that per-acre assessment will be allocated according to a methodology, which deals with 50-foot lots and 60-foot lots and their relative weight to each other. At the end of the day, we end up with more assessable units than actual units because the 60-foot lots represent 1.2 50-foot lots. It is just a mathematical calculation, so we end up with 582

equivalent residential units (ERU). As we go through the process of allocating that cost to the benefited property, we are required to make certain findings. One is, the basis of a valid assessment is that these improvements provide unique, specific benefits to the property in which this infrastructure is providing service. One might say you can drive your car on the same roads where residents drive their cars, but the real benefit of the capital improvement program is the right to develop the property and the right to put houses on the lots. Yes, there are general benefits, but that is not what we are assessing. We are assessing what it is going to take to make that property usable and to use your entitlements to sell the property. That is the difference between unique, peculiar benefits and general benefits to the public at large. One of the things we are committing to do in this assessment methodology is, as we go through the platting process, if the developer changes the composition and ends up with less property or fewer lots or ERUs than what we anticipate, at 25% increments, we will look at that to make sure the remaining property will have sufficient units so we never go above the cap, which in this case is \$118,251.45 per acre. That is the target, and we will look at that every 25% to make sure there are sufficient units on the back end to cover the assessments and stay under the \$118,251.45 cap. In summary, that is the assessment methodology.

Ms. Sandy stated I have some questions to ask Mr. Moyer based on his professional opinion. Will the land subject to the assessments receive special benefits from the District's master project?

Mr. Moyer stated yes.

Ms. Sandy asked are the special assessments reasonably apportioned among the lands subject to assessments?

Mr. Moyer stated yes.

Ms. Sandy asked is it reasonable, proper, and just to assess the cost of the master project against lands in the District according to the methodology?

Mr. Moyer stated yes.

Ms. Sandy asked will the special benefits the land will receive be equal to or in excess of the maximum special assessments on those lands when allocated in the methodology?

Mr. Moyer stated yes.

Ms. Sandy asked is it in the best interest of the District that the maximum special assessments be paid and collected in accordance with the methodology and the assessment resolutions adopted by the District?

Mr. Moyer stated yes.

C. Public Comment

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to open the public hearing regarding the levy and the imposition of non-ad valorem assessments.

Ms. Sandy stated I want to confirm that the proper mailed and advertised notices were sent for this hearing.

Mr. Moyer stated yes, that is correct.

Ms. Sandy stated I want to reiterate that the purpose of this public hearing is to comment on the District's intent to levy the master special assessments, which will be pledged as security to support the bonds the District intends to issue, and this is the maximum level the District authorized at its last meeting of \$20,935,000. This is the public's opportunity to comment on the levy of such assessments.

There were no further public comments.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, approval was given to close the public hearing regarding the levy and the imposition of non-ad valorem assessments.

D. Resolution 2018-33 Levying and Imposing Non-Ad Valorem Assessments

Mr. Moyer read Resolution 2018-33 into the record by title.

Ms. Sandy stated section 1 identifies the Board's authority to adopt the Resolution. Section 2 makes certain findings based on the steps the Board has taken so far to evidence today's hearing and the proceedings leading up to it. Section 3 authorizes the master project as set forth in the engineering report that Ms. Stalder reviewed. Section 4 approves the cost of the master project and the costs to be paid by the special assessments that will be levied. Section 5 approves, confirms, and levies the master special assessments. Section 6 provides for the finalization of the special assessments in the future when the master project is declared complete. Section 7 provides for the method of payment and prepayment of special assessments and the methods of collection allowed

for the special assessment. Section 8 deals with the allocation of the special assessments securing the bonds and identifies the true-up process that Mr. Moyer discussed earlier. Section 9 provides that certain property owned by a governmental entity is exempt from special assessments. Section 10 provides for recording of an assessment notice in the property records. Sections 11 through 13 are administrative and generally self-explanatory.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to Resolution 2018-33 levying and imposing non-ad valorem assessments.

TENTH ORDER OF BUSINESS

**Public Hearing for Adoption of the Fiscal Year
2018 Budget**

A. Fiscal Year 2018 Budget

Mr. Moyer stated the Board considered this proposed budget in November at the organizational meeting. This hearing was advertised as required by Florida Statute. We are anticipating for this fiscal year to spend approximately \$108,579, which is pretty close to what we would expect for the full operating budget of the District on an annual basis since this starts in mid-October after the District was created. Our fiscal year begins October 1. If it had been a full fiscal year, the annual budget would be \$117,000, which is allocated to about a dozen different categories covering administrative expenses. Once we issue bonds, another fund is established, called the debt service fund which pays the principal and interest on the bonds. Once we sell bonds, we will also have a capital projects fund, in which the monies from the bonds would go to build the infrastructure for the community.

Mr. Tyree asked does this budget allocate paying Supervisors?

Mr. Moyer stated yes, it is included in Supervisor Fees.

Mr. Tyree asked does it include all four Supervisors?

Mr. Moyer stated we anticipate not meeting every month. We budgeted \$6,000, which is meeting every other month and paying five Supervisors.

Mr. Tyree asked do we have any assessments for maintenance of landscape and rights-of-way and those kinds of items?

Mr. Moyer stated no. If we need to roll that into the budget, we can follow a process to amend the budget, so it will come back to you in the form of an amendment.

Mr. Tyree stated once we start incurring costs, we can amend the budget as presented.

Ms. Sandy stated the budget for this fiscal year is developer funded, so we are not levying an assessment to fund this budget. That is less of an implication to increase the budget at this time. When you levy an assessment, then throughout the year you would not be able to increase that assessment without a hearing.

Mr. Tyree stated I was just curious. I knew we could amend the budget, but I did not know if those costs had been provided for.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to open the public hearing for adoption of the fiscal year 2018 budget.

The record will reflect there were no public comments.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to close the public hearing for adoption of the fiscal year 2018 budget.

B. Resolution 2018-34 Annual Appropriations for Fiscal Year 2018
Mr. Moyer read Resolution 2018-34 into the record by title.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, approval was given to Resolution 2018-34 annual appropriations for fiscal year 2018 and adopting the budget for fiscal year 2018.

C. Developer Funding Agreement

Mr. Moyer reviewed the developer funding agreement as presented.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to the developer funding agreement for fiscal year 2018.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Sandy stated regarding the bond validation process, we have filed the petition and are in the process of getting the bond validation hearing set. We had a slight delay with the judge who was reassigned to a different County and we were assigned a new judge. We are trying to get a hearing date hopefully on February 5. We have been in

contact with the assistant state attorney who has been assigned to the case. She has been good to work with so far.

B. Engineer

There being nothing to report, the next item followed.

C. Manager

i. Financial Statements

Mr. Moyer reviewed the financial statements, which are contained in the agenda package and available for public review on the website or at the District office during normal business hours.

ii. Approval of Funding Request #2

Mr. Moyer reviewed funding request #2, which is contained in the agenda package and available for public review on the website or at the District office during normal business hours.

Mr. Tyree stated we are having a bit of a disconnect on the developer side in getting funding requests to the District. Is the check supposed to come here?

Mr. Moyer stated yes. Did you send it here and it has not arrived or at least we did not acknowledge it was received?

Mr. Tyree stated yes. I am not sure where it went. We sent it to this address, but it has not been located.

Mr. Moyer stated so we get it to the right person, I will suggest you put it to the attention of Ms. Rosemary Tschinkel. We look to her to make sure she receives the checks.

Mr. Tyree stated we sent it to this address, but perhaps it is not getting to the right person. I have a replacement check with me to leave with you for funding request #1.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to funding request #2 in the amount of \$5,875.83.

TWELFTH ORDER OF BUSINESS

Other Business

Ms. Stalder stated an email was sent earlier today, and I want to make sure I am on the distribution list. I am not getting emails from anyone.

Mr. Moyer stated Ms. Burgess responded saying you are on her distribution list.

Ms. Sandy stated I copied Ms. Stalder's email to Mr. Justin Rowan to include her on the distribution list, but he must not have circulated an updated distribution list. I will follow up with him.

Mr. Tyree stated we need to remove Mr. Rey Malavé.

Ms. Stalder stated other emails have been sent and no one in my office has been included. Somehow I fell off everyone's distribution list, but it would be helpful if I am put back on it.

Ms. Sandy stated I will follow up with Mr. Rowan since that is the list we operate from, and you need to be on it.

Mr. Sealy stated I apologize for the oversight. I will work with Mr. Rowan on adding Ms. Stalder to the distribution list and circulating that to everyone.

THIRTEENTH ORDER OF BUSINESS Supervisor Requests

Mr. Tyree stated I would like to change the meeting time to meet earlier. I suggest 1:30 p.m.

Mr. Moyer stated for the immediate future, we will coordinate these meetings with Mr. Tyree on when we need to meet.

Mr. Tyree stated yes.

FOURTEENTH ORDER OF BUSINESS Adjournment

- The next meeting is scheduled for March 7, 2018, at 1:30 p.m.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, the meeting adjourned at 5:10 p.m.
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Gary L. Moyer, Secretary

Chris Tyree, Chairman