

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, March 7, 2018, at 12:00 noon at the District office, 313 Campus Street, Celebration, FL 34747

Present and constituting a quorum were:

Chris Tyree	Chairman
Ryan Kahn	Vice Chairman
Kimberly Locher	Assistant Secretary
Nihit Patel	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy	Attorney: Hopping Green & Sams
Nicole Stalder	Engineer: Dewberry
Justin Rowan	Underwriter: MBS Capital Markets
Cynthia Wilhelm (<i>by phone</i>)	Bond Counsel: Nabors, Giblin & Nickerson
Members of the public	

FIRST ORDER OF BUSINESS

Call to Order

Mr. Moyer called the meeting to order at 12:00 noon.

SECOND ORDER OF BUSINESS

Roll Call

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

THIRD ORDER OF BUSINESS

Public Comment Period

There being none, the next order of business followed.

FOURTH ORDER OF BUSINESS

Administrative Matters

A. Oath of Office for Ms. Kimberly Locher

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

Mr. Moyer administered the oath of office to Ms. Locher.

B. Appointment to Fill Unexpired Term of Office for Seat 5 (*November 2019*)

Mr. Tyree stated we do not have a nominee to appoint as of yet.

C. Oath of Office for Newly Appointed Supervisor

This item not being considered, the next item followed.

D. Designation of Officers

Mr. Moyer stated we can keep the same officer structure if that is the desire of the Board, including Ms. Locher as an Assistant Secretary.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, approval was given to designate the officer structure as currently in place with Ms. Locher serving as Assistant Secretary.

FIFTH ORDER OF BUSINESS

**Approval of Minutes of the February 14, 2018,
Special 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.

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

SIXTH ORDER OF BUSINESS

**Matters Relating to the Issuance of the Series
2018 Bonds**

A. Presentation of the First Supplemental Engineering Report

Ms. Stalder stated this report is for portions of the master project including phases 1 and 2. Both phases fall within the District's boundary. The infrastructure included in the Series 2018 Project includes onsite public roadway improvements for those phases, portions of the water and sewer distribution as well as the reuse systems within those phases, portions of the offsite public roadway as well as utility improvements, portions of the master stormwater management system, portions of landscaping and irrigation and hardscape, conservation mitigation areas, and portions of the electrical service system for those phases. The report designates the ownership for each of these systems. Section 3.2 talks about the master stormwater management system, which includes a large pond as well as the curbs and pipes that carry the water to the pond and the outfall system for the pond. It does not include the entire pond but only the portion within phases 1 and 2 and does include the outfall. The onsite public roadway systems are within phases 1 and 2. The offsite improvements are on Alligator Lake Road and Olympia Drive. These intersection improvements include turn lane expansions for the benefit of the development. Offsite utilities will also be put in place for phases 1 and 2. They have been installed at this time but not been tested or cleared. Construction is ongoing onsite. Regarding the master water, sewer, and reuse systems, the systems that are offsite coming to the site are being constructed, as well as the portions within phases 1 and 2 for the Series 2018 Project. Those are all currently under construction. The Series 2018 Project

includes phases 1 and 2 of the hardscape, landscape, irrigation, entry features, as well as walls at the entrance and along the outside boundary of the development being constructed in phases 1 and 2. The system will be installed once the master infrastructure previously described has been completed. Regarding the electrical service systems, Orlando Utilities Commission is providing electrical service to the site. The Series 2018 Project provides underground electrical service within phases 1 and 2, as well as to the lift station. The project has several conservation areas. They are being worked with; some are being protected, and some are being mitigated at this time. They have permitting and approvals for this. Mitigation is yet to be completed. The opinion of probably cost is for the aforementioned improvements, including phases 1 and 2 offsite roadway and utility infrastructure which will be constructed to facilitate the construction and operation of phases 1 and 2.

Ms. Sandy asked is the total as shown, \$7,614,297?

Ms. Stalder stated yes.

Ms. Sandy asked based on your professional experience, are the cost estimates for the 2018 supplemental engineer's report reasonable and proper?

Ms. Stalder stated yes.

Ms. Sandy asked are you aware of any reason why the Series 2018 Project cannot be carried out by the District?

Ms. Stalder stated no.

B. Presentation of the First Supplemental Assessment Report

Mr. Moyer stated the supplemental assessment report envisions the process for levying the assessments on the properties within the District, initially based on acreage. As the property is platted, the assessments will be allocated to that platted property in accordance with the methodology. Currently, we do not have any platted property, so it is simply going to be allocated on the acreage within the District. We will follow the methodology in the future as those properties are platted and we assign the assessments to those properties that benefit from the District's capital improvement program.

Ms. Sandy asked do the lands subject to these assessments receive special benefits from the District's Series 2018 Project?

Mr. Moyer stated yes, they do.

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

Mr. Moyer stated yes.

Ms. Sandy asked is it reasonable, proper, and just to assess the cost of the Series 2018 Project against the lands in the District in accordance with the methodology?

Mr. Moyer stated yes, it is.

Ms. Sandy asked will the special benefits the land will receive be equal to or in excess of the Series 2018 assessments on those lands when allocated?

Mr. Moyer stated yes, they will.

Ms. Sandy asked is it in the best interest of the District that the Series 2018 Project be paid and collected in accordance with the methodology?

Mr. Moyer stated yes.

Ms. Sandy stated reviewing these two reports is important because they are adopted in final form in Resolution 2018-36.

C. Consideration of Resolution 2018-36, Levying and Allocating Assessments for the Series 2018 Project

Mr. Moyer read Resolution 2018-36 into the record by title.

Ms. Sandy stated at the last meeting, the Board approved Resolution 2018-35 delegating the award, which approved, in form, the bond purchase agreement. After that meeting, the bonds were priced, and the bond purchase agreement was executed on February 27, 2018, pursuant to the authority provided in Resolution 2018-35 as adopted at the last meeting. The final bond issuance amount is \$2,200,000.

Mr. Rowan stated we successfully marketed and sold the District's Series 2018 Bonds. These final numbers will be incorporated into all final documents that will be discussed during this meeting, including the special assessment report which will utilize these numbers for the final special assessments. The principal amount of bonds was \$2,200,000. The uses of those funds went into various accounts, pursuant to the supplemental trust indenture for the bonds, including a debt service reserve fund, a capitalized interest fund, cost of issuance accounts, and the remaining \$1,810,258 to go toward the project fund to be used toward the Series 2018 Project. We priced the bonds in two terms. One matures in 2038, and one matures in 2048. The rationale behind that is for us to take advantage of the yield curve and allow us to price shorter terms at lower interest rates. The 2038 maturity had a coupon of 5.125%, and the 2048 maturity had a coupon of 5.25%. The blended average coupon for the bonds was 5.21%. The maximum annual debt service for the bonds was \$140,106.25. The rest of the pages before you go

through various terms of the bonds and amortization schedule. We have 30 years of principal payments and various other statistics.

Ms. Sandy stated Resolution 2018-36 supplements the previously adopted assessment resolution. It specifically provides for the adoption of the 2018 supplemental engineer's report and allows for the adoption of the first supplemental assessment report. It confirms the lien of the Series 2018 Bonds based on the \$2,200,000 par amount. It also confirms the final terms of the bonds. It confirms the master lien, which is tied to the amount of bonds the District validated, not to exceed \$21 million. It allocates the special assessments in accordance with the supplemental assessment methodology report. It certifies the 2018 assessments for collection, which will start this fall. The bonds include capitalized interest, and I believe the principal payments begin May 2019. The Resolution provides for the calculation and collection of the true-up payment, which will be discussed in more detail with the true-up agreement. The Resolution further directs the Secretary to record the Series 2018 Assessments in the improvement lien book as well as a notice of the assessments with Osceola County. If the Board adopts this Resolution today, then the documents signed prior to the meeting at pre-closing will be released from escrow at the time of the bond closing, except for the tri-party agreement that is tied to the mortgage closing, which should happen tomorrow, and the bonds will close on Friday.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to Resolution 2018-36, levying and allocating assessments for the Series 2018 Project.

D. Consideration of Completion Agreement

Ms. Sandy stated this agreement obligates the developer to complete the remainder of the 2018 Project that is identified in the 2018 supplemental engineer's report for the portion that the Series 2018 Bonds do not fund. It also acknowledges the developer's required contribution of the Series 2018 Project infrastructure in an amount that satisfies the difference between the master project costs attributable to residential units subject to the 2018 assessments and the master project costs funded by the 2018 assessments. This is done in order to allow targeting of assessments for different product types.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to the completion agreement, to be executed by the Chairman.

E. Consideration of Acquisition Agreement

Ms. Sandy stated this is an agreement between the District and the developer, which governs how the District acquires infrastructure and work product from the developer. It outlines the documentation needed before it may be acquired. It provides the District will only pay the actual and reasonable costs for any work product and improvements as certified by the District engineer.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the acquisition agreement, to be executed by the Chairman.

F. Consideration of True-Up Agreement

Ms. Sandy stated this agreement obligates the developer to make a true-up payment to the District in the event the developer develops fewer units than is anticipated to absorb the 2018 assessments. The true-up amount is equal to the debt assessments that would have been allocated to non-developed units. True-up calculations are done periodically at 25%, 50%, 75%, and 100% of the acres that are subject to the assessments as they are platted.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the true-up agreement, to be executed by the Chairman.

G. Consideration of Collateral Assignment and Assumption of Development and Contract Rights

Ms. Sandy stated this obligates the developer to assign the development rights to the land and the District in the event of a default on payment of the 2018 assessments by the developer. Essentially, the District would foreclose on the property and then have the right to continue to develop the property or have someone else develop the property. It is only triggered if the developer is not paying the assessments and does not otherwise interfere with the development of the property. This agreement has been reviewed by the potential mortgage holder of the property, Regions Bank.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the collateral assignment and assumption of development and contract rights, to be executed by the Chairman.

H. Consideration of Tri-Party Agreement

Ms. Sandy stated this is an agreement with the developer and Regions Bank. As I mentioned, there is potentially a mortgage closing tomorrow, which would subject the lands in the District that are also subject to the 2018 assessments to a mortgage. Within the agreement, the developer acknowledges the validity and existence of the District and the imposition of the 2018 assessments, and waives certain rights in regard to those assessments. Regions Bank will acknowledge the 2018 debt assessments impose a lien on the property, and the mortgage is subordinate to the 2018 assessments. If Regions Bank becomes the fee-simple holder of the property, the title of the property is still subject to the 2018 assessments. This agreement will be held in escrow until the mortgage closes.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the tri-party agreement with Hanover Lakes, LLC, Regions Bank, and the District, to be executed by the Chairman.

I. Consideration of Contribution Agreement

Ms. Sandy stated this agreement more specifically addresses the contribution the developer is obligated to make for the 2018 Project infrastructure, which we discussed briefly with the completion agreement. This agreement allows the developer to target the assessments of different product types by contributing some of the 2018 Project infrastructure in order to lower the 2018 assessment amount. It also provides the contribution shall be made on or before eight years from the date of issuance from the Series 2018 Bonds and a mechanism for release once that happens.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the contribution agreement, to be executed by the Chairman.

J. Presentation of Notice of Series 2018 Assessments

Ms. Sandy stated this does not require any action but is for the Board's reference. It was referenced in the Resolution. It will be recorded in the public record to notify any future property owners that this property is subject to the 2018 assessments.

K. Presentation of Mortgagee Special Assessment Acknowledgement

Ms. Sandy stated this item does not require any action from the Board. This was executed by Regions Bank to acknowledge the mortgage will be subordinate to the 2018 assessments. It will also be recorded and be held in escrow until the mortgage closes.

L. Consideration of Tax-Exempt Bond Written Policies and Procedures

Ms. Sandy stated I will ask the Board to amend the agenda to add this item.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to add consideration of tax-exempt bond written policies and procedures to the agenda for consideration.

Ms. Sandy stated this is a policy that is required to be adopted by the tax certificate the District entered into in connection with the issuance of the bonds. It lays out policies that are intended to put procedures in place that will ensure there is ongoing compliance with federal regulations in regard to the bonds to maintain their tax-exempt status. It includes things like executed tax certificate, filing Form 8038G in connection with issuance of the bonds and future bonds, periodically checking the financial records, compliance with arbitrage rebate calculations, and covenants. The policy only has to be adopted once. For any future bond issuance, this policy will continue to apply.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the tax-exempt bond written policies and procedures.

SEVENTH ORDER OF BUSINESS

District Improvements

A. Acquisition of Phase 1 Stormwater Improvements

Ms. Sandy stated the developer notified us that certain improvements are close to being final and ready for acquisition, specifically the phase 1 stormwater improvements. They should be at final completion in May and ready for acquisition pursuant to the acquisition agreement the Board just approved. Ms. Stalder has confirmed the improvements are within the Series 2018 Project, and the not-to-exceed value of \$2,300,000 is a fair and reasonable amount for the improvements. The acquisition of improvements will not be final until all the documentation required pursuant to the

acquisition agreement is received and certified complete. A bill of sale is included in the agenda package which describes the improvements. The legal description will need to be updated and revised. It is based on a plat that will not be recorded by that time. Mr. Tyree is currently working on getting that legal description finalized.

On MOTION by Mr. Tyree, seconded by Mr. Patel, with all in favor, unanimous approval was given to the acquisition of phase 1 stormwater improvements in a not-to-exceed amount of \$2,300,000, subject to receipt and review of the required documentation by legal counsel and revision of the legal description.

Ms. Sandy stated I will ask the Board to authorize the Chairman to sign any other acquisition documents.

On MOTION by Mr. Tyree, seconded by Ms. Locher, with all in favor, unanimous approval was given to authorize the Chairman to sign any additional acquisition documents, subject to review by legal counsel.

EIGHTH ORDER OF BUSINESS

Matters Pertaining to Request for Engineering Qualifications

This item not being discussed, the next order of business followed.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being nothing to report, the next item followed.

B. Engineer

There being nothing to report, the next item followed.

C. Manager

i. Financial Statements and Check Register *(February 28, 2018)*

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. Ratification of Funding Request #4

Mr. Moyer reviewed funding request #4, which is contained in the agenda package and available for public review on the website or at the District office during normal business hours.

On MOTION by Mr. Tyree, seconded by Mr. Kahn, with all in favor, unanimous approval was given to ratify funding request #4 in the amount of \$4,268.54, as presented.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next order of business followed.

ELEVENTH ORDER OF BUSINESS

Supervisor Requests

There being none, the next order of business followed.

TWELFTH ORDER OF BUSINESS

Adjournment

- The next meeting is scheduled for May 2, 2018, at 1:30 p.m.

On MOTION by Mr. Tyree, seconded by Ms. Locher, with all in favor, the meeting adjourned at 12:30 p.m.

Gary L. Moyer, Secretary

Chris Tyree, Chairman