

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, May 1, 2019, at 1:30 p.m. at the District office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Anthony Iorio	Chairman
Ryan Kahn	Vice Chairman
Kimberly Locher	Assistant Secretary
Jason Lonas	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy (<i>by phone</i>)	Attorney: Hopping Green & Sams
Brenda Burgess (<i>by phone</i>)	Moyer Management Group

FIRST ORDER OF BUSINESS

Call to Order

Mr. Iorio called the meeting to order at 1:30 p.m.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Iorio 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

Approval of January 9, 2019, Regular Meeting Minutes

Mr. Iorio 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 have a couple corrections I will send to Ms. Burgess on the seventh order of business for staff reports, which should read “fees deed” and “personal partial mortgage.”

On MOTION by Ms. Locher, seconded by Mr. Kahn, with all in favor, unanimous approval was given to accept the minutes of the January 9, 2019, regular meeting, as amended.

FIFTH ORDER OF BUSINESS

Presentation of Proposed Budget for Fiscal Year 2020

A. Proposed Budget for Fiscal Year 2020

Mr. Moyer reviewed the proposed budget for fiscal year 2020 and distributed the latest version to the Board members.

Mr. Moyer stated we are starting the fiscal year 2020 budget process. What is envisioned as a result of this meeting after we go through the budget and make any necessary changes to it is to approve the budget for the purpose of setting a public hearing. The Resolution identifies the hearing will be in July. If we are going on the tax roll, then we need to include this information on the trim notice, which means we need to set the hearing for a date in August. The process is a little different than last year because last year, the budget was developer funded. Under the general fund budget at the bottom is an allocation of the amounts we anticipate spending next year based on the number of platted lots, both interior lots and lake-front lots, as well as the undeveloped acres that remain after the platted lots, which is 92.21 acres, which are owned by the developer. The Board can further direct, but the idea is that the platted lots will go on the tax roll, and the undeveloped acreage will be directly collected by the District from the developer, which will not include property appraiser and tax collector fees, or discounts.

Ms. Sandy stated I have had conversations with Mr. Andrew Orosz in the past couple days, and he indicated they still want to move forward with developer funding for fiscal year 2020. If that is not the case, that is fine. We did not include the resolution that will start the process for levying the operations and maintenance (O&M) assessments on the property. It has been our position in the past that if we are going to levy assessments, we will do it across all property, both platted and unplatted. We can still direct collect on the unplatted lots, but an assessment would still need to be levied on the property. It is different from the developer-funding agreement we had last year, which is an agreement from Hanover Lakes, LLC, to pay the actual bills of the District as they came due.

Mr. Iorio stated the platted lots will have O&M assessments, and the unplatted lots will be funded through a similar assessment but would not be on the tax bill.

Ms. Sandy stated that is correct; it would be directly collected by the District.

Mr. Iorio stated it is no different than we have done in our other CDDs.

Ms. Sandy asked is this a change in direction from the previous conversation I had with Mr. Orosz?

Mr. Iorio stated yes, the question we wanted to clarify is that the O&M assessments on the platted lots will be on the tax roll. That is our main concern at this point.

Ms. Sandy stated unfortunately, we will need another meeting between now and the budget hearing in order to adopt the declaring resolution to start the assessment process.

Mr. Iorio stated this would only be for the platted lots, not for the undeveloped property.

Ms. Sandy stated we have to levy assessments on all the property, both platted and unplatted, regarding the method of collection. The assessment process would apply to all the land. The method of collection for platted lots would be through the tax collector. Either way, we have to go through the assessment process.

Mr. Iorio stated our main concern is for the O&M assessments to be on the tax bills for platted lots. For the unplatted properties, we have the option to direct collect.

Mr. Moyer stated that is correct, but we will go through the process of assessing the land. If for some reason there is a default on the agreement with what the developer pays, we will have a valid assessment to foreclose.

Mr. Iorio asked is that procedurally how you have done it in almost every case?

Mr. Moyer stated yes.

Mr. Iorio stated that has also been my experience.

Ms. Sandy stated Ms. Burgess sent me just prior to this meeting the revised budget based on assessments being on the roll for the platted lots, and I have not had a chance to look through it. For the non-ad valorem summary for platted lots-interior and platted lots-lake, under the assessment methodology, I think we made a distinction between 50-foot and 60-foot lots, where 50-foot interior and lake lots were 1.0 equivalent residential unit (ERU), and 60-foot lake lots were 1.2. Are we following that same methodology? It looks to be different for interior versus lake lots.

Ms. Burgess stated that was what we originally thought, that the 50-foot lots were all going to be one level, and the 60-foot lots were going to be different. But the developer requested that interior lots for debt assessment was \$720 per unit, and the lake lots, regardless of frontage foot, were going to be \$1,080 for 1.2 ERUs. It was not by front footage but by interior versus lake lots. So I used the same methodology for the assessments on the general fund O&M assessments.

Ms. Sandy asked is that what we did under the assessment methodology?

Ms. Burgess stated I believe so, but I will need to refer to the assessment report to confirm.

Ms. Sandy stated we might need to work through that prior to the meeting where we start the assessment process to make sure we are doing it based on the justifiable methodology.

Mr. Moyer stated I presume on the debt service levy by unit type and the remaining property does follow the assessment methodology.

Ms. Burgess stated that is correct. In the master assessment methodology report the Board adopted, the debt for 50-foot lots is 1.0 ERU and 60-foot lots are 1.2 ERUs, but later conversations indicated lake be differentiated from interior lots, not based on front footage.

Ms. Sandy stated we did end up targeting assessments in that manner after the original methodology was applied based on 1.0 ERU for 50-foot lots and 1.2 ERUs for 60-foot lots. Perhaps we targeted the assessments based on an infrastructure contribution. Since we will not have an infrastructure contribution for O&M assessments, we will need to go with the original methodology and ERU.

Ms. Burgess stated the first supplemental report delineates between interior and lake lots, or 1.0 ERU for interior and 1.2 ERUs for lake regardless of front footage in table 4.

Ms. Sandy stated table 3 is different.

Ms. Burgess stated the earlier conversation was to have lake lots be the same regardless of frontage, so that might be a typo in table 3.

Ms. Sandy stated I might disagree. I think we had an issue differentiating interior versus lake lots in wanting to make sure we are doing it on a front footage basis, which is why we ended up targeting the assessments in that manner.

Ms. Burgess stated it does not matter to me; I will do it however it needs to be.

Ms. Sandy stated we can work together on that. We will need a minimum amount to include in the notice.

Mr. Moyer asked when should that meeting take place?

Ms. Sandy asked do you mean to notice the hearing on the trim notice instead of mailing notice to property owners?

Mr. Moyer stated that is your call. Generally, we send mailed notices, but if the trim notice suffices, we can do it that way.

Ms. Sandy stated timing is always an issue with the trim notice since it does not go out until later in August. My preference would be to do a mailed notice. If the Board approves the proposed budget now, that will meet the 60-day timeframe where we need to provide it to the County. The assessment hearing would be about 40 days out, so next month or later this month would work.

Ms. Burgess stated we could technically have those hearings on September 4, which would allow us to get on the trim notice.

Mr. Moyer stated I do not like having budget hearings in September if we are going on the tax roll.

Ms. Burgess stated I agree; I do not either. We can easily add a special meeting. The next scheduled meeting is on July 10. We can add a meeting whenever we need one.

Ms. Sandy stated June 5 is the first Wednesday in June if the Board is available.

The Board members are available June 5 at 1:30 p.m.

Mr. Moyer stated we will circle back with all this at the June 5 meeting and set the public hearing for some time in August to give us 60 days.

Ms. Sandy stated the Board could accept the proposed budget today and set the hearing. If we need to adjust the hearing at the June meeting, we can. This will at least start the 60-day process.

Mr. Moyer stated then we can leave the Resolution the way it is. If we meet June 5, that still gives us time to have the assessment hearing on July 10.

Ms. Sandy stated we just need time to send the 30-day mailed notice.

Mr. Moyer asked how many residents do we have? I know we have only four registered voters.

Ms. Burgess stated I can look at the roll from the property appraiser and add them up.

Mr. Kahn stated we receive a report that shows closings.

Ms. Sandy stated in terms of the budget, we discussed bringing more maintenance on. Are the amounts in the field category sufficient?

Mr. Iorio stated those are actual numbers we are seeing in the field for the mowing operations. I think that is an actual captured expense. There is a general field and landscaping line item at \$20,000, but I am not sure what that would be. Perhaps it is any miscellaneous expenses?

Ms. Burgess stated the original \$50,000 was an estimate, so I used the invoices we are already paying for pond bank mowing, and left the residual in a general field category for a total of \$50,000.

Ms. Sandy asked will we have any other field expenses besides pond bank mowing?

Mr. Iorio stated no, that is all at this point.

Ms. Burgess asked would you like me to delete that \$20,000 line item?

Mr. Iorio stated \$20,000 is too high; I would put it at \$5,000. The other field item is based on actual numbers with a contract from Down to Earth to do pond bank mowing. They stay competitive because they are doing other work for us, as well.

Ms. Sandy asked are they doing this work through a contract with the District?

Mr. Iorio stated our project manager, Mr. Andres Arvelo, has sent that information to Mr. Moyer's office, so I believe you are handling it. I have not tracked it individually. We did have a contract with them for the entrances and front of the project, and there was a separate invoice and contract that came through for the ponds, which were forwarded to the District office.

Ms. Burgess stated we are receiving the invoices. I am not aware of an agreement the Board has accepted for those services.

Mr. Iorio stated we can look at that.

Mr. Moyer stated we can add this to the June 5 agenda for either an assignment or a new contract.

Mr. Iorio stated yes. Regarding budget numbers, I am looking at the delta between fiscal year 2019 actuals and fiscal year 2020 proposed budget numbers. Attorney fees are proposed to be double from where we were last year, and the same thing with engineering fees. Is there a reason for that?

Ms. Burgess stated I typically have used those amounts as a standard for what a build-out budget would look like for a full year. Ms. Sandy and Ms. Nicole Stalder can better address what their fees will be, but these are standard amounts I use in the event the Board meets every month and has activity going on.

Mr. Iorio stated at this point, we have not needed to meet every month because of inactivity, so I think we may have higher numbers budgeted in those areas. We should not burden ourselves with those projected costs if they are not real.

Ms. Sandy stated these numbers are reflective of a more active district.

Mr. Iorio stated this is not Baldwin Park or Celebration. We take care of ponds.

Ms. Sandy stated I do not know what level we want to be at, but we do not want to over assess for the type of activity we currently have. We also do not want to set it too low and year after year have to send mailed notice each time there is a budget increase. We should base the numbers on the actual budget but include a little padding to account for potential increases so we do not need to mail notice for O&M assessment increases every year.

Mr. Iorio stated yes. The projected actuals for fiscal year 2019 of \$16,123 would suggest a proposed budget of \$20,000 versus \$35,000 for legal fees. For engineering fees, the proposed budget is \$12,000 and projected actuals are \$5,400, so I recommend a proposed amount of \$7,500. We are only talking about maintenance for ponds. As we go through future phases 3, 4, and 5, phase 3 is still under construction right now. It will be platted by the end of the year, which is the balance of the pond area.

Mr. Moyer stated we will probably need to send letters to the new phases. We can stay within this budget for the existing areas.

Ms. Burgess stated according to the property appraiser's roll I received a couple days ago, there are seven individual property owners in addition to builders who own lots.

Mr. Iorio stated the lots owned by builders will be sold to individuals shortly, within the next three to five months.

Ms. Sandy asked are there any other line items that need adjusting?

Mr. Iorio stated the manager's fees are contracted amounts.

Ms. Sandy asked does the budget include anything for website remediation that we will discuss later in the agenda?

Ms. Burgess stated I had some dollars in contingency, but we could increase administrative contingency to \$5,000. I have no idea what that may cost, but I will know before the June 5 meeting.

Ms. Burgess summarized the budget changes:

- Administrative Contingency increased to \$5,000
- Professional Fees – Attorney reduced to \$20,000
- Professional Fees – Engineer reduced to \$7,500
- General Field and Landscaping reduced to \$5,000

Ms. Burgess stated these changes will alter the assessment values because they result in a surplus of \$31,000 that I will use to elsewhere in the budget or to reduce the O&M assessment. I will also recalculate the revenues based on 50-foot and 60-foot lots as we discussed.

Mr. Iorio stated if you have any questions, you can reach out to Mr. Arvelo. I forwarded to you the most recent plat, so you should have all the pertinent information.

Ms. Burgess stated yes, I received that plat and information on all the platted lots.

Mr. Moyer stated thanks for the good discussion. We have the Board's direction, and we will bring this back for the June 5 meeting.

B. Consideration of Resolution 2019-06 Approving the Proposed Budget and Setting a Public Hearing

Mr. Moyer read Resolution 2019-06 into the record by title.

On MOTION by Mr. Kahn, seconded by Ms. Locher, with all in favor, unanimous approval was given to Resolution 2019-06 approving the proposed budget for fiscal year 2020 as amended and setting a public hearing for July 10, 2019, at 1:30 p.m. at the District Office.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Consideration of Website Remediation Agreement

Ms. Sandy stated we have previously discussed with the Board briefly that there are new developments in the Americans with Disabilities Act (ADA) field that require governments to have their websites in accessible format. There have been some lawsuits recently that have prompted a lot of governments and CDDs, in particular, to move toward that. In talking with Ms. Burgess, I believe our website has had an initial audit but has not been further remediated at this point. Ms. Burgess is speaking with a vendor, ADA Site Compliance, regarding what those remediation costs would look like and how to proceed moving forward. Generally, we have been advised by insurance vendors that as long as the District has an agreement in place to remediate the current website and then does that remediation and performs quarterly audits going forward, then insurance companies will cover the District in the event of a lawsuit being filed against it. That is not a statutory requirement. I just wanted to let the Board know the assessment of risk. You will need to know more about the costs of remediation of the website as well as the bigger item of remediating pdfs. The vendor we are looking at does a per-page

remediation, which can be very costly. I wanted to make the Board aware we will be bringing forward proposals in the near future.

B. Engineer

There being nothing to report, the next item followed.

C. Manager

i. Insurance

Mr. Moyer stated related to the budget, one of the things the District did not move forward on is insurance. We have in this proposed budget an amount for insurance, and we would like to proceed to get that now. Since we own property, we think it would be appropriate to do that. If the Board does not object, we will proceed to bind a policy for the District.

Mr. Iorio asked do you get proposals from firms you have worked with in the past?

Mr. Moyer stated yes. There are a couple insurance companies that primarily insure governments, so we will work with them on proposals.

On MOTION by Ms. Locher, seconded by Mr. Kahn, with all in favor, unanimous approval was given for staff to obtain insurance for the remainder of fiscal year 2019.

ii. Financial Statements (March 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.

Mr. Moyer distributed revised general fund and debt service financial statements.

Mr. Moyer stated as the Board discussed earlier, we are well under budget in terms of expenditures.

iii. Check Register

Mr. Moyer reviewed the check register 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. Kahn, seconded by Ms. Locher, with all in favor, unanimous approval was given to the check register, as presented.

iv. Ratification of Funding Requests #11, #12, and #13

Mr. Moyer reviewed the funding requests in the agenda package and available for public review on the website or at the District office during normal business hours.

v. Ratification of Requisition #6

Mr. Moyer reviewed requisition #6 contained in the agenda package and available for public review on the website or at the District office during normal business hours.

Ms. Burgess stated we received funding for the three funding requests and this requisition last week, so we have several checks to be signed to pay all the outstanding accounts payable.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to ratify funding request #11 in the amount of \$12,780.43; funding request #12 in the amount of \$8,524.57; and funding request #13 in the amount of \$8,160.12; and requisition #6 in the amount of \$3,682.42, as presented.

vi. Ratification of Auditing Engagement Letter

Mr. Moyer reviewed the auditing engagement letter from Grau & Associates, 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. Moyer stated we went through the auditor selection process and ranked Grau & Associates #1. We needed to get the audit going because it has to be finished in June, so the engagement letter has been executed.

On MOTION by Mr. Kahn, seconded by Ms. Locher, with all in favor, unanimous approval was given to ratify the auditing engagement letter from Grau & Associates to perform the fiscal year 2018 audit, as presented.

vii. Number of Registered Voters – 4

Mr. Moyer reviewed the number of registered voters as of April 14, 2019, which is 4. We are required by State law to request this information every year. It is not critical now, but in the future when it is time to transition from landowner elections to elector elections, we can only do that after six years and 250 registered voters. We will track this information every year.

SEVENTH ORDER OF BUSINESS

Other Business

Ms. Burgess stated Mr. Iorio is the new Chairman, and the role of Chairman is a signer on the bank account. I will ask Mr. Iorio, Mr. Kahn, and Mr. Moyer to go to the downtown SunTrust Bank. Ms. Cherry Balladin is the branch manager and has that

paperwork. Unfortunately, I cannot bring it to the office for you to sign the signature card. She needs to have you do that in person in her branch. Even though Mr. Kahn and Mr. Moyer are still authorized signers, because it is a new signature card, she needs them to also sign it again in person at the bank. I told her that you might be stopping by since you are already here for today's meeting.

Mr. Moyer stated let her know we will be there at 2:30 p.m.

EIGHTH ORDER OF BUSINESS

Supervisor Requests

There being none, the next order of business followed.

NINTH ORDER OF BUSINESS

Public Comment Period

There being none, the next order of business followed.

TENTH ORDER OF BUSINESS

Adjournment

- The next meeting is scheduled for June 5, 2019, at 1:30 p.m.

On MOTION by Ms. Locher, seconded by Mr. Kahn, with all in favor, the meeting adjourned at 2:10 p.m.
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Gary L. Moyer, Secretary

Anthony Iorio, Chairman