

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 8, 2020, at 1:30 p.m. at the District office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Anthony Iorio	Chairman
Jason Lonas	Vice Chairman
Douglas Beasley	Assistant Secretary
Garison Clemens	Assistant Secretary
Kimberly Locher	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy	Attorney: Hopping Green & Sams
Danielle Van De Loo	Engineer: Dewberry
Scott Hoopes (<i>by phone</i>)	Hanover Capital Partners
Andrew Orosz (<i>by phone</i>)	Hanover Capital Partners
Steve Orosz (<i>by phone</i>)	Hanover Capital Partners
Justin Rowan (<i>by phone</i>)	MBS Capital Markets
Cynthia Wilhelm	Nabors Giblin & Nickerson

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 the December 4, 2019, 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.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to accept the minutes of the December 4, 2019, meeting, as presented.

FIFTH ORDER OF BUSINESS

Administrative Matters

A. Oath of Office for Newly Elected Supervisors

Mr. Moyer stated at our last meeting, the Board appointed Mr. Beasley to Seat 3, which expires November 2022, and Mr. Clemens to Seat 5, which expires November 2020. When those dates come up, we will have a landowner election, at which time the landowners will vote for the seats whose terms of office have expired. 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 Mr. Beasley and Mr. Clemens.

Mr. Moyer stated I will ask you to sign the written oath of office that we will make part of today's meeting minutes. I distributed the Form 1 financial disclosure form that needs to be filed with the supervisor of elections in the county in which you reside. Even though the project may be in Osceola County, if you live in a different county, you need to file this form with the supervisor of elections in your county.

Mr. Iorio stated if you need help filling out the form, Mr. Moyer or his assistant is available to answer your questions.

Mr. Moyer stated you are now considered to be a public official in the State of Florida, which means you are subject to the Sunshine Law. Simply stated, that means no two members serving on the same board can talk to each other about District business outside of a publicly noticed meeting, like we are having today. All those discussions have to take place in a public forum. The State of Florida has a public records law, which means if you decide to keep any of the documents you receive prior to these meetings or anything distributed at the meetings, including emails and text messages, they are public records. If someone wants to review those documents, you have to provide them with those documents, and you cannot ask why they want to see them. They simply have a right to see the documents. There are probably 26 Florida laws that govern what we, as a District, do. Ms. Sandy is the District's legal counsel, and as we go through different steps in these processes that we will ask the Board members to consider, we will tell you why we are doing it, what law it implements, and what controls your actions as a Board.

Ms. Sandy asked have either of you served on a board before?

Mr. Beasley stated I served on an HOA Board.

Ms. Sandy stated this is a little different because you are now a public official. The Sunshine Law and public records law apply to you, which includes emails. We ask that you file District emails in a separate folder to keep them separate from your other emails,

or you can setup a separate email address for District emails. Then if we receive a public records request, we can easily pull those. With the Sunshine Law, you cannot have discussions by email or text with other Board members about matters that could come before the Board for consideration.

Mr. Moyer stated welcome to the Board.

B. Consideration of Resolution 2020-02, Election of Officers

Mr. Moyer read Resolution 2020-02 into the record by title.

Mr. Moyer stated prior to Mr. Beasley and Mr. Clemens being appointed to the Board, the Board elected officers. Mr. Iorio serves as Chairman, Ms. Locher and Mr. Lonas serve as Assistant Secretaries, and I serve as Secretary and Treasurer. You can change the officer structure as you desire. Generally, for those Supervisors not otherwise an officer, we appoint them as Assistant Secretary so if I am not available, at least someone else is available to sign documents on behalf of the District. You can keep the same organizational structure if you desire, and I recommend appointing Mr. Beasley and Mr. Clemens as Assistant Secretaries.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to appoint Mr. Beasley and Mr. Clemens as Assistant Secretaries.

Ms. Locher asked we do not need a Vice Chairman?

Mr. Moyer stated we have not had one, but the Board can have one.

Ms. Sandy stated it is helpful to have a Vice Chairman, especially with the bond issuance coming up. If the Chairman is not available, then the Vice Chairman can step in to sign documents if needed. It is good to have a backup.

On MOTION by Mr. Iorio, seconded by Ms. Locher, with all in favor, unanimous approval was given to appoint Mr. Lonas as Vice Chairman and to adopt Resolution 2020-02, election of officers, as updated.

SIXTH ORDER OF BUSINESS

Bond-Related Matters

A. Second Supplemental Engineering Report

Ms. Sandy stated there are a couple changes I worked on with Ms. Van De Loo.

Ms. Van De Loo stated the main change is, we added the landscaping back into the costs associated with the Series 2020 Project.

Ms. Sandy stated because this line item was listed in the master improvement plan, we wanted to include it as a cost in the overall 2020 Project. The report is largely in the same form as when it was presented in November. The overall costs increased slightly, so we want to make that corresponding update in the assessment report. This change was made yesterday. For the benefit of the new Supervisors, we are working toward issuing a new series of bonds to finance some of the master infrastructure plan that the District previously adopted in 2018. This is our second series of bonds. With each series of bonds, we have an engineering report that describes the improvements that are associated with the bonds and can be funded with the bonds. This project is about \$9 million. The bonds we will issue will fund only a portion of the project. The remaining portion of the project will be funded by the developer and contributed to either the District or the ultimate entity that will be the owner.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to the 2020 supplemental engineering report in substantial form, subject to final review by legal counsel and staff prior to use in the PLOM for marketing the bonds.

B. Second Supplemental Assessment Report

Mr. Moyer stated this report was updated yesterday to take into account some changes that were made, which Ms. Sandy briefly outlined. There will probably be a couple footnotes or a few sentences clarifying the methodology, but generally it follows the same format with the addition of lots that will be adjusted based on contributions from the developer that will be offsets to those assessments.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the second supplemental assessment report in substantial form, subject to final review by legal counsel and staff prior to marketing the bonds.

C. Consideration of Resolution 2020-03, Delegation Resolution

- i. Exhibit A: Bond Purchase Agreement**
- ii. Exhibit B: Supplemental Trust Indenture**
- iii. Exhibit C: Preliminary Limited Offering Memorandum**
- iv. Exhibit D: Continuing Disclosure Agreement**

Mr. Moyer read Resolution 2020-03 into the record by title.

Ms. Wilhelm stated this Resolution is called the delegated award resolution. It approves various acts of the proposed bond issue, including the forms of certain documents that are necessary for closing on the bonds. The recitals on pages 1 and 2 give an overview of what we are doing, including the bonds will be sold by negotiated sale instead of competitive bid. The bonds are to be purchased by MBS Capital Markets who serves as the underwriter for a percentage of the bonds sold. Paragraph 2 on page 2 under Award approves the form of the bond purchase agreement and delegates to the Chairman the ability to execute the purchase agreement as long as the terms are within the parameters, which are attached as Schedule I to the Resolution. The maximum principal amount for the Series 2020 Bonds is not to exceed \$6.5 million. The maximum coupon rate is the maximum Statutory rate, which as of January 1, 2020, is 5.74%. If the District prices the bonds in January, the interest rate cannot be above 5.74% pursuant to State law. The underwriting discount is a maximum of 2%. The maximum maturity date is May 1, 2050. The redemption provisions are set forth in the form of the bonds, which is in the supplemental trust indenture, with an optional redemption no later than May 1, 2033. Usually, the option redemption is about 10 years out, but we are giving ourselves a little leeway in case we need it when we go to price the bonds. Paragraph 3 provides for a negotiated sale for the reasons indicated. Paragraph 4 approves the form of the second supplemental trust indenture and ratifies the master trust indenture, which was put in place in 2018. It appoints US Bank as the trustee, paying agent, and bond registrar. Paragraph 5 sets forth the general terms of the bonds and approves the form of the bonds. It also authorizes the Chairman and the Secretary to execute the bonds and deliver them to the trustee for authentication. Paragraph 6 approves the form of the preliminary limited offering memorandum (“PLOM”), and it authorizes the Chairman to deem the PLOM final within the meaning of Rule 15c2(12), Security and Exchange Commission (“SEC”). This means that once the PLOM has been finalized and is ready to send out to market, the Chairman will execute a Rule 15c2(12) certificate, which certifies that as of the date of the PLOM, it is in final form except for what is called “permitted omissions,” which under the Rule are for things like the interest rates of the bonds, the maturity dates, the par amounts, and things that go along with the pricing since we will not know those yet. Everything else in the PLOM is considered final. Paragraph 6 also approves the form of the continuing disclosure agreement. Paragraph 7 indicates the Board has complied with

the Sunshine Law. Paragraph 8 is a catch-all, authorizes all Board members to take all actions and execute all documents, and anything that is left to address. It also provides that the Vice Chairman can step into the role of the Chairman if needed, and any Assistant Secretary can step into the role of Secretary if needed. Paragraph 9 provides direction to the trustee to deposit monies from the sale of bonds as provided in the trust indenture. Paragraph 10 authorizes the undertaking of the 2020 Project and the execution of any documents required. Paragraph 11 provides for severability. Paragraph 12 is the effective date. The Resolution has four exhibits attached to it. First is the bond purchase agreement, which is the agreement between the District and the underwriter for the underwriter to purchase the bonds. It basically sets forth the requirements for closing, the representations of the District, and various standard things that are in a bond purchase agreement. Once it is executed by both parties, it obligates the underwriter to buy the bonds. So they have to purchase the bonds unless some extreme things happen, such as war. The second supplemental trust indenture is very similar to the first supplemental trust indenture, which was for the Series 2018 Bonds. It contains the terms, conditions, and details of the Series 2020 Bonds once they are priced. Third is the PLOM, which is what is sent to investors. It gives a summary of the bonds, the development of the District, and other details of the project. The last document is the continuing disclosure agreement, which is required by Federal Securities law and provides that both the District and the developer will provide certain financial information. The District has to provide it annually, and the developer has to provide it quarterly. It basically updates information that is in the PLOM. This is the SEC's reporting requirement for publicly traded companies, which does not apply to governments, so this is their answer to that.

Mr. Moyer stated the main document to get everyone up to speed on this transaction is the PLOM. A lot of material is in it, and you do not need to read it all. The front outlines what we are doing and how we are doing it. It contains the continuing disclosure agreement, bond documents, trust indenture, and others. This is a lot of material, and Ms. Wilhelm and Ms. Sandy look out for our interests as a District from a legal perspective. I think it is important that everyone has a familiarity with what we are doing, and the PLOM is the best way to do that.

Ms. Sandy stated the supplemental engineering and assessment reports the Board just approved are attached to the PLOM. They are important components, and we want to be

sure they are in final form because when we go to market, we are certifying that they are final and accurate and will not be changing after-the-fact. That is why it is important to make sure they are in good shape now before we go to market.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to Resolution 2020-03, delegation resolution.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2020-05, Series 2018 Project Infrastructure Contribution

Mr. Moyer read Resolution 2020-05 into the record by title.

Ms. Sandy stated this Resolution pertains to the developer's contribution obligation in conjunction with the Series 2018 Bonds. Part of the assessment methodology report that the Board adopted was, because we are trying to target certain assessments, the developer agreed to make certain infrastructure contributions to offset those assessments that we would typically levy under our methodology. The master assessment report and both supplemental reports include the amount of the contribution requirement. We also have an agreement between the District and the developer outlining that contribution obligation and the amount. The obligation for Series 2018 Bonds was about \$3 million. The obligation amount for the Series 2020 Bonds will be about \$5.6 million. This Resolution recognizes that the Series 2018 Project, which contains Phases 1 and 2, is complete, and the engineer has certified in conjunction with that the value of the improvements that were completed exceeds the amount of the Series 2018 contribution obligation. Therefore, that amount is satisfied in full, and the developer has funded the improvements solely without being reimbursed with bond proceeds. It satisfies the obligation in full. The Resolution states that any additional amount from the developer-funded infrastructure would be applied to the Series 2020 obligation. Dewberry is still going through all the paperwork to finalize the exact number. The number in the Resolution that is included on the engineer's certificate is a little over \$4 million. The engineer feels comfortable that is the minimum amount that the developer has funded. They are going through all the pay applications to see if there are additional amounts funded by the developer to make sure we are capturing everything. Another thing this Resolution does is amends and restates a prior Resolution the District adopted. We previously recognized about \$900,000 in improvements that the District acquired as part of the Phases 1 and 2 stormwater. We were going to recognize that as an infrastructure

contribution, but instead because there is sufficient infrastructure to fulfill the Developer's full obligation without using that \$900,000, we are going to carry that forward to the Series 2020 Project, so it will be reimbursable from the Series 2020 Bond proceeds. The numbers in this Resolution will need to be incorporated into the reports, which is why the reports are in substantial form. We are getting them all finalized now. We want to approve this before issuing the Series 2020 Bonds.

Mr. Clemens asked did we not just approve the Series 2020 Bonds?

Ms. Sandy stated the Board approved going to market for the Series 2020 Bonds. It is separate, and we want to make sure we note in the documents for the 2020 Project that we are taking care of this. The Board approved Resolution 2020-03, the delegated award resolution. The underwriter will be marketing the bonds next, which usually takes about two weeks or so once the bonds are priced. Then they will sign the bond purchase agreement, have the numbers finalized and incorporated in the documents, and have a closing to actually issue and fund everything.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to amend the agenda to add consideration of Resolution 2020-05, Series 2018 Project infrastructure contribution.

There being no public comment, the next item followed.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to Resolution 2020-05, Series 2018 Project infrastructure contribution, as discussed.

EIGHTH ORDER OF BUSINESS

Acquisition of Series 2020 Project Improvements

A. Phase 3 Right-of-Way

Ms. Sandy stated a chart was distributed to the Board, which summarizes these acquisitions, with bills of sale behind it. There are two different bills of sale. One is for Phase 3 infrastructure, and the other is for some offsite infrastructure for Alligator Lake right-of-way improvements. The summary chart shows the description of each of the improvements within Phase 3, which include roadway improvements on Nottel Drive, Lotta Court, and Olivia Court. Those are the three roadway tracts that the District will be

acquiring and then will be turned over to the City for ownership and maintenance. The not-to-exceed amount is \$985,000.

B. Phase 3 Stormwater

Ms. Sandy stated the stormwater tract is Tract A, which is part of the larger stormwater piece. The District will keep this and maintain the stormwater tract. The not-to-exceed amount is \$985,000.

C. Phase 3 Utilities and Electrical

Ms. Sandy stated water, sewer, and reclaimed utilities will be turned over to the City. Electrical facilities will be turned over to OUC (Orlando Utilities Commission). The not-to-exceed amount is \$645,000.

D. Phase 3 Offsite Right-of-Way

Ms. Sandy stated offsite right-of-way is for improvements on Alligator Lake Road. The not-to-exceed amount is \$345,000. All these amounts were provided by Mr. Andres Arvelo. Dewberry is reviewing them and will finalize the numbers. We include an estimate to make sure when we are reviewing and refining the numbers, we have enough room to move forward. All the improvements are either complete or close to being complete. We are waiting on sign-offs from the City for the roadways. Offsite right-of-way is Osceola County. We would like to move forward with approval of this acquisition, subject to receipt and review of the documents required pursuant to the District's acquisition agreement with the developer. Documents include costs paid, as-builts, lien releases, and things of that nature. With infrastructure acquisitions, I will review the documents. I also produced a lot of them. I will work with the developer on getting them finalized and executed. At the point we have those finalized documents, we will requisition the money and pay those monies out. We will not do that until we have received everything and finalized the documents, the engineer has confirmed that the improvements are complete and the monies fully paid, and everything signed off by the various entities that need to sign off. We are still working on the legal descriptions, so those will need to be updated as part of the bills of sale.

Mr. Iorio stated all that information is available. It is just a matter of putting it all together.

Ms. Sandy stated we have a preliminary plat for Phase 3. It would be easiest to include the legal descriptions from a recorded plat, so we might be able to do that in the

meantime. If not, we will get some metes and bounds descriptions for the legal description.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to acquisitions of the following: Phase 3 right-of-way in an amount not to exceed \$985,000, Phase 3 stormwater in an amount not to exceed \$985,000, Phase 3 utilities and electrical in an amount not to exceed \$645,000, and Phase 3 offsite right-of-way in an amount not to exceed \$345,000, subject to receipt and review by legal counsel of the documents required by the acquisition agreement.

Ms. Sandy stated I will ask the Board to authorize the Chairman to execute any documents required to convey these improvements to the next entity, if so needed.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to authorize the Chairman to execute any documents required to convey the above Phase 3 improvements to the next ownership entity, if needed.

NINTH ORDER OF BUSINESS

District Manager Report

A. Financial Statements *(November 2019)*

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.

B. 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. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the check register, as presented.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Resolution 2020-04, Internal Control Policy

Ms. Sandy read Resolution 2020-04 into the record by title.

Ms. Sandy stated these are internal control policies our firm has been working on. This past year, the Florida Legislature adopted a requirement that special districts adopt internal control policies. This refers mostly in regard to how funds are handled, how the

manager handles funds, and how they are processed in order to make sure that when we have an audit, which we are required to have annually, that there is no fraud, waste, or abuse. We have been working with district managers to put together these internal control policies. I will ask the Board to table this Resolution to the next meeting because I believe our firm has updated these since we provided it for this agenda package.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to table Resolution 2020-04, internal controls policy.

ii. Discussion on Amended and Restated Rules of Procedure

Ms. Sandy stated the agenda package included a memorandum from our firm as well as a redline of the rules of procedure for the District. The District adopted rules of procedure in the past at the outset of the District's establishment as part of organizing the District. Our firm puts together and recommends standard rules for all our districts, which include processes and procedures on how the District operates. Periodically, we update the rules as laws or best practices change. We like to update them every four or five years. This is the result of that modification. A lot of different things have been dealt with under this update. In order to adopt rules, we have to hold a public hearing. I will ask the Board to set a public hearing probably two months from now. It will take some time to advertise, so I recommend setting the hearing for March 4, 2020, at our regular meeting time and place. That will give us time to advertise 28 and 29 days in advance.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to set a public hearing for rulemaking for Wednesday, March 4, 2020, at 1:30 p.m. at 313 Campus Street, Celebration, Florida.

Mr. Iorio stated for the benefit of the new Supervisors, we also receive updates from Hopping Green & Sams on things that are happening in Tallahassee as far as changes and any new laws that are potentially being reviewed that will affect special districts.

Ms. Sandy stated we are based in Tallahassee, and we monitor those activities. Session starts earlier this year, so those updates will be rolling out soon.

Mr. Iorio stated the updates are very helpful because they include changes that are being proposed.

B. Engineer

There being nothing to report, the next order of business followed.

ELEVENTH ORDER OF BUSINESS **Public Comment Period**

There being none, the next order of business followed.

TWELFTH ORDER OF BUSINESS **Other Business**

Mr. Rowan asked is the next meeting scheduled for February 5, 2020?

Mr. Moyer stated yes.

Mr. Rowan stated the developer had a goal, to the extent the District is willing to accommodate it, to attempt to close on the bonds prior to the end of January. If we are to stay on course, I will ask the Board to continue this meeting to January 31 to allow us the most time possible. I did not realize the next Board meeting was the following week on February 5. Perhaps the representatives of the developer can comment if they would like to continue this meeting and attempt to close on the bonds prior to January 31, or if doing so in conjunction with the February 5 Board meeting is acceptable.

Mr. Steve Orosz stated the intent would be to close as soon as possible in selling the bonds, which could be at the end or before the end of the month, before the next Board meeting.

Mr. Rowan asked would the Board object to continuing this meeting to January 31 or around that time? To the extent we can close on the bonds prior to then, we will. If for some reason our schedule slips a week, we can cancel the continued meeting.

Ms. Sandy stated I think that makes sense.

After a brief discussion, the Board chose Thursday, January 30, 2020, at 10:00 a.m. to continue this meeting.

Ms. Wilhelm asked would you intend to fund on January 31?

Mr. Rowan stated yes, that would be the goal to pre-close on January 30 and close on January 31, if that works for the Board.

THIRTEENTH ORDER OF BUSINESS **Supervisor Requests**

There being none, the next order of business followed.

FOURTEENTH ORDER OF BUSINESS **Adjournment**

- The next meeting is scheduled for January 30, 2020, at 10:00 a.m.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, the meeting was continued to Thursday, January 30, 2020, at 10:00 a.m. at 313 Campus Street, Celebration, Florida.

Gary L. Moyer, Secretary

Anthony Iorio, Chairman