

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, November 6, 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
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
Nicole Stalder	Engineer: Dewberry
Justin Rowan	MBS Capital Markets

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 August 21, 2019, Special 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 reviewed the minutes, and the comments I had were incorporated into the version included in the agenda package. I have no further comments.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to accept the minutes of the August 21, 2019, special meeting, as presented.

FIFTH ORDER OF BUSINESS

Bond-Related Matters

A. Second Supplemental Engineering Report

Mr. Moyer stated in early October, I signed work authorization #2 so Ms. Stalder could prepare the engineering report for the Series 2020 bonds. I will ask the Board ratify

work authorization #2 in the amount of \$7,600, which includes a short agreement for engineering services related to the Series 2020 bonds.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to work authorization #2 to prepare the second supplemental engineer's report for the Series 2020 Bonds, in the amount of \$7,600.

Mr. Moyer distributed the draft of the second supplemental engineering report prepared by Ms. Stalder.

Ms. Stalder stated the second supplemental engineering report is for Phases 3, 4, and 5. The beginning of the report includes standard information related to the community and the intent of the report. Phase 3 is nearing completion. Phase 4 and then subsequently Phase 5 will begin in the two years following. Infrastructure includes onsite public roadways; water, sewer, and reclaimed distribution systems; an offsite public roadway improvement on Alligator Lake; portions of the master stormwater system that will be completed with Phase 3; master stormwater conveyance system; landscape, hardscape, and irrigation; and portions of the electrical service system for Phases 3, 4, and 5. I discussed with Mr. Iorio that it slipped my mind this project has been annexed, so I will need to make a couple amendments showing that. References to Osceola County throughout will essentially all be revised to say the entire project has been annexed. The onsite roadway for Phase 3 is intended to be completed this year.

Mr. Iorio stated yes, and we will warranty deed that to the District to transfer maintenance to the City of Kissimmee.

Ms. Stalder asked is Ms. Sandy working with Mr. Andres Arvelo to figure out the stamp that needs go on the plat? He was going to include language on the plat that the roadways will go through the District before going to the City.

Ms. Sandy stated I have not spoken to him specifically on the Phase 3 portion, but I know we had that conversation before. Mr. Iorio and I discussed last week on what the City would be comfortable with because we received some pushback from the County. They suggested some language that it be conveyed by separate instrument at a later date to the City.

Ms. Stalder stated yes, that was the initial conversation with the County.

Mr. Iorio stated at this point, the roads will have a certificate anticipated by the first week of December, and then they would be transferred immediately to the District. Then the District can convey it. We included language on the plat that the roads can be conveyed. We just want them to pass through the District properly. I know there are a number of ways to do it, but that was what we thought would be easiest. We can discuss alternatives.

Ms. Sandy stated we need to talk with the City and see what they would be comfortable with. Shall I reach out to Mr. Arvelo on this?

Mr. Iorio stated yes, he has been coordinating the plat with the City, so it would be helpful to have him be the point person for that to make sure they are comfortable with what we are proposing.

Ms. Sandy stated Mr. Iorio had asked if any of the improvements from Phases 1 and 2 that had not been reimbursed through bond proceeds could be included in this next project so we can use future bond proceeds to reimburse them. It looks like the engineering report speaks specifically to Phases 3, 4, and 5, so I presume those numbers are not included in this report. Is that something we want to continue discussing?

Mr. Iorio stated yes. The discussion had a lot to do with the contribution portion. The thought in speaking with the engineer was to look at the stormwater that was associated with the contribution, which was \$900,000+ and using that in this bond offering.

Ms. Stalder stated I did not add anything from the first supplemental engineering report in the second supplemental report. Should I note it in the stormwater section to say it will include portions of the 2018 Project?

Ms. Sandy stated yes, the statement could be in that section. It could be portions of either Phase 1 or Phase 2 stormwater. Under the cost summary, you could separate it out as a separate line item.

Ms. Stalder stated there is already A and B for onsite and offsite conveyance and for earthwork, so I can add another line, but I am trying to figure out what to call it. Is it a portion of Phases 1 and 2, or will it be some random fraction?

Mr. Iorio stated I think it will be the balance of the stormwater system for Phases 1 and 2.

Ms. Stalder stated I think it was for the pump.

Mr. Iorio stated yes, and that had already been turned over to the District.

Ms. Stalder stated we could probably call it the remainder of that system.

Ms. Sandy stated yes, I think we can also explain it in a footnote that the total acquisition amount was x, and y was funded by the Series 2018 Bonds, with a balance of \$900,000, which remaining amount will be funded by the Series 2020 Bonds.

Ms. Stalder asked is it sufficient for that note to be on the cost estimate?

Mr. Rowan stated Ms. Sandy put together a chart that demonstrated total costs, total costs paid for with bond proceeds, eligible costs that could be potentially acquired with Series 2020 Bond proceeds, plus future Phases 3, 4, and 5. Do you want to separate three columns of costs to show what was previously financed, what is eligible, and what is specifically for Phases 3, 4, and 5?

Ms. Sandy stated I have seen that before, and I think it is helpful to have as an additional exhibit, especially since this bond issue will finish out the project. We can show what happened, what was financed, and what is remaining.

Ms. Stalder stated I just received the costs from Hanover Lakes on Thursday, so I do not know if the costs Mr. Rowan has would be the same.

Mr. Rowan stated this would be for outside of Phases 3, 4, and 5.

Mr. Iorio stated we are looking at Phases 1 and 2.

Ms. Stalder stated the stormwater figure was \$900,000, and then we determined what was left over.

Ms. Sandy stated we need a summary of where we are at this point and what has been done already. I can also provide an engineering report for another district where we did something similar in the past.

Mr. Iorio stated I provided some comments to Ms. Stalder with some updates and minor revisions. Some of the percentages for completion need to be changed because we are farther along than what is shown. The offsite construction will actually be completed at the same time as the infrastructure for Phase 3. The issue with the City was another big thing. Another question I had was on the graphics we have for the maps. I was not involved in the project in the beginning, but I understood the ponds were tied into Phase 1 and then into Phase 2. If someone picked up this report and tried to understand where the project is, all the other fingers of the pond are in Phase 3, and the others were done in Phase 1. I can discuss this after the meeting with Ms. Stalder.

Ms. Stalder stated yes because this is not how it was setup or decided how it was going to be done.

Mr. Iorio stated the numbers you are seeing from our engineer is for work that has been done, and we have that data available.

Ms. Stalder stated some of the numbers wound up being almost exactly the same.

Mr. Iorio stated yes.

Ms. Sandy stated one thing I had discussed with Mr. Iorio but not with Ms. Stalder is the \$900,000 for that portion of the stormwater that was not reimbursed from the Series 2018 Bonds. The Board had previously recognized it as part of the developer's contribution requirement. Instead of utilizing that portion as a piece that could be reimbursed with bond proceeds, I think we would have to recognize the entire developer contribution in Phases 1 and 2 infrastructure, which I believe is about \$3 million. That should not be a problem based on what we have heard, that all the infrastructure from Phases 1 and 2 has been completed and conveyed to their final ownership and maintenance entity. Then we can recognize that contribution. That piece will have to be part of this.

Mr. Iorio asked is that something you will put together, or Ms. Stalder will?

Mr. Moyer stated we will put that together as part of the assessment report because that is where you pick it up.

Ms. Sandy stated we will work with Ms. Stalder, and we will prepare a resolution recognizing that remaining contribution. It can reference the supplemental engineer's report and show the infrastructure that has been completed that was not paid for by the District.

Mr. Moyer asked is it appropriate for the Board to approve the second supplemental engineer's report, incorporating the comments we made so that we do not slow up the process?

Ms. Sandy stated I have not had time to review it since it was provided just prior to the Board meeting. I do not think the Board has to approve it today. I do not think that will slow up the process at this point. If the Board is comfortable with it being presented today, the Board could approve it in substantial form, subject to further review by the financing team and me for use in the acquisition agreement. We are not going to market right now, so I do not think it is necessary to approve it today.

Mr. Iorio stated I think it is important to keep the process moving to take your recommendation to approve it in substantial form with respective comments back from the attorney, the engineer, and the financing team.

On MOTION by Mr. Iorio, seconded by Ms. Locher, with all in favor, unanimous approval was given to the second supplemental engineering report in substantial form, subject to further review and comment by members of the financing team.

B. Consideration of Financing Team Funding Agreement for Series 2020 Bonds

Ms. Sandy stated this is a standard agreement we will have anytime we are moving forward with a bond issuance since it is not budgeted for in the District's budget. We had an agreement like this when we issued the Series 2018 Bonds. It essentially provides that the developer will agree to front any costs that the District will have in conjunction with the issuance of Series 2020 Bonds, and the developer will be repaid at the time of bond closing, if any costs have been paid at that point. Usually most of these items are paid out of bond closing proceeds, but this covers the District to be sure that if we did not issue bonds or if something needs to be paid prior to closing, they would be covered.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the financing team funding agreement for the Series 2020 Bonds.

C. Consideration of Acquisition Agreement for Series 2020 Bonds

Ms. Sandy stated this is very similar to the agreement the District approved previously for the Series 2018 project. This agreement provides the terms under which the District and developer will work together for the District to acquire the Series 2020 project improvements. I provided it to the developer, and they were fine with this form. The engineer's report will be attached to this agreement. We will attach the final version of the report to this agreement.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the acquisition agreement for the Series 2020 Bonds in substantial form, subject to finalization of the second supplemental engineering report.

D. Consideration of Investment Banking Agreement for Series 2020 Bonds

Mr. Moyer reviewed the investment banking agreement with MBS Capital Markets for the Series 2020 Bonds, which is similar to the investment banking agreement the District approved for the Series 2018 Bonds, which is required by various SEC (security and exchange commission) directives.

Mr. Rowan stated this is a supplement to our original agreement. The SEC and MSRB (municipal securities rulemaking board) require us to have a separate engagement for each separate and individual bond issuance. All the terms and provisions in the original agreement remain the same. This is to reinforce that it applies to the next bond issuance.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, unanimous approval was given to the investment banking agreement with MBS Capital Markets for the Series 2020 Bonds.

SIXTH ORDER OF BUSINESS

District Manager Report

A. Financial Statements (*September 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.

Mr. Moyer stated the numbers shown in the financial statements are for 12 months of activity in the District. In round numbers, we adopted a budget of \$166,000, and through the end of September spent \$135,000, so we are about \$31,000 under budget. That is broken down into expenditures for administrative being almost \$32,000 under budget, and general field for landscaping at \$29,000 under budget. In total, we are \$61,000 under budget on expenses.

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.

C. Ratification of Funding Request #17

Mr. Moyer reviewed funding request #17 in the amount of \$13,627.12, as contained in the agenda package and available for public review on the website or at the District office during normal business hours.

D. Approval of Funding Request #18

Mr. Moyer reviewed funding request #18 in the amount of \$10,825.11, as contained in the agenda package and available for public review on the website or at the District office during normal business hours.

E. Consideration of Resolution 2020-01 Amending the General Fund Budget for Fiscal Year 2019

Mr. Moyer read Resolution 2020-01 into the record by title.

Mr. Moyer stated this will true up the budget for the expenditures, so it will be clearly shown to anyone who wants to review our financial statements.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to approve the check register and invoices, to ratify funding request #17 in the amount of \$13,627.12, to approve funding request #18 in the amount of \$10,825.11, and to approve Resolution 2020-01 amending the general fund budget for fiscal year 2019, as presented.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Sandy stated we will be moving forward with documents and keeping the bond process moving forward. At the last meeting, I indicated we are rolling out revised rules of procedure. I had hoped to include them in the agenda package but forgot to send them to Ms. Brenda Burgess. My apologies for that, and we will include them in the next agenda package. It is a housekeeping item.

B. Engineer

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

EIGHTH ORDER OF BUSINESS

Public Comment Period

There being none, the next order of business followed.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next order of business followed.

TENTH ORDER OF BUSINESS

Supervisor Requests

There being none, the next order of business followed.

ELEVENTH ORDER OF BUSINESS

Adjournment

- The next meeting is scheduled for December 4, 2019, at 1:30 p.m.

On MOTION by Ms. Locher, seconded by Mr. Lonas, with all in favor, the meeting adjourned at 2:00 p.m.

Gary L. Moyer, Secretary

Anthony Iorio, Chairman