

MINUTES OF CONTINUED 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 held Wednesday, January 8, 2020, was continued to Thursday, January 30, 2020, at 10:00 a.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
Nicole Stalder (<i>by phone</i>)	Engineer: Dewberry

FIRST ORDER OF BUSINESS

Call to Order

Mr. Iorio called the meeting to order at 10:00 a.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 January 8, 2020, 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 January 8, 2020, meeting, as presented.

FIFTH ORDER OF BUSINESS

Bond-Related Matters

A. Presentation of the 2020 Supplemental Engineer's Report

Ms. Sandy stated we have reviewed the report with the Board previously, and there have not been too many changes. The Resolution the Board will consider will formally adopt the report as part of the methodology and approving the 2020 Project.

Ms. Stalder reviewed the infrastructure that is included in the total cost estimate.

- Stormwater areas have been included, as well as some costs that were moved forward from the first supplemental report related to stormwater into the numbers. That is one of the main differences from the last time we discussed this report.
- Roadways are included. They are all onsite, public roadways.
- Water, sewer, and reuse systems in these phases are included.
- Offsite improvements on Alligator Lake Road are included.
- Onsite conveyances include an addition to the master stormwater system, which is the large pond.
- Portions of the electrical underground system are also included.
- The total for the Series 2020 Project is \$9,153,882.

Ms. Sandy asked based on Ms. Stalder's professional experience, are the cost estimates reasonable and proper?

Ms. Stalder stated yes. We used contractor estimates to validate them.

Ms. Sandy asked are you aware of any reason the 2020 Project could not be completed by the District?

Ms. Stalder stated no, I am not.

B. Presentation of the 2020 Supplemental Assessment Report

Mr. Moyer stated this is the second supplemental assessment report. The first supplemental assessment report was for the Series 2018 Bonds. The purpose of the second supplemental assessment report is to take the information that was provided by the underwriter as a result of the sale of the Series 2020 Bonds and make some adjustments to reflect the interest rate and maturities of that sale. The report follows the master assessment methodology, which was done in 2018. With the exception that the Phase 3 lots, which consist of 131 units, 84 of those have been targeted to remain at the same level as the Series 2018 Assessments. The balance is allocated based upon the information related to the bond issue to amortize the total amount of the debt, which resulted in a portion of the contribution of the capital improvement program (CIP) from the developer to cover that difference. What is important is that adjustment was made, but in total, it follows the master assessment methodology report that was adopted in 2018.

Ms. Sandy asked do the lands subject to these assessments receive special benefits from the 2020 Project?

Mr. Moyer stated yes.

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

Mr. Moyer stated yes, they are.

Ms. Sandy asked is it reasonable, proper, and just to assess the costs of the 2020 Project against the lands in the District in accordance with the methodology that result in the assessments that are set forth in the supplemental assessment report?

Mr. Moyer stated yes.

C. Consideration of Resolution 2020-06, Supplemental Assessment Resolution for the Series 2020 Bonds

- i. Exhibit A: Master and 2020 Supplemental Engineer's Reports**
- ii. Exhibit B: 2020 Supplemental Assessment Report**
- iii. Exhibit C: Maturities and Coupon of Series 2020 Bonds**
- iv. Exhibit D: Sources and Uses of Funds for Series 2020 Bonds**
- v. Exhibit E: Annual Debt Service Payment Due on Series 2020 Bonds**

Mr. Moyer read Resolution 2020-06 into the record by title.

Ms. Sandy stated I will discuss this Resolution a little more thoroughly than we might others because it is allocating the assessments that were previously levied to the lands based on the final bond pricing the District received. We priced the bonds. The bond purchase agreement was executed on January 24, 2020, pursuant to the authority the Board set forth in Resolution 2020-03 which was adopted at the last meeting. The final bond issuance amount was \$5,980,000, which resulted in construction proceeds of about \$5,400,000. After today's meeting, we will pre-close on the bonds, meaning we will execute all the documents. The final closing will be tomorrow, which is when the bonds will be funded. This Resolution does a couple things. It supplements previously adopted assessment Resolution 2018-33, which levied the master assessment lien for the District that each of these bonds have been issued under as various series. The Resolution in Section 2 specifically adopts the 2020 supplemental engineer's report. It also adopts the final supplemental assessment report for the Series 2020 Bonds. It confirms the lien of the 2020 assessment lien that is based on the \$5,980,000 bond pricing amount, as well as the final terms of those bonds. Exhibits to the Resolution include the debt service schedule and the various interest rates. The Resolution also allocates the special assessments in accordance with the previously adopted master methodology. It certifies

the Series 2020 Assessments for collection in future years. Collection will not actually start until fiscal year 2021 because there is capitalized interest through November 2020. It also provides for the calculation and collection of a true-up payment, and it directs the Secretary to record a Series 2020 Assessment in the District's improvement lien book as well as a notice of those Series 2020 Assessments in the official records. If someone purchases land or a home, that notice will show up in their search.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, unanimous approval was given to Resolution 2020-06, supplemental assessment resolution for the Series 2020 Bonds, as presented.

D. Ratification of Acquisition Agreement

Ms. Sandy stated this acquisition agreement was provided to the Board in November 2019 because we were moving forward with some of the acquisitions for the Phase 3 improvements. At the time the Board approved the agreement, the engineer's report, which is an attachment to that agreement, was not yet finalized. We have now attached that report to the agreement. The date remains the date it was executed, which was November 6, 2019. I would like the Board to ratify this agreement with the final engineer's report attached to it.

On MOTION by Ms. Locher, seconded by Mr. Clemens, with all in favor, unanimous approval was given to ratify the acquisition agreement between the District and Hanover Lakes, LLC, with the updated engineer's report.

E. Consideration of Completion Agreement

Ms. Sandy stated the completion agreement obligates the developer to complete the remainder of the 2020 Project for any portion that is not funded through the Series 2020 bond proceeds. As we discussed with the engineer's report, the 2020 Project is a little more than \$9 million, and construction proceeds we received through the issuance of bonds is about \$5.4 million. The developer has said they will complete the balance of the project themselves, and the completion agreement obligates them to do so. It also acknowledges the developer's required contribution for 2020 Project infrastructure. We discussed this for the Series 2018 issuance as well, but because of the targeted assessments, there is a required contribution of infrastructure to lower those assessments. They would have been higher based on the methodology, but with lowering some of

them, that is also an infrastructure contribution by the developer, which is acknowledged in this agreement.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the completion agreement between the District and Hanover Lakes, LLC.

F. Consideration of True-Up Agreement

Ms. Sandy stated this agreement obligates the developer to make any true-up payments to the District in the event that fewer units than anticipated are developed. The assessments are based on a development plan. Nothing about that obligates the developer to develop that exact number. It does not prevent them from developing more or less, but if fewer units are developed, then a true-up payment must be paid in order to offset the assessments that are not otherwise allocated. Under the agreement, a true-up calculation is done at certain points, usually 25%, 50%, 75%, and 100% when units are platted. There is a threshold; if that is not hit, then no payment is due. As long as things move along as planned or more units are developed than planned, then no payment would be due.

On MOTION by Mr. Lonas, seconded by Mr. Clemens, with all in favor, unanimous approval was given to the true-up agreement between the District and Hanover Lakes, LLC.

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

Ms. Sandy stated this agreement essentially obligates the developer to assign any development rights in the event of default. If the developer were to default on the 2020 Assessments, part of the District's rights would be to also receive the development rights to the property. If the District were to foreclose and receive the property, it would also receive the development rights in order to either develop it or sell it to another party to develop. The assignment is not triggered unless there is an event of default on the assessments, so it stays dormant until that point in time. Additionally, when parcels are sold to third parties, such as builders, that property is released from that assignment. The collateral assignment was not only reviewed by the developer but also by Regions Bank

as the mortgage holder of the property. They are not a party to the assignment, but they did review it and were comfortable with it.

On MOTION by Ms. Locher, seconded by Mr. Clemens, with all in favor, unanimous approval was given to the collateral assignment and assumption of development and contract rights from Hanover Lakes, LLC, Hanover Capital Partners, LLC, and Hanover Land Company, LLC in favor of the District.

H. Consideration of Contribution Agreement

Ms. Sandy stated the contribution agreement is the contribution obligation that was discussed as part of the completion agreement. The contribution agreement is specifically about that contribution obligation. The agreement outlines what that obligation is. It also talks about the time that the contribution would become due and recalculating it to make sure the number originally included in the supplemental assessment report is still the same number the developer is obligated to contribute. The agreement also discusses when the contribution would ultimately be due, which is eight years from now. We expect it will be satisfied before then, but there is an eight-year timeframe. The agreement also provides a mechanism for release once it has been satisfied. That contribution amount under the assessment report was calculated at about \$5.4 million. A portion of that has already been satisfied through the contribution that we recognized at the last meeting. The total will be less than that amount.

On MOTION by Mr. Beasley, seconded by Mr. Clemens, with all in favor, unanimous approval was given to the contribution agreement between the District and Hanover Lakes, LLC.

I. Consideration of Tri-Party Agreement Relating to Consent to Jurisdiction, Imposition of Special Assessments, and Subordination of Interests

Ms. Sandy stated this agreement is among the District, the developer, and Regions Bank, who is the mortgage holder on the property. There are various acknowledgements within this agreement. The developer acknowledges the validity of the existence of the District and the imposition of the assessments, as well as certain rights in regard to those assessments and certain future challenges they could make. Regions Bank also acknowledges the validity of the 2020 debt assessments, the lien that is put on the property, and the security of the mortgage lien that they have. It also provides that if

Regions Bank were to become the owner of the property, then the title Regions Bank is taking would be subject to the 2020 assessment lien. Regions Bank also acknowledges subordination of its interests in the development rights pursuant to the collateral assignment agreement the Board just approved.

On MOTION by Mr. Lonas, seconded by Ms. Locher, with all in favor, unanimous approval was given to the tri-party agreement with the District, Hanover Lakes, LLC, and Regions Bank relating to consent to jurisdiction, imposition of special assessments, and subordination of interests.

J. Presentation of Mortgage Acknowledgement

Ms. Sandy stated this does not need Board approval because it is executed by Regions Bank. It is an acknowledgement that the mortgage lien is subordinate to the assessment lien, and it will be recorded against the property. No action is required for this item.

K. Presentation of Notice of Series 2020 Assessments

Ms. Sandy stated as I mentioned for Resolution 2020-06, we will record a notice against the property that it is subject to the Series 2020 Assessments. We provided the form of notice in the agenda package for your information. No action is required because it was approved with the adoption of Resolution 2020-06.

SIXTH ORDER OF BUSINESS

District Improvement Matters

A. Acquisition of Series 2020 Project Improvements–Update to Phase 3 Utilities

Ms. Sandy stated in the agenda package is the same report we provided for the Board at the last meeting. Everything is the same except for the not-to-exceed amount for utilities. A certain cost was left out. The Board previously approved the not-to-exceed amounts for those improvements for Phase 3 water, sewer, and reclaimed as well as electrical systems. The previously approved amount was \$645,000, and the amount we are estimating is closer to \$1.1 million. I am asking the Board to revise the previous not-to-exceed amount to \$1.1 million.

On MOTION by Mr. Lonas, seconded by Mr. Clemens, with all in favor, unanimous approval was given to the acquisition of Phase 3 utilities and electrical in a revised amount not to exceed \$1.1 million.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. District Manager

There being nothing to report, the next item followed.

B. Attorney

There being nothing to report, the next item followed.

C. 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

Ms. Sandy stated the next meeting is scheduled for February 5, 2020, and we scheduled a public hearing for rulemaking that has been advertised for that date. Other than that, I do not know of any other business. Would the Board want to reschedule that hearing for a later meeting date?

Mr. Iorio stated we can handle any requisitions needed outside of a meeting, so I do not see a need to meet February 5.

Mr. Moyer stated we can reschedule the public hearing for the March meeting.

Ms. Sandy stated I do not know how quickly we can get an ad in the newspaper for March 4. We do have an April 1 meeting scheduled, which might be a better date.

Mr. Iorio stated I do not have a problem with that.

On MOTION by Ms. Locher, seconded by Mr. Clemens, with all in favor, unanimous approval was given to reschedule the public hearing for rulemaking for adoption of the administrative rules of procedure to April 1, 2020, at 1:30 p.m.

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 Wednesday, March 4, 2020, at 1:30 p.m.

On MOTION by Ms. Locher, seconded by Mr. Clemens, with all in favor, the meeting was adjourned at 10:25 a.m.

Gary L. Moyer, Secretary

Anthony Iorio, Chairman