

MINUTES OF MEETING

LIVE OAK LAKE COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Live Oak Lake Community Development District was held Friday, April 29, 2016, at 10:30 a.m. at the District Office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Scott Stearns	Chairman
Jose Rios	Vice Chairman
Walter Beeman	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Tucker Mackie (<i>by phone</i>)	Attorney: Hopping Green & Sams
Sarah Sandy	Attorney: Hopping Green & Sams
Rey Malavé	Engineer: Dewberry
Noel Piros	Office of State Attorney, Ninth Judicial Circuit
Brett Sealy	MBS Capital Markets
Sharon Thomas	Emerson International

FIRST ORDER OF BUSINESS

Call to Order

Mr. Moyer called the meeting to order at 10:30 a.m.

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. Appointment of Supervisor to Fill the Unexpired Term of Office for Seat 2

Mr. Moyer stated there is currently a vacancy on the Board for the Board members to consider filling. If you are ready to fill that position, we can consider it now. If you are not, we will continue to carry this item on the next agenda.

Mr. Stearns stated let us keep it on the agenda.

B. Oath of Office for Newly Appointed Supervisor

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

FIFTH ORDER OF BUSINESS

Approval of the Minutes of the March 25, 2016, Meeting

Mr. Moyer reviewed the minutes and asked for any additions, corrections, or deletions.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, unanimous approval was given to the minutes of the March 25, 2016, meeting.

SIXTH ORDER OF BUSINESS

District Engineering Agreement

A. Ratification of Agreement with Dewberry for Professional Engineering Services

Mr. Moyer stated at the March 25 meeting, we went through the process of reviewing engineering qualifications. The Board took action to retain Dewberry. In the intervening period, our legal counsel prepared the appropriate contracts and circulated them for signature. I will ask for a motion to ratify the Chairman's and Secretary's activities in signing that contract.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, unanimous approval was given to ratify the agreement with Dewberry for professional engineering services.

B. Consideration of Work Authorization No. 1 with Dewberry for Preparation of the Capital Improvement Plan

Mr. Moyer reviewed work authorization no. 1 with Dewberry for preparation of the capital improvement plan and participation in bond-related activities. The amount is driven by their hourly fee schedule that was part of the contract.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, unanimous approval was given to work authorization no. 1 with Dewberry for preparation of the capital improvement plan.

SEVENTH ORDER OF BUSINESS

Ratification of Rules of Procedure Hearing Date

A. Resolution 2016-33 Ratifying the Rules of Procedure Public Hearing Date

Mr. Moyer read Resolution 2016-33 into the record by title.

Ms. Sandy stated the Board set this hearing date by resolution at the last meeting; however, due to the lead time to provide the publication to the newspaper, there was not time to properly advertise the hearing for today's meeting, so the resolution indicates the hearing to be the May 27, 2016, meeting. This resolution ratifies the new hearing date.

On MOTION by Mr. Beeman, seconded by Mr. Rios, with all in favor, unanimous approval was given to Resolution 2016-33 ratifying the rules of procedure public hearing date for May 27, 2016.

EIGHTH ORDER OF BUSINESS

**Public Hearing Regarding the Levy and the
Imposition of Non-Ad Valorem Assessments**

A. Presentation of Master Engineer's Report

Mr. Moyer stated this agenda item deals with a noticed public hearing for this Board to consider the adoption of the assessment methodology, which is based on the capital improvement plan. In your role as a Board, you will serve as a Board of Equalization to take into consideration comments that are made as part of the public hearing and make adjustments as you feel necessary. There are certain notice provisions, all of which have been made, both written to the property owners directly and published notice. We have certificates of all that for the record that I have signed as the Secretary.

Ms. Sandy stated I will ask for a motion to open the public hearing before any discussion.

On MOTION by Mr. Rios, seconded by Mr. Stearns, with all in favor, unanimous approval was given to open the public hearing regarding the levy and imposition of non-ad valorem assessments.

Mr. Malavé stated the agenda package included a copy of the engineer's report that was presented at the last meeting. The report has not changed. It encompasses a description of the property and the proposed project. It also shows that we have a total land area of approximately 703.57 acres, which we have divided into two pieces or development types. One is called Twin Lakes Village, and the second is Lakeside Groves Northwest Village. Twin Lakes is in eight phases of development for different kinds of land uses with its own infrastructure system. Lakeside Groves Northwest is divided into two phases with its own infrastructure system that will be publicly financed by the CDD. Most of the infrastructure consists of improvements along the main roadway, Hickory Tree, that goes north and south through the project. There are improvements to that roadway for the entrances for both developments. It also has improvements for utilities that will be servicing the CDD. The CDD will be funding those improvements for that infrastructure and for the water and sewer facilities, which includes a master lift station that will be part of the infrastructure that the CDD will acquire. As you start going through the villages, as shown on the maps, you can see the infrastructure roadway that goes east and west through the development and another portion of it that goes north and south, which will be later turned over to the County as part of our roadway infrastructure.

The roadway infrastructure system will also have water and sewer facilities, as well as reuse lines that will be owned by the CDD and later turned over to the entity that will operate and maintain it, which is the City of Saint Cloud. There are a total of 2,060 units within the development and a total acreage of 387.5 acres. In our cost estimate, we provided the breakdown of the total facilities to be developed through the CDD: sanitary sewer collection system, water distribution system, reuse water system, master stormwater management system, electrical services system (the conduit to take the system underground), conservation and mitigation areas, onsite spine roadway improvements, offsite roadway and utility improvements, and landscaping and hardscape improvements. The last page of the report is Table F, which is the breakdown of the costs. We used current contractor costs for those development activities that are going to be provided for this project. We believe these costs are good, up-to-date costs based on real data. In our professional experience, these are adequate costs to provide for those improvements. There is no reason why this project could not be developed with these costs, and furthermore, being a viable project. We added a contingency of 15% which provides for future increases or any changes to construction events that could happen that are not foreseen.

Mr. Beeman asked what is the estimated life of the project?

Ms. Thomas stated about 10 years.

Ms. Sandy asked based on your professional experience, are the cost estimates in the engineer's report in the amount of \$35,359,000 reasonable and proper?

Mr. Malavé stated yes.

Ms. Sandy asked are you aware of any reason that the master project cannot be carried out by the District?

Mr. Malavé stated I have no reason to believe that it cannot be built as presented in our report.

B. Presentation of Master Assessment Report

Mr. Moyer stated we discussed this at the March meeting. When we originally started the assessment process several months ago, we were going to do that on an acreage basis. Then as lots were platted, we were going to assign those acres by square foot to the lot and come up with an assessment. At our last meeting, we felt that a simpler and more equitable way of doing that is based on equivalent residential units (ERUs), in which the 50-foot lot would be the standard to represent 1.0 ERU. We scaled the 35-foot and 70-

foot lots against that 50-foot lot, such that the 35-foot lots will be 0.7 ERUs, and the 70-foot lots will be 1.4 ERUs. As we go forward and the developer plats property, we will know with certainty the number of housing units by type, and we will then apply this methodology to those ERUs, which will end up being the assessment that will travel with those ERUs and housing types. The noteworthy things about the assessment methodology report are some standards in Florida law that we need to be aware of. One is that our capital improvement program needs to provide a peculiar and special benefit to the properties that we are assessing. There is a difference between a benefit to the properties within the District versus just general benefits to the community at large. Certainly, people will be able to drive on these roads and come into the community and things of that nature. The real benefit that accrues to these lots within the project is the fact that you can build and use that property to provide residential housing within the project. That is the unique, special, and peculiar benefit. The word “peculiar” comes straight out of the Florida courts that have made the determination that it has to be a standard for having a special and peculiar benefit. Clearly, in this case, we can make that argument. We took Mr. Malavé’s number – \$35,359,000 – and had Mr. Sealy and his team add bond-related costs that will be incurred as we go forward. Those types of costs deal with reserve funds, capitalized interest, costs of issuance, and underwriter’s discounts, such that the total we will be assessing is \$43,440,000. That will generate sufficient funds to put into a construction account to build the capital improvement program. We obtained the legal descriptions for each of the parcels, and we assigned that \$43,440,000 to those parcels, initially based on acreage. As the property is platted, that will transfer to the ERUs within the platted subdivisions. We included tables that identify what the maximum annual debt service will be for those product types as part of the report.

Mr. Beeman stated on page 5, it looks like the tables referenced are backwards. The table in the first paragraph should be 4, and the table in the second-to-last paragraph should be 3.

Mr. Moyer stated you are correct. We will change those references.

Mr. Beeman asked how is the maximum annual assessment per unit calculated? Does it assume a certain bond life to do this?

Mr. Moyer stated yes.

Mr. Beeman stated if I did it right, I calculated it at 13.9. Will these be 30-year bonds?

Mr. Moyer stated yes, they are 30-year bonds.

Mr. Beeman asked how is that calculated? I may have done it wrong.

Mr. Moyer stated we took the \$3,124,650 and allocate the principal amount based on the lots for the maximum principal per unit.

Mr. Beeman asked is that the maximum over the total life?

Mr. Moyer stated yes.

Mr. Beeman stated if you take the first product type showing maximum annual assessment per unit of \$1,190.24 and divide into the \$16,547.67 maximum principal per unit, it comes out to 13.9.

Mr. Sealy stated the maximum annual includes principal and interest. The net present value of that annual amount is the principal amount, and likewise, if you do it backwards.

Mr. Beeman stated so you are doing a net present value calculation.

Mr. Sealy stated the annual amount is the annual principal and interest in order to amortize the principal over 30 years. You would not be dividing.

Mr. Beeman stated it is the total with the interest included calculated for 30 years.

Mr. Sealy stated that is correct.

Mr. Moyer stated as noted, we add the 4% discounts and 2% each for the property appraiser and the tax collector.

Mr. Beeman stated but they are 30-year bonds. Are there some shorter bond periods? It is amortized over 30 years, but is the life of some of the bonds shorter than 30 years?

Mr. Sealy stated the District has the option of issuing bonds on a shorter-term basis than 30 years. Typically, the portion of the assessment that will remain with the property will be for a term of 30 years.

Mr. Beeman asked so there is nothing stated in the bonds that it will be a 12-year bond or something like that?

Mr. Sealy stated the current intention as I understand it is that the District will issue 30-year bonds to fund the portion of the infrastructure that has been described in Mr. Malavé's engineering report, and that there is not an intention to utilize a short-term B bond.

Mr. Beeman stated so all the bonds will be for 30 years.

Mr. Sealy stated that is correct.

Mr. Stearns stated this is a methodology showing the maximum number and what we are working from at this point.

Ms. Sandy stated yes, it is at a level to fund the entire amount of the bonds that the Board authorized at the last meeting. If a lesser amount of bonds are issued, then the assessments will be proportionately less. This will levy an assessment that is a maximum assessment to repay those bonds. I will ask Mr. Moyer to answer the following questions, based on his professional opinion. Does the land subject to the assessments receives a special benefit from the District's master 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 in my opinion, they are.

Ms. Sandy asked is it reasonable, proper, and just to assess the cost of the master project to the lands within the District in accordance with your methodology resulting in the special assessments set forth in the final assessment report and roll?

Mr. Moyer stated yes.

Ms. Sandy asked will the special benefits the lands receive as set forth on the assessment roll be equal to or in excess of the maximum special assessments on those lands when allocated in accordance with the methodology?

Mr. Moyer stated it will.

Ms. Sandy asked is it in the best interests of the District that the maximum special assessments be paid and collected in accordance with the methodology and the District's assessment resolutions?

Mr. Moyer stated yes.

C. Public Comment

Ms. Sandy stated as Mr. Moyer discussed before, the purpose of the public hearing is to consider any public comments on the District's intent to levy the master assessment lien, in which the assessments will be the pledged security for the special assessment bonds that the District intends to issue. As Mr. Moyer pointed out earlier, the special assessments, in order to be valid, (1) the lien subject to the assessments has to receive a benefit from the improvements, and (2) the special assessments must be reasonably

apportioned. This public comment period is the point at which any public comments are made prior to the Board actually levying the assessments.

There being no further comments, the next item followed.

D. Resolution 2016-34 Levying and Imposing Non-Ad Valorem Assessments

Mr. Moyer read Resolution 2016-34 into the record by title.

Ms. Sandy stated this resolution equalizes, approves, confirms, and levies the master assessment lien. Because of the significance of this resolution and for the public record, I will briefly review each section. Section 1 identifies the Board's authority to adopt the resolution. Section 2 makes certain findings based on the steps taken to date, as well as the evidence presented at today's hearing. Section 3 authorizes the master project set forth in the engineer's report that was presented earlier. Section 4 approves the cost of the master project and the costs to be paid by the special assessments. Section 5 equalizes, approves, confirms, and levies the master special assessment. Section 6 provides for the finalization of the special assessments in the future when the master project is declared complete. Section 7 provides for the payment and prepayment of the special assessments and the method of collection. Section 8 deals with the allocation of the special assessments and identifies the true-up process as well as the application of true-up payments. Section 9 provides for certain property owned by a government to be exempt from the assessments. Section 10 provides for the recording of an assessment notice in the public records. Sections 11 through 13 are administrative.

Mr. Beeman asked does Mr. Sealy remember what interest rate these were calculated at?

Mr. Sealy stated we were conservative in our assumptions and used 6% for the bond sizing.

On MOTION by Mr. Stearns, seconded by Mr. Rios, with all in favor, unanimous approval was given to adopt Resolution 2016-34 levying and imposing non-ad valorem assessments.

On MOTION by Mr. Rios, seconded by Mr. Stearns, with all in favor, unanimous approval was given to close the public hearing.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Update Regarding Bond Validation Hearing

Ms. Sandy stated with the levying of the assessments, the next step is to record a notice of the assessment. Following that will be the bond validation process. As some of you know, we set the bond validation hearing for June 7, 2016, at 10:45 a.m. Ms. Piro is here to observe the assessment hearing. We have been working with the State attorney's office to set the hearing. We are currently compiling the joint stipulation to be filed, and we just had the notice to show cause executed by the judge. That is required to be published twice before the hearing, and it is scheduled to be published starting in May. We are set up for the hearing.

B. Engineer

Mr. Malavé stated we are working closely with the acquisition of the first infrastructure. As you may recall, it was just over \$2.5 million worth of infrastructure that is going to be acquired by the District. That acquisition will happen in three phases, with the first happening very quickly. We are working on that with the attorneys, the County, and this Board to be able to get those documents approved. I understand there are three phases, and we will have the same documentation for each phase as they are completed and accepted by the agencies.

Mr. Stearns stated the \$2.5 million figure was for phase 1A of the three phases. We have not dealt with phases 1B or 1C yet. As it grows, we will go through phase 9. Obviously we have many phases, but the key is the first phase for \$2.5 million, which is essentially complete right now. We are going through the turnover process now. There will be more for each subsequent phase after that.

Ms. Sandy stated we will bring back documents required for each phase.

Mr. Stearns stated those are evidenced in Mr. Malavé's report. For example, Twin Lakes phase 1 is \$5.6 million, and they say the gross for phase 1 is \$3.5 million, which adds to about \$9 million in total for the things I just described. The \$2.5 million is just for a portion of Twin Lakes phase 1.

Mr. Beeman asked is the intent to acquire this as they complete it? Or is there a point where we will have this work bid out?

Mr. Stearns stated it is intended for the District to acquire at this time. All those phases that I just described are currently under construction.

Ms. Sandy asked is phase 1A complete?

Mr. Stearns stated it is essentially complete. We are going through the final process now.

Mr. Malavé stated it includes the as-builts and everything, which we will get after each phase.

Mr. Stearns stated that is correct. One of the things we need to work through is the cost of that transition process to start getting that documentation together. We will work on that outside of this meeting.

Mr. Malavé stated yes.

C. Manager

i. Financial Statements and Check Register

Mr. Moyer reviewed the financial statements and check register, which are contained in the agenda package and available for public review at the District office during normal business hours.

Mr. Moyer stated some of these expenses that we are incurring in the general fund are bond related, and they will be equalized once we proceed to do the bond issue. We are a little over budget from what we anticipated because of the bond work that we are doing.

ii. Approval of Funding Request #3

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

On MOTION by Mr. Stearns, seconded by Mr. Beeman, with all in favor, unanimous approval was given to funding request #3, in the amount of \$16,212.39.
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iii. Number of Registered Voters

Mr. Moyer stated through the office of the supervisor of elections, we track how many registered voters are living in the District. As of April 15, 2016, there are zero registered voters. This is important because when we reach 250 registered voters and the District is six years old, we will start a conversion process of how Board members are elected. Currently, they are elected based on land ownership. When we trip those thresholds, it will go to a resident/registered voter process. That is the way the Legislature saw fit to transition from developer to resident control.

TENTH ORDER OF BUSINESS

Other Business

Mr. Beeman asked when do we anticipate the first bond issue?

Mr. Sealy stated there have been some discussions about late summer or early fall.

Mr. Stearns stated the working team will have a conversation about that later today after this meeting.

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 Friday, May 27, 2016, at 10:30 a.m.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, the meeting adjourned at 11:00 a.m.

Gary L. Moyer, Secretary

M. Scott Stearns, Chairman