

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 Tuesday, June 7, 2016, at 1:00 p.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
Kimberly Locher	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Sarah Sandy	Attorney: Hopping Green & Sams
Tucker Mackie	Attorney: Hopping Green & Sams
Rey Malavé	Engineer: Dewberry
Larry Pitt	Emerson International
Sharon Thomas	Emerson International

FIRST ORDER OF BUSINESS

Call to Order

Mr. Moyer called the meeting to order at 1:00 p.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 April 29, 2016, Meeting

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

On MOTION by Mr. Beeman, seconded by Mr. Rios, unanimous approval was given to the minutes of the April 29, 2016, meeting.

SIXTH ORDER OF BUSINESS

Presentation of the Fiscal Year 2017 Budget

A. Fiscal Year 2017 Budget

Mr. Moyer stated today starts the commencement of our budget process. The Statute provides that the adoption of the budget is a two-step process. What we are doing today is presenting it to the Board. After discussion, I will ask the Board to approve the proposed budget and set a public hearing. I differentiate the word “approve” from “adopt.” You are not adopting the budget; you are only starting the process with the approval. The actual adoption of the budget is suggested to be held the end of August at your regular Board meeting. That will give us sufficient time to make this budget available to the County so that they can comment on the budget if they so desire. I had a discussion with the Chairman earlier this morning. What we presented to the Board is the administrative budget, but there will be items that will be transferred to the District in the form of ponds and water management and structures that we are going to be responsible for. Mr. Stearns has provided an estimate of what those costs are going to be that we would like to add to this administrative budget to come up with an overall general fund budget for the District.

Mr. Stearns stated we have looked to move the stormwater facilities into the CDD, and this is an operation and maintenance item that we will need to add to the budget and carry forward and reflect in the updated proposed budget. Aquatic weed control will also be a portion of the operation and maintenance budget. In total, aquatic weed control will be \$42,000 for the build-out budget with all the facilities in the entire CDD and about \$100,000 to \$105,000 for landscaping activities. We need to add these items to the budget. We are looking at closer to \$250,000 for a total budget for each fiscal year in the build-out budget.

Mr. Beeman asked are you going to have any this fiscal year?

Mr. Moyer stated this is for the budget that will start October 1, 2016, and the current fiscal year ends September 30, 2016. We will not have all of these items, but we will have some of them.

Mr. Beeman asked they will all be transferred next year?

Mr. Stearns stated yes. All of the first phases will be finished in June, and we will have all of them transferred in the first phases by the end of the calendar year. We will have ponds for 389 lots and related facilities.

Ms. Sandy stated we will continue with a developer-funded budget for the time being.

Mr. Stearns stated I am not sure. That is one of the things we have not talked through yet.

Ms. Sandy stated if we are not, then we need to start the process for levying assessments since we are not currently collecting them on the tax roll. We have to assess the entire amount of the budget at the start, which was part of the discussion of the developer-funded basis.

Mr. Stearns stated for next year's budget, we want to be able to assess for the budget we are discussing now. What do we need to do in order to address that between now and the next fiscal year?

Ms. Sandy stated to be clear, for the fiscal year beginning October 1, 2016, through September 30, 2017, you want to assess the property owners versus fund through the developer funding agreement.

Mr. Stearns stated yes.

Ms. Sandy stated in that case, since the Board has not adopted the uniform method of collection, we will need to collect assessments directly and will have to go through the process outlined in Chapter 170, Florida Statutes, to levy the operation and maintenance assessment, as opposed to the process outlined in Chapter 197, Florida Statutes. We will need to have another meeting to declare and set a public hearing not only for the budget but for the assessment hearing. If we are not using the uniform method, could we push back the adoption of the budget to the end of September so we can have time to do that?

Mr. Moyer stated yes, we could do that. On today's agenda, we are going to adopt the Resolution related to Section 197.3632, Florida Statutes.

Ms. Sandy stated that is for the uniform method, and we want to reset that hearing date for July. Originally, the hearing was scheduled for the May 27 meeting. Since that was canceled, we did not have time to notice that hearing for today's meeting.

Mr. Moyer asked you do not think that the property appraiser will permit us to put it on the tax roll if we send the resolution to them in July?

Ms. Sandy stated I know most counties require that it sometimes be on the trim notice in order for them to be able to put it on the roll for the real estate tax bill. I am not familiar with Osceola County's practices to know if it is too late or not to be on the roll. It might be better in this case not to put it on the roll for this year anyway since you will reduce the collection costs for the developer if you still anticipate that they will own a significant number of the lots, even though you will be drawing down on them. It might be better to direct collect this year regardless.

Mr. Stearns stated just operation and maintenance assessments.

Ms. Sandy stated you will have capitalized interest for the bonds for this year anyway. You will begin receiving collections in November for next year's debt service.

Ms. Thomas asked you are thinking that we will still direct collect operation and maintenance assessments next year because of the collection costs?

Ms. Sandy stated we are talking about a couple different things: to assess or not to assess. Some consideration should be given to see if it is better to pay actuals for the next year rather than the build-out budget or even a portion of a build-out budget, understanding that it might be less than you would otherwise pay. You will have to pay the full assessment if you assess. If your absorption rates are such that only a portion of the community will be contributing toward the operation and maintenance, it might make better sense for the developer, purely as an accounting issue, to determine whether or not you want to move to assessments versus developer funding at this point in time. If you have already made that decision, the secondary question is if we should direct collect using the uniform method. It is probably too late to put the assessments for fiscal year 2017 on the tax roll, but I do not know for sure.

Ms. Thomas stated the numbers that Mr. Stearns provided is for a build-out budget. We expect the operation and maintenance costs for the ponds in the first year to be a lot less.

Ms. Sandy stated you can do something less.

Ms. Thomas asked do we want to adopt the budget at the build-out numbers?

Ms. Sandy stated some districts do because it reduces the likelihood that you will need to increase the budget every year because then residents will received mailed notice every year about an increase, and they wonder when it will end. Sometimes, a district will

reserve those funds for future use as carry-forward, but we understand you do not anticipate having it built out in the next few years.

Mr. Beeman asked what are you seeing now up front: full build out or current costs?

Ms. Mackie stated really depends on the absorption schedule.

Mr. Beeman asked there is not a trend going one way or the other?

Ms. Locher stated going with current costs is less painful.

Ms. Sandy stated Mr. Beeman is familiar with Long Lake Ranch, where they are increasing by \$350 this year, which is a big jump for the residents. They went from non-build-out to a build-out budget all at once.

Mr. Beeman stated we could prorate it every year to build up.

Ms. Sandy stated yes, you can do it over time.

Mr. Beeman stated if you go with build-out up front, the only issue you have is the first home owners are paying for something they will not see in place.

Ms. Mackie stated they will see it in reserves.

Mr. Beeman stated it probably does not matter either way.

Mr. Pitt stated I am presuming that contractually, we could have the home buyer obligated to reimburse the seller.

Mr. Beeman stated you can collect that at closing.

Ms. Sandy stated you can agree to that privately for lots that you are selling.

Mr. Pitt stated it is a larger amount they need to come up with at closing, but I think that is how we were going to handle it. That way, we could fund the actuals through developer funding but be reimbursed from the residents at closing.

Ms. Sandy stated that was my understanding as of a few weeks ago.

Mr. Beeman asked what is the breakdown? What is the total we came up with?

Mr. Moyer stated \$164,000.

Mr. Stearns stated compared to \$250,000.

Mr. Beeman asked for how many units?

Mr. Stearns stated we do not know that yet but around 2,000.

Mr. Beeman stated that is not a very big number to collect at closing.

Mr. Stearns stated it is \$120.

Ms. Mackie stated the idea is to developer fund for this year, and then privately between the seller and the buyer, you can agree to some sort of payment at closing that

can offset some of those costs so that the major landowner can pay actuals for this year, as opposed to the full assessed amount.

Mr. Moyer stated we need to develop a financing disclosure statement, and I think it makes sense to put the build-out budget and the allocation against the units. Then everyone has an idea of what to expect.

Ms. Mackie stated I think they took something very similar to what Poinciana is doing. We provided it to them to include in their marketing materials so that buyers will know eventually what they would be paying.

Mr. Pitt stated it would tell people what we anticipate for fiscal year 2017 in the combined operation and maintenance assessment and the debt assessment, to be adjusted for inflation. We did that.

Ms. Thomas asked is the budget of \$115,000 typical for the general administrative side of things, understanding that we still need to discuss pond maintenance for a build-out budget?

Mr. Moyer stated yes.

Mr. Stearns stated I thought it could even be a little less than that in the future.

Ms. Thomas stated this current year and next fiscal year look like they are both about \$115,000. I do not know how it will look over time.

Mr. Stearns stated I think that is the number to go with.

Ms. Mackie asked will we need to take into account hardscape and landscape maintenance at the entrances?

Mr. Stearns stated that is one of the things I was striking in the engineer's estimate for what Mr. Malavé is tabulating. We are able to do it, but it was not something that I was proposing to do, unless another conversation has happened that I was not a part of.

Ms. Mackie stated we talked about a right-of-way use agreement.

Mr. Pitt stated I think we discussed that we are not going to have the CDD fund the land costs.

Ms. Mackie stated this is for landscape and hardscape maintenance within the County right-of-way at the entrance through a right-of-way use agreement.

Mr. Stearns stated that is correct. I thought you meant the entrance features or the right-of-way improvements. Within the right-of-way are brick pavers and landscaping in the island, such as at Nolte Road. On Hickory Tree Road is some landscaping in the

right-of-way. The right-of-way is being conveyed to the CDD, so we will be responsible for maintaining that.

Ms. Mackie stated we discussed that since it was such a small amount and will not exceed bidding thresholds, perhaps the HOA could maintain it and the District could then reimburse the HOA.

Mr. Stearns stated we will do it the same way we are doing the ponds. When we bid that out, we will do the landscaping and the ponds. We need to add the right-of-way to what the CDD is purchasing. It is in the impact fee agreement that we did with the County.

Mr. Pitt stated they are not looking for us to pay for the land. They are going to flow through the impact fee credits from the County.

Mr. Stearns stated that is correct. Will we include that in the engineer's estimate?

Mr. Malavé stated no, not if there is no exchange of cash.

Mr. Stearns asked not even \$1?

Ms. Mackie stated I think we need to recognize the impact fee credits, and I believe it is already included in the engineer's report that some of these improvements may be eligible for impact fee credits. That is already included, but we will confirm. This is all capital related, not operation and maintenance related.

Mr. Stearns stated we need to discuss the impact fee part because I am still not sure where we are headed with that.

Ms. Mackie stated for purposes of today, we can come up with a not-to-exceed amount.

Mr. Moyer asked is \$20,000 appropriate for the maintenance of what we have been discussing: landscaping and ponds?

Mr. Stearns stated I would estimate \$50,000 for the budget as a not-to-exceed amount.

Ms. Thomas asked is that the build-out amount?

Mr. Stearns stated that is for the first year for the ponds and landscaping on Hickory Tree Road and Nolte Road. I estimated \$42,000 for aquatic maintenance, and another \$100,000 is for the ponds and lake bank mowing. Those are build-out numbers. For just phase 1 – Lakeside Groves phase 1 and Twin Lakes phase 1, which is 389 lots, Hickory

Tree Road, and Nolte Road – I estimate that will be about \$50,000. It includes the aquatics and landscaping.

Mr. Beeman asked so we are not using build-out numbers?

Mr. Moyer stated I think those are build-out numbers.

Mr. Stearns stated no, just for the first year. The build-out number would add \$20,000 to the \$150,000 figure I discussed earlier.

Ms. Thomas stated at build-out, the three components of the general fund budget will be pond and aquatic maintenance at \$150,000 per year, hardscape and landscape maintenance of \$20,000, and then administrative expenses of \$115,000. Those three components will make a build-out budget of \$285,000. The first year for pond and aquatic maintenance and for hardscape and landscape maintenance is \$50,000, plus \$115,000 for administrative.

Mr. Stearns stated that is correct.

B. Consideration of Resolution 2016-35 Approving the Proposed Budget for Fiscal Year 2017 and Setting a Public Hearing Thereon

Mr. Moyer read Resolution 2016-35 into the record by title.

Mr. Moyer stated the budget will be amended to include the items we discussed at \$50,000 for field items, for a total budget of \$164,537.

Mr. Stearns stated in year two for the following fiscal year, we are proposing to move to the build-out budget.

Ms. Thomas asked will all the ponds be in place in year two?

Mr. Stearns stated no, that is the conversation we were having about when we raise the assessments to match the build out situation. We could start off with assessments at the build-out budget.

Ms. Thomas stated the developer is still funding at this point. You can set the assessments based on the build-out budget without adopting the build-out budget.

Mr. Stearns stated yes.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, unanimous approval was given to Resolution 2016-35 approving the proposed budget for fiscal year 2017 and setting a public hearing for Friday, August 26, 2016, at 10:30 a.m. at the District office.

SEVENTH ORDER OF BUSINESS

Consideration of Resolutions

A. Resolution 2016-36 Resetting a Public Hearing Date for the Rules of Procedure

Mr. Moyer read Resolution 2016-36 into the record by title.

Ms. Sandy stated the Board set May 27, 2016, to hold the public hearing for the rules of procedure and the hearing for the uniform method. Unfortunately, we did not have a quorum, so we want to reset those hearings for July 29, 2016. Resolution 2016-36 resets the hearing for the rules of procedure for that date.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, unanimous approval was given to Resolution 2016-36 resetting a public hearing date for the rules of procedure for Friday, July 29, 2016, at 10:30 a.m. at the District office.

Mr. Stearns stated please ask Ms. Brenda Burgess to send invites for those dates so we can add them to our calendars.

Mr. Moyer stated yes.

B. Resolution 2016-37 Resetting a Public Hearing Date for the Uniform Method

Mr. Moyer read Resolution 2016-37 into the record by title.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, unanimous approval was given to Resolution 2016-37 resetting a public hearing date for the uniform method for Friday, July 29, 2016, at 10:30 a.m. at the District office.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Update Regarding Bond Validation Hearing

Ms. Sandy stated we had the bond validation hearing this morning. It went fairly quickly. There is a 30-day appeal period, during which time we will wait to see if any appeals have been filed. If not, then the District will be able to issue bonds, and our target date is August 15, 2016.

B. Engineer

Mr. Malavé stated we are working on the supplemental engineer's report that will address the Series 2016 bonds. We hope to have that done within the next two days but certainly by the end of the week. We need to finalize some of the numbers. I think we are

close, and we are working to finalize the supplemental report this week to provide exactly what we will be doing with the bond proceeds.

Mr. Stearns asked through the bill-of-sale process, does this Board need to take any action to facilitate that? Or is it done through the Chairman?

Ms. Mackie stated the Board previously approved it.

Mr. Stearns stated we have a budget to work within. What about actually executing these documents?

Ms. Mackie stated you have the authority to execute them. We will bring them back to the Board to ratify. The only authorization we have thus far is phase 1 utilities.

Mr. Malavé stated it is phases 1A and 1B.

Ms. Mackie stated that is the only authorization the Board has given thus far, so you are good. The next meeting is scheduled for June 24, so if more infrastructure is ready, we can address it at that time.

Mr. Stearns stated the next round of infrastructure will not be ready until late August, so we have time. I want to be sure we are set for what we need to get accomplished in the next couple weeks.

Ms. Mackie stated to the extent that the next acquisition is scheduled for August, we can be doing things now to prepare for that acquisition such that once the Board approves it, we will have received all the documents that are required under the acquisition agreement: executed bills of sale, contracts, pay applications. We will hold those in escrow until the Board approves the acquisition. Presuming the financing is in place for the acquisition, that will be one of the first requisitions to be approved. This is the first time we are going through it, so we need to understand what documents are required.

Ms. Locher stated Ms. Cheryl Stuart used to provide a good checklist. When we did requisitions, we had a binder that was already set up with the labels, and we filed everything in there. Then when it came time to turn it over, everything was complete and we did not have to think about what we needed.

Ms. Mackie stated Mr. Malavé, Ms. Sandy, and I will work with Mr. Stearns to understand what the August acquisition will look like. We will start working on those documents now so they are ready to go.

Mr. Stearns asked for the bond proceeds portion? I am more concerned about the bill-of-sale process.

Ms. Mackie stated we will make sure that process has happened. We can hold a lot of these documents in escrow before Board approval. We obviously cannot acquire anything until it is complete. We can get things like the legal description, contracts, pay applications, and things that are being generated now as you are working through the contract on the developer's side. You can get a lot of that done up front.

Mr. Stearns stated for phases 1A and 1B, we do not have anything yet.

Mr. Malavé stated all we are really missing is for the City to say everything is fine and that they are willing to accept the utilities. We need that in writing to put in the package. They will not take it until they are ready to say it is theirs, and we cannot give it to them until they say they are fine with it. We need a letter from them saying that all the utilities are fine. We need a lien release from the contractor saying he releases the CDD from any issues on payments. Then we need a final bill of sale. Those are the three things we are missing. We have everything else.

Mr. Stearns asked is another Board action needed after that?

Mr. Malavé stated no, just ratification.

C. Manager

i. Financial Statements

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

ii. Check Register and Invoice Summary

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

iii. Approval of Funding Request #4

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 the check register and invoice summary, and to funding request #4 in the amount of \$14,902.50.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next order of business followed.

TENTH ORDER OF BUSINESS

Supervisor Requests

Ms. Locher stated the agenda notes that the next meeting is June 24, 2016.

Mr. Stearns stated I do not think we need to meet. When is the July meeting?

Mr. Moyer stated July 29.

Ms. Mackie stated we can keep that on the schedule until we get closer to know if we need to have it.

Mr. Stearns stated let us cancel June 24 since we do not need to meet from an infrastructure perspective. The amounts will be sorted very soon for the balance of phase 1, and Mr. Malavé will have that detailed list. We will get that figured out soon, and then we can set the budget for it.

Ms. Sandy stated I do not have a schedule from Mr. Brett Sealy on when we need to have the engineer's report in substantial form. Does Ms. Tucker know when Mr. Sealy will have the PLOM in substantial form?

Ms. Tucker stated he was talking about the week of July 11.

Ms. Sandy stated we will need to schedule a special meeting to consider that.

After a brief discussion, the Board canceled the meeting for June 24, 2016, and scheduled a special meeting for July 15, 2016, at 10:30 a.m.

ELEVENTH ORDER OF BUSINESS

Adjournment

The next meeting is scheduled for Friday, July 15, 2016, at 10:30 a.m.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, the meeting adjourned at 1:35 p.m.

Gary L. Moyer, Secretary

M. Scott Stearns, Chairman