

MINUTES OF MEETING

LIVE OAK LAKE COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Live Oak Lake Community Development District was held Friday, July 15, 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
Walter Beeman	Assistant Secretary
Kimberly Locher	Assistant Secretary

Also present were:

Gary Moyer	Manager: Moyer Management Group
Tucker Mackie	Attorney: Hopping Green & Sams
Rey Malavé	Engineer: Dewberry
Brett Sealy	MBS Capital Markets
Sharon Thomas	Emerson International
Cynthia Wilhelm	Nabors Giblin & Nickerson

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 that we need to address at some point. I will ask if anyone has someone to nominate and appoint.

Mr. Stearns stated at this time, we do not.

Mr. Moyer stated we will carry this item to the next 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 June 7, 2016,
Meeting**

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

On MOTION by Mr. Beeman, seconded by Ms. Locher, unanimous approval was given to the minutes of the June 7, 2016, meeting.
--

SIXTH ORDER OF BUSINESS

**Matters Pertaining to the Issuance of the
Series 2016 Bonds**

A. Presentation of the First Supplemental Engineer's Report

Mr. Moyer stated the primary purpose of this meeting is to consider certain items related to the issuance of the Series 2016 bonds. This item deals with the engineer's report as provided by Mr. Malavé with the most current version.

Mr. Malavé stated the key elements in the first supplemental engineer's report describe the phases we are going to develop with the bond proceeds. As described in the introduction, it is the public infrastructure located in the first phase of Twin Lakes and the first phase of Lakeside Groves. That will constitute the Series 2016 project, which is the term we have used throughout the report to describe the project. As noted in the purpose of the report, it provides that this will be used in conjunction with the original master engineer's report, specifically delineating and underlining what is considered the infrastructure we will be paying for as part of the Series 2016 project. It also provides a note that phase 1 in both Twin Lakes and Lakeside Groves will be considered a single phase 1. Phase 2 in both Twin Lakes and Lakeside Groves will be considered a single phase 2. The tables on page 2 have some modifications to the unit types in various villages. From the perspective of phase 1, the first table talks about the phases. Highlighted is phase 1 of both Twin Lakes and Lakeside Groves with the number of units that we will be using. Table 3 provides the types, and this table has been modified to reflect the current numbers that are being used. The report continues to describe what is included in the infrastructure that will be part of the Series 2016 project, includes a listing of all portions of it on page 3, and continues to describe each portion. As noted, all of phases 1A and 1B of Twin Lakes has been complete and is ready to go. The remainder of phase 1 is expected to be complete sometime before the end of 2016, and that is how we described it. The stormwater ponds that are shown are the ones that will be part of this bond series. We provide a description of the utilities. One of the things that is in addition

to the development itself is all the improvements within Hickory Tree: utilities, roadway improvements, reuse water, force mains, master lift station, landscaping, irrigation, entry features at Nolte and Hickory Tree Road, and electrical system conduits. Exhibit F shows all the costs associated with each item listed in the table. It provides for the master project costs that were approved originally in the master engineer's report, which is \$35,359,000. The Series 2016 project is anticipated to be \$13,072,500, which is based on actual contract dollars rounded up to make sure we did not miss anything. All the permits are in place. A lot of it has already been certified complete in phases 1A and 1B, with the remainder to happen toward the end of this year.

Ms. Mackie stated later on the agenda is consideration of the delegation award resolution. We have already gone through the process of validating the bonds. I am happy to report that our certificate of no appeal was received last week. The time in which someone would have had to appeal the order issued by the court validating the bonds has now expired. We are proceeding with the Series 2016 issuance, which will cover certain costs within phase 1. What we need to do today, in order to be able to market the bonds, is approve the delegation award resolution and also accept the forms of the supplemental engineer's report and the supplemental assessment methodology report. We might make minor tweaks after today's date to both of these reports. They will not come back to the Board for approval until we are ready to levy the assessments associated with the actual terms of the bonds once they are marketed. We wanted to make sure the Board saw the engineer's report in terms of what is anticipated in the phase 1 costs and also the methodology associated with that. These documents will be included in the preliminary limited offering memorandum that will go out once that document is finalized. It is an attachment to the delegation award resolution. The purpose of today's meeting is to walk through these documents and see if you have any questions. These are not final documents. I think they are really close. Staff has been working very hard over the last week to make sure we provided something more final. Some text and minor number changes may occur here and there, whether it is to the actual costs or once we get interest rates back. Those will be made prior to the meeting, at which these documents will come back to you for approval.

Mr. Stearns stated under section 3.2 for the master stormwater system, I want to point out these systems discharge to the lakes in phase 1. It provides that this is a master

system. We have constructed stormwater facilities in the field that also serve phase 2, but we have constructed them as part of phase 1 as part of the master stormwater system. Those are eligible improvements that we have carried into this table. A few ponds are in future phase 2 areas, but we constructed them because they are joint facilities. It is not perfectly down the line of being in phase 1, being my point. It is only the stormwater facilities. Mr. Malavé had a few footnotes to exhibit F explaining the contingency. He made a couple points of clarification as far as the master project versus the Series 2016 project. The master project has a 15% contingency, but the Series 2016 project is based on a 5% contingency. The second footnote explains the master stormwater system and where those costs came from.

Ms. Mackie stated that is a good point. We will be acquiring most of this infrastructure, and we will know our costs a little better now, which means we might be able to reduce it from 15% to 5%.

Mr. Stearns stated that is correct. Mr. Malavé and I have, with the assistance of his staff, gone through the exact quantities and costs that are under contract now. So these numbers are really tightened up as far as what the infrastructure consists of.

Mr. Malavé stated I will add language to indicate that additional lakes that are part of phase 1 will serve phase 2.

Mr. Stearns stated yes, it is in Lakeside Groves phase 2, and one is near the roundabout that is very minor. They are all interconnected. I think it might already be in the report, but we need to verify that.

B. Presentation of the First Supplemental Assessment Methodology Report

Mr. Moyer stated the Board may recall that you adopted a master assessment methodology report, which in brief overview provides that the initial assessments will be made on an acreage basis, and as property is platted, that cost will be allocated to the platted property according to ERUs (equivalent residential units), in which the 35-foot product is assessed at 0.7 ERUs, the 50-foot product is assessed at 1.0 ERUs, and the 70-foot product is assessed at 1.4 ERUs. We came up with a number of ERUs that all of that represents when you look at the total development. The supplemental assessment methodology takes the number that Mr. Malavé indicated, being \$13,072,500, and allocates that to the assessment area, which once platted is anticipated to be absorbed by phases 1, 2, and a portion of 3 and the anticipated units in that area. It then adds the bond-related costs and the maximum annual debt service and spreads those costs to the

benefited properties. One thing that is noteworthy that you need to understand is that the developer has determined an assessment level that they are comfortable with for this first bond issue, which frankly will be less than what would be provided in the master assessment methodology. The way to accomplish that is for the developer to contribute capital improvement projects that will not be covered in future bond issues of the District to offset that difference. In this report, the difference is \$6,849,885.45, which would be contributed assets that the developer will construct that are included in the overall project, as Mr. Malavé identified.

Mr. Beeman asked by contributed, you mean they will construct them using their dollars and deed it to the District?

Mr. Moyer stated that is correct. By doing that, it reduces the amount that we have to levy in assessments on the benefited properties. Given the fact that certain properties have been platted, there are still unplatted properties, about 588.87 acres. When you run that out with our (CIP) capital improvement plan, in this particular phase for this assessment area covered by the supplemental report, the per-acre assessment will be \$20,974.79. That is how this supplemental assessment methodology works. I wanted to highlight that we are targeting a certain assessment level, and we have a program for how to handle that through the contribution to the capital improvement program in the future.

Ms. Mackie stated it is still based on ERUs. If you look at table 3, you will see a CIP per unit. That was taken from the master assessment methodology report, and they used the ERUs when allocating the entire CIP to the anticipated number of units. If you look at table 4, you will see a 2016 assessment-funded CIP per unit, and the next column is developer-funded CIP per unit. The difference is between those two. You are taking what you adopted on how to allocate assessments and then as Mr. Moyer said, we are targeting something less than that. To make sure we are targeting fairly, the developer is going to make contributions for those types of units in those amounts at a future date.

C. Consideration of Resolution 2016-38, Delegation Award Resolution

Ms. Wilhelm reviewed Resolution 2016-38, the delegation award resolution. It delegates to the Chairman the authority to execute and deliver a bond purchase agreement to the underwriter – MBS Capital Markets – and for the underwriter to purchase the bonds so long as the offer contained in the bond purchase agreement is within the parameters that are attached in the appendix to the resolution. The Board is being asked to approve the forms of certain documents that are necessary in order for the underwriter

to market the bonds, including the master trust indenture, the first supplemental trust indenture, the limited offering memorandum in preliminary form that is the securities disclosure statement relating to the documents, and the continuing disclosure statement. The Board is also being asked to approve the form of the supplemental engineer's report and the supplemental assessment methodology report, which were just presented. The master trust indenture contained all the basic provisions that relate to the bonds and will apply to multiple series of bonds that are issued over the course of the life of the development. The supplemental trust indenture contains the terms, conditions, and details of the current proposed bond issue, including redemption provisions and default provisions that are particular to this issue. The supplemental trust indenture and limited offering memorandum will also contain final pricing information once that information becomes available. The bond purchase agreement is in standard form and contains all the conditions that need to be satisfied in order to close the bond issue. It also contains certain provisions that will allow the underwriter to terminate the transaction, including if the tax law changes, if there is a financial crisis, or for whatever reason. These are customary provisions. When the underwriter executes and delivers the agreement, and the Chairman by authority of this resolution executes and delivers the agreement, it becomes a binding obligation on both parties and imposes upon the underwriter the obligation to purchase all the bonds on the day of closing, as provided in the agreement. The continuing disclosure agreement is required by federal securities law and imposes upon the underwriter an obligation to obtain from each issuer an undertaking that the issuer and all obligated persons, which includes the developer in this case, will provide certain information to the municipal securities rulemaking board's EMMA (electronic municipal market access) computer system, including certain periodic and annual disclosures of things such as lot sales, assessment collections, and the annual audited financial statements of the District. This is much like the SEC's periodic reporting requirement for publicly traded companies, which is not applicable to governments. The continuing disclosure rules are, therefore, imposed not directly on the issuer but on the underwriter and indirectly on the issuer. The parameters within which the Chairman may agree to accept any proposed bond purchase agreement are attached as an appendix: the maximum aggregate principal amount is not to exceed \$18 million; the maximum coupon rate is the maximum statutory rate; the maximum underwriter's discount is 2%; the not-to-exceed

maturity date is May 1, 2048; and the redemption provisions are as provided in the form of the bonds that are attached in the supplemental trust indenture with an optional redemption no later than May 1, 2018, at par. The resolution also provides that the Chairman is authorized and directed to execute and deliver, together with the Vice Chairman, the Secretary, and any Assistant Secretaries, such other documents and instruments as are necessary in order to close the bond issue.

Ms. Mackie stated you will not see these documents again before we pre-close, but after closing on the bonds, we will bring a ratification resolution to the Board so everyone can see the final forms of these documents. If you want to see them before then, we are happy to provide them. Essentially, this also delegates to the Chairman, the Vice Chairman, or any Assistant Secretary, the ability to sign off on any changes that we make to these documents from this date until the date of closing.

Mr. Beeman stated you mentioned the disclosure of the audit. Where did you say that goes?

Ms. Wilhelm stated pursuant to the continuing disclosure agreement, periodically, the District has to provide documentation such as lot sales, the annual audit, and financial statements. Those go to the municipal securities rulemaking board.

Mr. Beeman asked is that a state or a federal board?

Ms. Wilhelm stated it is federal.

Ms. Mackie stated that is the EMMA website I sent to you. After this issuance, if you search for Live Oak Lake CDD, it will show up on EMMA. You can click and follow it for the continuing disclosures.

Ms. Wilhelm stated the District manager usually takes care of that.

Mr. Stearns asked is there a checklist of information that you need? Are the disclosure elements required annually or quarterly?

Ms. Wilhelm stated quarterly for the developer and annually for the issuer. It is set forth in the continuing disclosure agreement.

Mr. Sealy stated we will work with you at the outset to establish that report so you know what it is in advance and will have the opportunity to review the report to make sure it is consistent with the continuing disclosure.

Ms. Locher stated then you just update it quarterly. It is pretty simple. It is information you are going to be tracking against the total.

Ms. Mackie asked is Prager Sealy the dissemination agent under the continuing disclosure agreement?

Mr. Sealy stated I did not see it. They may contract for disclosure services the way we do all the disclosure work.

Ms. Mackie stated I do not believe we have an agreement with Prager Sealy to provide dissemination services.

Mr. Sealy stated no. We will make sure that is provided so that it is signed in conjunction with closing.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, unanimous approval was given to Resolution 2016-38 authorizing the issuance of the Series 2016 bonds, as discussed.
--

SEVENTH ORDER OF BUSINESS

District Improvements

A. Acquisition of Twin Lakes Phases 1A and 1B Stormwater Tracts and Improvements

Ms. Mackie stated this is the second acquisition that has come before the Board. You may recall a few meetings ago, we acquired the utilities within a portion of phase 1. We are still finalizing that acquisition in terms of the backup required under the terms of the acquisition agreement. I will note that we will be coming back to the Board with the final numbers once that acquisition is finally processed. The developer has made the District aware that in the near future, they will be ready for the District to acquire the stormwater facilities within phases 1A and 1B. It includes the improvements that were constructed in association with the stormwater system. We will also be taking title to the underlying land associated with the stormwater ponds, which is the only thing this District anticipates owning and maintaining in the long term. So we will not be conveying the stormwater improvements or the ponds themselves to another local government, unlike the utilities where we are acquiring them and are subsequently conveying them to the maintenance authority. We are asking the Board to approve the acquisition of the phase 1A and phase 1B stormwater tracts and improvements in a not-to-exceed amount of \$200,000. That is only for the improvements themselves. You will recall that we are not paying value for the land that we are acquiring, just for the improvements. I think \$200,000 gives us a little bit of a cushion, based on the actual numbers that have been discussed.

Mr. Stearns stated I am comfortable with that.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, unanimous approval was given to acquisition of the phase 1A and phase 1B stormwater improvements, in an amount not to exceed \$200,000, as discussed, subject to receipt and review of the documents required by the District's acquisition agreement.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

i. Update Regarding Bond Validation Hearing

This item having been discussed previously in the meeting, the next item followed.

ii. District Ownership and Maintenance

Mr. Stearns stated the District will be maintaining two things, one being the stormwater ponds and the second being landscape improvements within the public rights-of-way which are minor. Nolte Road is the new project we are building for the County. Hickory Tree has some minor landscaping in the rights-of-way that we will maintain, as well as some pavers that we installed. Those will be the only other things the District will be maintaining. They are very minor compared to the overall operations and maintenance budget.

Ms. Mackie stated that is because the improvements are enhanced over and above what the County would provide.

Mr. Stearns stated that is correct.

Mr. Beeman asked is it the intent that the District will maintain them, or will the HOA be involved?

Mr. Stearns stated we would bid out the ponds and landscaping as one package. We presume the HOA would be the low bidder since they are maintaining everything else out there, but that is the intent. We will have to go through that process to ensure that will be the case.

B. Engineer

Mr. Malavé stated as an update on the first acquisition, we are almost there. We are finalizing all the documents and hope to have it all finalized before the end of the month.

C. Manager

i. Financial Statements

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

Mr. Moyer stated the financial statements show some of the activity that has been taking place that we did not anticipate as part of the current year budget. A lot of those costs that exceed the budget amount will be part of the bond issuance and will be adjusted at that time. We are incurring a lot of legal expenses and things of that nature. Those costs will be part of the bond issuance.

ii. Ratification of Funding Request #5

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

Mr. Moyer stated to the degree some of the bond costs are included in this funding request, we will reimburse the developer once we obtain bond funding.

On MOTION by Mr. Stearns, seconded by Mr. Beeman, with all in favor, unanimous approval was given to funding request #5 in the amount of \$32,858.57.

iii. Proposed Budget for Fiscal Year 2017

Mr. Moyer stated we updated the budget based upon our discussions. The only real change was to add field maintenance to cover the landscaping and aquatic expenditures that Mr. Stearns indicated. The total budget is \$164,537. The Board does not need to take any action on this today; it is just for your information. The public hearing to adopt the budget is scheduled for August 26, 2016. In all likelihood, we will be meeting sometime in mid-August as part of the Series 2016 bonds, although the delegation gives us permission to move forward. Could we ratify the Board's actions at the August 26 meeting?

Ms. Mackie stated yes. We also have a meeting scheduled for July 29, which we need because it is the hearing for the uniform method and also for rulemaking. That is our regular meeting date, and we scheduled those hearings for that date. I think most of the other business can wait until August 26.

Mr. Moyer stated unless we need to meet prior to August 26.

Mr. Sealy stated we talked about closing prior to August 26, and we are targeting a date before then. We may respectfully request that the Board continue the meeting on July 29 to a date in August when we will have a much better picture based upon the expectation. We will be mailing the offering document and we will be setting the price and date. We should know by July 29 when we would be able to close.

Mr. Moyer stated the schedule I saw indicated August 15.

Mr. Sealy stated I believe that is correct. That date is a Monday, which is when we would close, so we would look to have a Board meeting on August 12. We would request that the Board members check their schedules for August 12. Once we have mailed the offering document, when we meet again on July 29, we will have a clearer picture of when we would actually be pricing the bonds. We would then make a request to continue the meeting.

Ms. Mackie stated we also have time to advertise a meeting for August 12.

Mr. Sealy stated we will know in advance of July 29 when we will be pricing the bonds.

Ms. Mackie stated if August 12 works for the Board members, at least we know there is not a conflict right now with that date. It might change based upon pricing.

All Board members indicated they are available on August 12, 2016, at 10:30 a.m.

Mr. Beeman asked we will still have the meeting on July 29 at 10:30 a.m.?

Mr. Moyer stated yes.

Mr. Stearns stated I would like Ms. Brenda Burgess to send out a “save the date” reminder notice about the August 12 meeting to everyone, which will also let Mr. Jose Rios know.

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 Friday, July 29, 2016, at 10:30 a.m.

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

Gary L. Moyer, Secretary

M. Scott Stearns, Chairman