

# 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 Wednesday, August 17, 2016, at 11:00 a.m. at the District Office, 313 Campus Street, Celebration, FL 34747.

Present and constituting a quorum were:

Scott Stearns	Chairman
José 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
Jonathan Clabor	Emerson International
Leanne Duffy	U.S. Bank
Brett Sealy	MBS Capital Markets
Sharon Thomas	Emerson International
Danny Tyler	Nabors Giblin & Nickerson
Cynthia Wilhelm	Nabors Giblin & Nickerson

### FIRST ORDER OF BUSINESS

#### Call to Order

Mr. Moyer called the meeting to order at 11:00 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

#### Approval of the Minutes of the July 29, 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 July 29, 2016, meeting.
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**FIFTH 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 today's meeting is to consider documents related to the issuance of the District's Series 2016 special assessment bonds. Mr. Malavé brought updated copies of the report to the meeting that I will distribute.

Mr. Malavé stated this version cleans up a couple things from the report I presented at the July 15 meeting and includes what was discussed at that Board meeting. This specifically adds in a paragraph to page 1 where it talks about the purpose, restating that the purpose is for the Series 2016 project. We added a statement for Twin Lakes phases 1 and 2 and Lakeside Groves phases 1 and 2. We expanded it for how much of the infrastructure that has to be put in to include the options of having infrastructure within phase 2 of each village to be included as part of the project for the Series 2016 bonds. We added those two phases into the tables that describe the number of units. You can note where those units are within that second phase that has infrastructure that will be part of the 2016 project. The boundaries stay the same. On page 4, we included the stormwater ponds located within the additional phase as part of the acreage of stormwater that is eligible for the Series 2016 project. We stated some of the same facilities that are being paid for. Hickory Tree Road is described on page 3 in section 3. The summary of project infrastructure has an onsite map showing spine road improvements, as well as portions of the water distribution system, the sanitary sewer collection system, and the reuse distribution system. It also includes lift station improvements, off-site roadway improvements which is mostly Hickory Tree Road and the intersection improvements, a portion of the stormwater management system, landscaping with the public rights-of-way for Hickory Tree Road, a portion of the irrigation system for that facility, hardscaping that is directly related to Hickory Tree Road, and a portion of the underground electrical system. All those were described originally in the master engineer's report, and they are briefly described in the first supplemental report. The total cost is based on actual construction costs that were part of the actual contractors' costs as well as other reasonable amounts that were based on actual costs for similar project in Osceola County and Orange County in central Florida. The last page shows the table of costs, which basically highlights the same amounts. The total cost for all improvements within phases 1 and 2 is \$13,072,500 which includes a contingency of 5%. We clarified line 8 which

was originally \$750,000 and was reduced to \$650,000 because the numbers were added incorrectly.

Ms. Sandy asked based on your professional opinion, are the cost estimates in the first supplemental engineer's report reasonable and proper?

Mr. Malavé stated yes.

Ms. Sandy asked are you aware of any reason that the 2016 project cannot be carried out by the District?

Mr. Malavé stated I believe it can be built, and most of it is completed.

**B. Presentation of the First Supplemental Assessment Methodology Report**

Mr. Moyer stated I distributed an updated report along with the assessment roll as an attachment. We took the adjustments that Mr. Malavé updated in his report and recomputed the assessments based on the bond interest rate that we are getting. This is the most recent document that updates the infrastructure program and costs of the District along with the maximum annual debt service and allocates that to the benefited property according to the formula that we previously discussed.

Mr. Beeman asked what is the bond interest rate?

Mr. Sealy stated we structured the bonds with two term bonds. The 20-year term bond is due May 1, 2036, with an interest rate of 4.5%. Price less the discount is 4.55%. The 30-year term bond is due May 1, 2047, with an interest rate of 4.625%, and price less the discount is 4.68%. The blended average interest rate is 4.59%, and the net interest cost when you factor in the original issue discount is 4.73%.

Ms. Sandy asked based on your professional opinion, do the lands subject to the assessments receive special benefit from the Series 2016 project, and are the assessments reasonably apportioned to the land?

Mr. Moyer stated yes, and yes, they are.

Ms. Sandy asked is it reasonable, proper, and just to assess the costs of the 2016 project against the lands in the District in accordance with the final assessment roll in the report?

Mr. Moyer stated yes.

Ms. Sandy asked will the special benefits received by the lands be equal to or in excess of the 2016 assessments?

Mr. Moyer stated yes, they will be.

Ms. Sandy asked is it in the best interest of the District that the 2016 assessments be paid and funded in accordance with the methodology in the assessment resolutions?

Mr. Moyer stated yes.

**C. Consideration of Resolution 2016-41 Related to Series 2016 Bonds and Assessments**

Mr. Moyer read Resolution 2016-41 by title into the record.

Ms. Sandy stated this resolution supplements the previously adopted master assessment resolution that levied the master assessment lien. It provides for several things, including adoption of the first supplemental engineer's report and the first supplemental assessment methodology report. It confirms the lien of the Series 2016 bonds based on the bond terms that Mr. Sealy just discussed, and it confirms the master assessment lien that was based on the not-to-exceed amount that was validated for the bonds. It allocates the special assessments in accordance with bond terms and the methodology reports. It certifies the 2016 assessments for collection, which will begin next year. It provides for the calculation and collection of a true-up payment, it directs the Secretary to record the 2016 assessments in the District's improvement lien book, and is also provides for a notice of Series 2016 assessments to be recorded in the public record. After today's meeting once this resolution has been adopted, we have scheduled a pre-closing, which is when all the bond documents will be signed, and the bonds will be closed tomorrow, after which they will be funded. After that, we will proceed with payment of any of the requisitions of the 2016 project for construction.

On MOTION by Mr. Beeman, seconded by Mr. Stearns, with all in favor, unanimous approval was given to Resolution 2016-41 related to the Series 2016 bonds and assessments.
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**D. Consideration of Completion Agreement**

Ms. Sandy stated the rest of these items are agreements that will be entered into by the District in connection with the bond financing. The completion agreement obligates the developer to complete any of the remaining master project infrastructure that is not funded by the Series 2016 bonds or by future bonds issued by the District. It also acknowledges a required contribution of the master project infrastructure by the developer. This is an amount that will satisfy the difference between the master project

costs attributable to residential units that receive 2016 assessments and the actual master project costs that will be funded by the Series 2016 assessments allocated to those units.

On MOTION by Mr. Stearns, seconded by Mr. Beeman, with all in favor, unanimous approval was given to the agreement with Narcoossee Land Ventures, LLC, regarding the completion of certain improvements relating to the master project and acknowledgement of the contribution requirement, to be executed by the Chairman.

**E. 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 the number of residential units developed are less than currently anticipated. The true-up amount will be equal to the assessment that would be assigned to those undeveloped units. True-up calculations are done periodically as lands are platted with the Series 2016 assessment area, which is essentially the entire District at this point. Those true-up periods are when 25%, 50%, 75%, and 100% of the acres have been platted.

On MOTION by Mr. Stearns, seconded by Mr. Rios, with all in favor, unanimous approval was given to the agreement with Narcoossee Land Ventures, LLC, regarding the true-up and payment of Series 2016 assessments, to be executed by the Chairman.

**F. Consideration of Collateral Assignment and Assumption of Development and Contract Rights**

Ms. Sandy stated this agreement obligates the developer to assign development rights to the District in the event of default of payment of the Series 2016 assessments. It is done so that if that the District has to foreclose on any property due to non-payment, it will also receive the development rights so the District can continue to develop the property in the future. The assignment is not triggered unless the assessments are not paid.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, unanimous approval was given to the collateral assignment and assumption of development and contract rights, to be executed by the Chairman.

**G. Consideration of Tri-Party Consent to Assessments and Subordination of Interests**

Ms. Sandy stated the lands are subject to a mortgage that is in favor of Centennial Bank. This agreement is among the bank, the developer, and the District. In it, the developer acknowledges the validity of the District and the imposition of the Series 2016 assessments, and the developer waives certain rights in regard to the assessments in terms of prepayment. Additionally, the bank acknowledges the Series 2016 debt assessments impose a lien on the property and that the mortgage is subordinate to the Series 2016 assessments. It also sets forth that if Centennial Bank becomes the fee-simple owner of the property, the title will still be subject to any unpaid Series 2016 assessments. It also acknowledges the subordination of the bank's interest in any development rights to the District's interests in those development rights outlined in the collateral assignment.

On MOTION by Mr. Beeman, seconded by Mr. Rios, with all in favor, unanimous approval was given to the tri-party agreement with Narcoossee Land Ventures, LLC, and Centennial Bank relating to consent to jurisdiction, imposition of special assessments, and subordination of interests, to be executed by the Chairman.

**H. Consideration of Contribution Agreement**

Ms. Sandy stated this agreement is not part of the bond closing documents, but it is being executed in connection with the bond closing. This agreement obligates the developer to provide the master project infrastructure contribution that I mentioned earlier with regard to the completion agreement. That amount is the difference between the master capital improvement plan costs that are attributable to residential units that receive the Series 2016 assessments and the amount actually funded by the Series 2016 assessments that are allocated to those units. It provides that the contribution should be made in eight years or less, and it provides a mechanism for release once it has been satisfied.

Mr. Beeman asked are we looking at buying a completed project for \$13,000,000.

Ms. Sandy stated yes.

Mr. Beeman asked about how much of the investment is the total development for those phases?

Mr. Malavé stated it is larger since more infrastructure and work have been placed into that development than the bond proceeds.

Mr. Beeman asked is it 10% or 30% of the bond issuance? Do you have an estimate?

Mr. Sealy stated this bond issue is \$13,000,000 in capital improvement program costs out of a total \$35,000,000. It represents about 50% of the bonds that will issued. It is anticipated there will be one or more subsequent series of bonds issued.

Mr. Beeman stated but this phase is about 35% of the total.

Mr. Malavé stated it is about 37%.

Ms. Mackie stated the other issuances will probably be sized similarly, so you will have room for that contribution again because we are not financing 100% of the capital improvement plan.

Mr. Malavé stated in every case, there will always be more infrastructure than what we are financing.

Mr. Beeman stated I am just trying to get the relationship for the end of the project. The extra cost is whatever it is.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, unanimous approval was given to the contribution agreement with Narcoossee Land Ventures, LLC, to be executed by the Chairman.
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**I. Presentation of the Notice of the Imposition of the Series 2016 Assessments**

Ms. Sandy stated this is the notice I referred to in the resolution earlier. It is recorded in the public record and gives notice of the District levying the Series 2016 assessments. This does not need any further action but is just for your reference.

**J. Consideration of Written Policies and Procedures for Tax-Exempt Bonds**

Ms. Sandy stated these policies were part of the documents as they relate to the tax certificate for the Series 2016 bonds that will be issued. The policies anticipate that procedures are in place that will ensure ongoing compliance with federal tax requirements in maintaining the tax-exempt status of the bonds. It includes things such as executing a tax certificate and filing a Form 8038G, checking on the financial records, and complying with arbitrage rebate covenants. These policies need to be adopted only one time because they will apply to any future bond issuances.

Mr. Beeman asked what is Form 8038G?

Ms. Sandy stated it is filed when we initially issue the bonds.

Mr. Tyler stated we file it with the information return with the IRS that tells them we are doing this and for how much.

Mr. Beeman asked this just lets them know this is a tax-exempt bond issue?

Mr. Tyler stated yes.

On MOTION by Ms. Locher, seconded by Mr. Beeman, with all in favor, unanimous approval was given to the written policies and procedures for tax-exempt bonds.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There being nothing to report, the next item followed.

**B. Engineer**

There being nothing to report, the next item followed.

**C. Manager**

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

**SEVENTH ORDER OF BUSINESS**

**Other Business**

There being none, the next order of business followed.

**EIGHTH ORDER OF BUSINESS**

**Supervisor Requests**

There being none, the next order of business followed.

**NINTH ORDER OF BUSINESS**

**Adjournment**

The next meeting is scheduled for Friday, August 26, 2016, at 10:30 a.m.

On MOTION by Mr. Beeman, seconded by Ms. Locher, with all in favor, the meeting adjourned at 11:20 a.m.

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Gary L. Moyer, Secretary

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M. Scott Stearns, Chairman