

MINUTES OF MEETING
STONEBROOK SOUTH AT CHAMPIONSGATE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Stoneybrook South at ChampionsGate Community Development District was held Monday, April 1, 2019 at 11:30 a.m. at the Oasis Club, 1520 Oasis Club Blvd., ChampionsGate, Florida 33896.

Present and constituting a quorum were:

Adam Morgan	Chairman
Lane Register	Vice Chairman
Dominick English	Assistant Secretary
Tim Smith	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
David Reid	District Engineer
Alan Scheerer	Field Manager
Michelle Barr	Lennar Homes

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Flint: There are only staff and Board Members present.

THIRD ORDER OF BUSINESS

Approval of Minutes of the March 4, 2019 Meeting

Mr. Flint: Does the Board have any additions, deletions, corrections on those?

On MOTION by Mr. English, seconded by Mr. Register, with all in favor, the minutes of the March 4, 2019 meeting, were approved as presented.
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FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2019-05 Bond
Delegation Resolution**

Mr. Flint: Steve Sanford, who is Bond Counsel, is on the phone and Phil Gildan, who is the Developer's Counsel, is also on the phone. Steve, do you want to present the delegation resolution please?

Mr. Sanford: Sure, this is resolution number 2019-05 and we call this resolution the Delegation Resolution. The reason we do that is, in Section 3 we set out certain parameters and when the bonds are actually sold, if we are within those parameters, there is no need for a special meeting and the Chair or the Vice Chair are authorized by adopting this resolution to sign the bond purchase contract. Let me go over the parameters for you. The not to exceed amount bonds that we are going to issue is \$17,000,000. That's the maximum amount, it could be less but not more. The maximum arbitrage yield on the bonds is 5.75% and that has come cushion in it because the market conditions can always change. It will probably be at least 25 base points below that, if not more. The lockout period, that's the period in which the District, even if interest rates drop, the District couldn't refund the bonds because the investors want to have some protection that their investment is not going to be taken away from them. So, the maximum lockout period that we have is December 1, 2032. The maximum compensation that the underwriter can charge is 97.5%. This resolution also authorizes the execution and delivery of such certain documents and I'll quickly go through them. The bond purchase contract, that is the contract between the District and the underwriter. In that contract there is various conditions for delivering the bonds and closing, that in certain other deliverables and that contract gets signed at the time the bonds are sold. That's why we have this notion of parameters. So, if we are within those parameters that bond purchase contract's going to be also out with the bond terms. Then the Chair or the Vice Chair will be authorized to execute that agreement. The other documents are the Preliminary Limited Offering Memorandum. That's the disclosure document and that's the document that's used to market the bonds. Once the bonds are actually sold that document turns into a final offering document with all of the bond terms. The next document is the Continuing Disclosure Agreement. Under FDC rules the Underwriter is bound by these rules. The District has to commit to provide certain annual operating information about the District and about the development. The developer also has to provide certain information on a quarterly basis. Also, if there is anything significant to the bond holders these events can be enumerated on a national repository within 10 days. This is a very

common document it has to be provided on every offering. Then there are certain documents that District Counsel has prepared, and we call those ancillary documents. It's a completion agreement, that obligates the developer to complete the project if the proceeds are not sufficient. There is a True-Up agreement and that's required that if the developer ever changes the unit mix where there is a short fall in the amount of revenues necessary to service the bonds, the developer would have to make a prepayment effectively to even out, to match, the debt service of the bonds. There is an Acquisition Agreement, that's the typical agreement between the developer and the District, which obligates the developer to sell completed infrastructure to the District and the District is obligated by the amount of proceeds that it gets from the bond issue to purchase that completed infrastructure. The last ancillary document is the Collateral Assignment of Developer Rights and that's if, God forbid, there was ever a default and a foreclosure, whoever is going to step in and complete the project needs not only the money to finish the project which would be blocked off with a Trustee but also all of the development documents, permits, and zoning rights, etc. That is something that the bond holder insists on these days. The last thing I want to say about the structure is that we are financing public infrastructure for the North Tract and the Baxter Tract. The Baxter Tract is not yet part of the District. So, we are taking a certain amount of bond proceeds when we issue the bonds and we are putting that money in escrow. Once the Baxter Tract has been annexed into the District and assessments are levied on that property the money that's in escrow will be released and to be used by the developer to complete the project. If anybody has any questions, please let me know. Otherwise I would recommend moving to adopt resolution 2019-05.

Mr. d'Adesky: I recommend adopting in substantial form because some of the exhibits may need to be updated or finalized understanding that we will circulate it to the Chairman for final approval.

On MOTION by Mr. Morgan, seconded by Mr. Register, with all in favor, Resolution 2019-05, Bond Delegation Resolution, was approved, in substantial form.

Mr. Flint: Typically when we do a delegation resolution, we present the latest version of the Engineer's Report and Assessment Methodology. They are not on the agenda, but we can go ahead and do that now.

Mr. Sanford: Let me interrupt. The resolution might not ever come to this point. The resolution does authorize modifications to both the Engineer's Report and the Methodology Report. So, if any of those reports have to be modified and tweaked in connection with the sale of the bonds, this resolution has authorized the District to go ahead and do that without a special meeting as well.

Mr. d'Adesky: We know, we are just discussing them.

Mr. Flint: Dave Reid has handed out the latest version of his Engineer's Report. Dave do you want to go through the report briefly?

Mr. Reid: The report addresses both the issues of the expansion property added to the existing CDD boundary and also describes the 2019 assessment area and then the anticipated development clause for both expansion properties and the assessment area. Page 1 goes through the existing CDD, it's 379.58 acres. This report addresses the Series 2019 bonds that will be issued for financing the development cost of the assessment area as was stated. The Baxter property and Tract B in the North. They will be escrowed until such time the assessments are levied.

Mr. Flint: And we are not issuing debt on Tract B although it is part of the property that is being annexed into the District. We are only issuing debt for the North parcel and the Baxter Parcel.

Mr. Reid: But the estimated costs for Tract B were included in the report for future use. Table 1 is the Development Program. It lists the 3 parcels and the type of development, the lot sizes and the number of lots for a total of 907 lots. The total lots vary from 40 ft, 50 ft, 60 ft, 80 ft and townhomes. They are all single family and condos. There were 80 condos that were single family and multi-family development. The report also describes those improvements that will be financed by the District and that's only public improvements and certain storm water improvements; Water and Sewer Utilities, Master drainage ponds, and some landscape hardscape that would be in the public areas. Some of the landscape hardscape would include entry features and the landscape buffers on the outside that would be CDD maintained. Baxter Infrastructure is similar it's outlined drainage roadway improvements, storm water management, utilities. Same type of improvements that will be funded by the future bonds. 2.0 North estimates of total probable cost and there is a math error in there. The total is \$15,792,285. Table 2.1 is Baxter estimated probable cost are \$2,642,860. Tract B estimate total probable cost are \$2,742,300. Various exhibits in the back would show the references the expansion parcels and North assessment area.

Mr. Flint: Any questions for the Engineer?

Mr. Smith: Not a question but a comment, Dave I'll send you the North Parcel Plat. In the upper end feeding into Tract B you've got Cabot's Cliff, that's actually Ocean Forrest. I will send you the plat with the correct street names on it.

Mr. Flint: I've also provided you the latest version of the preliminary 2nd Supplemental Assessment Methodology. The District went through the assessment process and we did Master assessments over the entire District. We issued a first supplemental when we issued bonds for the Parcel K. This is the 2nd supplemental which will cover the North Tract Parcel and Baxter, which has not been annexed yet. We took Dave's Engineer's report, and this is only addressing the North and Baxter because we are not issuing debt at this point for parcel B. We are going to issue debt based on the development costs and plan that Dave's presented, and as Steve Sanford indicated the money associated with the Baxter Tract will be put in escrow until the land is actually annexed into the District.

Mr. d'Adesky: Which is important because once again we don't control that process and you never know. The County could wake up tomorrow and say "We aren't expanding anymore CDDs." If that was to happen that money in escrow would go to cancel bonds in the amount that is allocable to the expansion parcel portions. Then the reports would be added in accordingly. So that doesn't put the District at risk.

Mr. Flint: So we just pay it on the principal on the Baxter piece if it doesn't get annexed. Table 1 is the development plan for North and Baxter for a total of 757 units and 662 equivalent residential units based on the equivalent factors that are in that table. Table 2 takes the construction cost for North and Baxter which totals \$18,435,145. All throughout this report we have footnoted that the Baxter piece was not currently in the District and that those funds would not be released until they were annexed in. Table 3 is the bond sizing. It has \$13,085,000 which includes the Construction Fund, Debt Service Reserve, Underwriter's Discount, Cost of Issuance, and construction funds. These are conservative numbers, when we actually go to price the bonds and issue the debt these will be brought down to where the target debt service assessment levels are. We are just doing this report to set a ceiling. Table 4 is the allocation of benefit. It shows the improvement cost per product type. Table 5 shows the par debt per product type and the fact that the benefit exceeds the par debt per unit. You can see based on the product types what that difference is. Table 6, these are the per unit assessment amounts if we were to issue bonds under the assumptions that are contained in the bond sizing. Table 7 is the preliminary assessment role

which reflects 611 platted lots and there are 19 lots remaining. This assessment role doesn't include all of those, but we are working on an assessment role to be incorporated which would include all 611 platted lots and then a legal description for the remaining 19 in the North parcel. Any questions on the report?

FIFTH ORDER OF BUSINESS

Acceptance of G-17 Disclosure Letter with FMSbonds, Inc.

Mr. Flint: This is a standard letter that the Underwriter provides. There are certain disclosure requirements that they have to comply with as a result of the Municipal Securities Rulemaking Board. This letter basically discloses those items that are required under that note. The Board is just requested to acknowledge the disclosure and you have done this for your other bond issues. Are there any questions on the notice?

On MOTION by Mr. Morgan, seconded by Mr. Register, with all in favor, G-17 Disclosure Letter with FMSbonds, Inc., was accepted.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Flint: Andrew, anything else?

Mr. d'Adesky: No, working on the bonds is the main issue we have going on with the expansion. We've had some back and forth with the county and they said that they are reviewing it. They had one or two clarification questions. We got back to them the same day so that process has been as quickly as humanly possible.

B. Engineer

Mr. Flint: Dave do you have anything under your Engineer's Report?

Mr. Reid: No, I have nothing further.

C. District Manager's Report

1. Balance Sheet and Income Statement

Mr. Flint: You have the unaudited financial statements through the end of February. There is no action required. Are there any questions from the Board on those?

2. Ratification of Funding Requests #6

Mr. Flint: We also have ratification of funding request #6. It includes landscaping, utilities, District Management, District Engineer, District Counsel, and the total is \$23,265.34. The invoices are behind the funding requests. Is there a motion to ratify the funding request?

On MOTION by Mr. Morgan, seconded by Mr. Register, with all in favor, Funding Request #6 totaling \$23,265.34 was ratified.

SEVENTH ORDER OF BUSINESS

Other Business

Mr. Flint: I understand there is a resolution regarding plat approval.

Mr. d’Adesky: I looked at it and reviewed it. It is our standard form. I understand Osceola is doing these on a regular basis. We don’t have any objection understanding the procedure and the process and that isn’t not going to impact the District negatively.

Mr. Reid: It doesn’t add anything to the District, but because of the CDD they require the resolution of the Board.

Mr. Register: Because we’ve signed the plat?

Mr. Reid: Exactly.

Mr. Flint: It would be resolution 2019-06. Any questions on the resolution?

Mr. d’Adesky: And for the record, we have no members of the public here to comment on this.

On MOTION by Mr. Morgan, seconded by Mr. Register, with all in favor, Resolution 2019-06, Approving the Phase 1 and Phase 2 Replat, was approved.

EIGHTH ORDER OF BUSINESS

Supervisor’s Request

Mr. Flint: Anything that was not on the agenda that the Board would like to discuss?

NINTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Morgan, seconded by Mr. Register, with all in favor, the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman