

MINUTES OF MEETING
STONEYBROOK 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, October 2, 2017 at 11:30 a.m. at the Oasis Club at ChampionsGate, 1520 Oasis Club Blvd., ChampionsGate, Florida.

Present and constituting a quorum were:

Scott Johnston	Chairman
Adam Morgan	Vice Chairman
Greg Ray	Assistant Secretary
Michael Bundy	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
David Reid	District Engineer
Brian Smith	Field Manager
Michelle Barr	Lennar Homes
Darrin Mossing Jr.	GMS
Gwendolyn Evans	Icon Management (HOA)

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order.

Mr. Flint called the roll.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Flint: It appears to be just Board members and staff so we can move on to the next item.

THIRD ORDER OF BUSINESS

Approval of Minutes of the August 7, 2017 Meeting

Mr. Flint: Does the Board have any additions, deletions, or corrections to those minutes?

On MOTION by Mr. Ray, seconded by Mr. Morgan, with all in favor, the Minutes of the August 7, 2017 Meeting were approved.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2018-01 Electing Officers

Mr. Flint: We made some changes at the last meeting but didn't consider officers at that time because we thought there might be some additional changes at this meeting. Right now, Mr. Ray is Vice Chairman, and we have no Chairman. Mr. Revell and Mr. Morgan are Assistant Secretaries and Mr. Johnston and Mr. Bundy are not designated. Typically, you have a Chair and Vice Chair as Board members. I'm currently serving as the Secretary, and the District Accountant is the Treasurer. The other three Board members are Assistant Secretaries.

On MOTION by Mr. Morgan, seconded by Mr. Ray, with all in favor, the Consideration of Resolution 2018-01 Electing Officers, electing Mr. Johnston as Chairman, Mr. Morgan as Vice Chairman, Mr. Bundy, Mr. Ray, and Mr. Revell as Assistant Secretary, and keeping Mr. Flint as Secretary, Mr. Lovera as Treasurer, and Teresa Viscarra as Assistant Treasurer, was approved.

FIFTH ORDER OF BUSINESS

Financing Matters

A. Consideration of Supplemental Engineer's Report – Parcel K Assessment Area

Mr. Flint: In your agenda you've got a report from the District Engineer dated October 2, 2017. These are for improvements associated with the Parcel K Assessment Area - 2017 Project. Dave, do you want to go over that report?

Mr. Reid: Yes, included in the agenda is the Supplemental Report for Parcel K. Parcel K is about 65 acres. The report outlines the infrastructure that would be financed by the bonds. It is broken down into different sections, we have master infrastructure improvements including some roadway improvements, stormwater management, master utilities, and landscaping. We also have parcel improvements within the gated portion, a portion of the roads will be gated, so some of the roadways are private. The Parcel K estimate of total probable cost in Table 2 is \$6,441,833.

Mr. Flint: Are there any questions from the Board? The Board previously approved a Master Engineer's Report and we went through the assessment process based on that Master Report and costs associated with that. What we are doing now is going through the process of taking the steps necessary to issue the 2017 Project of the Parcel K Assessment Area. We don't have to go through the assessment process again because we have already done that, but the Board needs to consider a supplemental Engineer's Report just for the improvements that are contemplating to be financed.

B. Consideration of First Supplemental Assessment Methodology Report

Mr. Flint: For the Assessment Methodology, we use Dave's report. The tables in the back of your agenda show the development plan for the Parcel K Assessment Area. You will see that there is a mixture of 50, 60, and 80-foot single family product type totaling 213 units. The ERU factors have been assigned to those units and we have matched the assessments to what was used in the original Stoneybrook CDD. So, this area is being split off as part of the new CDD but we are keeping the same per unit assessment amount so that they are comparable. Table 2 is the Capital Improvement Plan that Dave identified in his report totaling \$6,400,000. Table 3 is the bond sizing. If we take what the per unit assessment amounts are, that we are calling the target assessment amounts, we can fund basically \$4,350,000 million of the \$6,400,000 million that he has identified in his report. Then you have a debt service reserve which is 50% max annual debt. You have an underwriter's discount which is 2% of the principal amount. You also have the cost of issuance and a small contingency. The par amount is \$4,780,000 identified. The par amount is subject to change based on the actual terms. There will be a resolution on your next Board meeting confirming all of the final terms once it is actually priced and closed. Table 4, we take the units and show you the improvement cost per unit based on the various product type. Table 5 shows the benefit per unit based on the different product types. Table 6 shows the gross annual debt assessment per unit and these tie to the target amounts that are currently in place in the Stoneybrook South CDD. Table 7 is the preliminary assessment roll, and since nothing has been platted we have attached a table description for the Parcel K area taken from Dave's report. Are there any questions on the first Supplemental Methodology Report?

C. Consideration of Resolution 2018-02 Approving a Supplemental Engineer’s Report and a First Supplement Assessment Methodology Report for the Parcel K Assessment Area and Confirming Special Assessments

Mr. Flint: Andrew, do you want to explain this Resolution?

Mr. d’Adesky: Yes, adopting both of those is Resolution 2018-02. It adopts both the Engineer’s Report and the Methodology and allows us to utilize that in the bond financing. It confirms the special assessments that are going to be put on that property. Once again, we have already done the Master Assessment process so we do not have to go through the public hearing process for this particular phase. After this resolution, I will have a separate verbal motion for us to delegate authority to either the Chairman or the Vice Chairman to execute any ancillary documents we might need to execute related to this. We’ve circulated copies to Lennar’s counsel of some of the other documents like an Acquisition Agreement and Completion Agreement and they are being looked at. We expect those to be back to us in a week or two.

Mr. Flint: Are there any questions on Resolution 2018-02?

On MOTION by Mr. Morgan, seconded by Mr. Ray, with all in favor, Resolution 2018-02 Approving a Supplemental Engineer’s Report and a Frist Supplemental Assessment Methodology Report for the Parcel K Assessment Area and Confirming Special Assessments was approved.

On MOTION by Mr. Johnston, seconded by Mr. Morgan, with all in favor, Authority was Delegated to the Chairman or Vice Chairman to execute any ancillary documents associated with the 2017 Bond Issuance was approved.

D. Consideration of Resolution 2018-03 Bond Delegation Resolution

Mr. Flint: Steve Sanford, who is the District’s Bond Counsel, is on the phone. Steve, do you want to go over the Bond Delegation Resolution with the Board?

Mr. Sanford: Sure, the Board adopted a resolution a year ago authorizing \$40,000,000 of Special Assessment Bonds to be issued in multiple series. This resolution is authorizing the first series of bonds to finance all or a portion of the public infrastructure of Parcel K. We have designated Parcel K as a separate assessment area. That means when we issue the bonds we are going to levy an assessment only on Parcel K. Those special assessments will secure the first

series of bonds. This is called a delegation resolution, and as George pointed out in section 3 we spell out what the parameters are for the bond issue. When the underwriter goes out and markets the bonds, if the terms of the bond are within the parameters set by the Board then the Chair or the Vice Chairman are authorized to sign the bond purchase contract without the need for a special meeting. The reason we can do that is because the whole Board has spoken as to what the terms of the bonds can be. In addition, this resolution approves certain documents. One document it approves is the Bond Purchase Contract, and that is the agreement between the District and FMS Bonds as your underwriter. It spells out all the terms of the bonds as well as the conditions for closing. Secondly, it approves the Preliminary Limited Offering Memorandum, and that is the marketing tool used by the underwriter prior to pricing. It spells out how the bonds are going to be secured, the rights and remedies of the bond holders, but it doesn't have the final interest rates or redemption provisions because that is not determined until after the underwriters price. Once they do price, then that Preliminary Limited Offering Memorandum is turned into a Final Prospectus and that is what gets delivered to the ultimate investor. The next document approved by adoption of this resolution is the Continuing Disclosure Agreement, and that is an agreement between the District, the Developer, and GMS. On an annual basis, we have to provide updates and information about the development and District which creates a level playing field for anybody who wants to buy these bonds in the secondary market, rather than relying on this offering document that only speaks as of the sale date. It keeps all the information current. There is a requirement for anything material that happens, that has to be reported as well. The last document approved is the First Supplemental. When the Board adopted the resolution last October, we did approve a form of supplemental but we fine-tuned that document so it is only going to be bonds secured by a particular assessment area. I thought it was necessary to get the Board to reapprove that First Supplemental, which is the document between the District and the Trustee. The last thing I want to say is that I mentioned the parameters in section 3, and I will quickly go through what those parameters are. We are authorizing not to exceed \$6,000,000 in special assessment bonds. George made it more precise by saying it is likely that the size will probably be under \$5,000,000, but it is always a good idea to put some extra room in the amount of bonds authorized. It doesn't mean the Board will issue \$6,000,000 it just gives us enough room to have the right amount without having to come back to the Board. The next parameter is that the arbitrage yield, which is effectively the total interest rate on the bonds, can't

exceed 5.5%. Third is that if the bonds are going to be subject to optional redemption, and they most likely will be, then you need to give the bondholders some protection that they won't be called out too soon. That allows the investors to feel secure that they've made an investment at least through that first call date. I call that the lock out period, and the lock out period in this case is December 15, 2028. So, for around 11 years the bonds can't be optionally called if the interest rates should drop enough to create savings. Interest rates are historically low so it is not likely that is a detriment to the Board. As George mentioned, the compensation to the underwriter is 98% of par. That means the underwriter will buy the bonds at a 2% discount, and turn around and sell those bonds at 100% or equal to par. That 2% difference is effectively the compensation to the underwriter. The last thing I want to say is that because we are issuing less than \$10,000,000 worth of bonds in calendar year 2017, we can designate these bonds as qualified tax-exempt obligations, or Bank Qualified Bonds. That means if a bank is going to be one of the purchasers of the bonds, because they are designated as qualified, it is a more attractive investment for the bank. So, if the bank is purchasing the interest rates are generally reflected in that favorable tax treatment to the bank, therefore the interest rate could be theoretically lower than if it wasn't a bank purchasing the bonds. Unless any Board members have questions regarding this resolution, it would be my recommendation as Bond Counsel to move to adopt Resolution 2018-03.

Mr. Flint: Are there any questions from the Board?

Mr. Morgan: That was very thorough.

Mr. Flint: Yes, thank you Steve.

Mr. Sanford: Thank you everyone, have a good day.

On MOTION by Mr. Johnston, seconded by Mr. Ray, with all in favor, Resolution 2018-03 Bond Delegation Resolution was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. d'Adesky: We are going to keep working on the financing. Some of the attachments that Steve mentioned, we've already had comments on. We are still working on finalizing a few documents and that's what we are going to be focusing on in the next couple of weeks.

B. District Engineer

Mr. Reid: I have nothing new to report.

C. District Manager's Report

1. Balance Sheet and Income Statement

Mr. Flint: We have the unaudited financial statements for the end of August. The detail register is behind the summary. Are there any questions?

2. Ratification of Funding Request #11 - #12

Mr. Flint: Funding request #11 is in the amount of \$8,912.50 and it is funding some 2017 expenses as well as the insurance for 2018 which needs to be submitted on a funding request prior to October 1 to be able to bind it. We have funding request #12 which totals \$7,366.60. Both of these have general fund expenses and capital outlay expenses. The capital outlay expenses are tracked and then once we issue bonds they can be reimbursed back to the Developer from bond funds because they are expenses associated with the bond issue. Are there any questions on funding requests 11 or 12?

On MOTION by Mr. Morgan, seconded by Mr. Ray, with all in favor, Funding Requests #11 - #12 was ratified.

SEVENTH ORDER OF BUSINESS

Supervisor's Request

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

EIGHTH ORDER OF BUSINESS

Adjournment

Mr. Flint adjourned the meeting at 11:53 a.m.

On MOTION by Mr. Johnston, seconded by Mr. Morgan, with all in favor, the meeting was adjourned at 11:53 a.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman