

MINUTES OF MEETING
CANDLER HILLS EAST
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of the Candler Hills East Community Development District was held on Tuesday, October 25, 2016 at 9:40 a.m. at Live Oak Hall, 8413 S.W. 80th Street, Suite 7-8, Ocala, Florida

Present and constituting a quorum were:

| | |
|-------------------|---------------------|
| Philip J. Moherek | Chairman |
| Elmer Greene | Vice Chairman |
| John Bain | Assistant Secretary |
| Larry Garvin | Assistant Secretary |
| Robert Scherff | Assistant Secretary |

Also present were:

| | |
|---------------|--------------------------|
| George Flint | District Manager |
| Gerald Colen | District Counsel |
| Fred Harris | Bond Counsel |
| Bill Reagan | Underwriter |
| Don Pickworth | Special Counsel by phone |

FIRST ORDER OF BUSINESS **Roll Call**

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

SECOND ORDER OF BUSINESS **Public Comment Period**

There not being any, the next item followed.

THIRD ORDER OF BUSINESS **Notice for Meeting**

Mr. Flint: This meeting was advertised in the Ocala Star Banner and you will see the form of the notice in your agenda packet.

FOURTH ORDER OF BUSINESS **Approval of Minutes of the August 16, 2016 Board of Supervisors Meeting and Acceptance of the Minutes of the August 16, 2016 Audit Committee Meeting**

Mr. Flint: Were there any additions, deletions, or corrections to the minutes?

Mr. Garvin: On page 2 of the Audit Committee meeting minutes I was speaking and it should say "the accounting standards."

On MOTION by Mr. Greene, seconded by Mr. Scherff, with all in favor, the minutes of the August 16, 2016 Board of Supervisors meeting were approved and the minutes of the August 16, 2016 Audit Committee meeting were accepted as amended.

FIFTH ORDER OF BUSINESS

Consideration of Requisition #18

Mr. Flint: In both Candler and Indigo Trust accounts there is what is called a Construction and Acquisition account. When the bonds were originally issued the funds were placed into the Construction and Acquisition account and those funds in that account are to fund the improvements that are identified in the Engineer's Report. It was prepared back in 2006 by the District Engineer. One of the items that was approved that was included in the original Engineer's Report was the signalization of the intersection of 80th Avenue and 80th Street. In 2009 when we were looking at declaring the project complete for Indigo we didn't do it for Candler, and when we did it for Indigo we held aside the funds related to the signalization. That signal was not completed until 2012. Once that was completed OTOW should've come back to the District and asked for reimbursement for the prorated expenses that were in the Engineer's Report because there were funds sitting in that Construction account that were never paid. That is what this \$12,360 for it is the remaining balance in the Construction account and it's not the full amount that was identified in the 2006 report but that is what is left. Your District Engineer who hopefully is on the phone but if not I spoke with him yesterday and he has since reviewed and signed the Requisition. He has to sign it on page 2 and you will see the consulting engineer has to sign the Requisition stating that they're consistent with the original Engineer's Report and they're eligible expenses. As part of the refinancing it is really a clean up matter. I think the cost identified attributable to Candler we are in excess of \$20,000 for the signalization so this would draw down the remaining funds and reimburse the developer for that cost identified in the Engineer's Report. It was always intended that this would occur it just probably should've happened three years ago.

Mr. Garvin: The money is there I trust?

Mr. Flint: \$12,360 is the balance in that Construction and Acquisition account so it is going to draw that down to \$0. It is taken into account and the numbers that Bill ran that money would be spent out. The numbers that he has provided you anticipate that there would be \$0 in the Construction account.

Mr. Garvin: This is the last of the account?

Mr. Flint: That is the end of the Construction and Acquisition account.

Mr. Garvin: There are no other expenses we would incur from this?

Mr. Flint: Not related to the Engineer’s Report, no. Indigo is going to be considering the same thing and they actually declared what is called the project, which is the entire Engineer’s Report. They declared the project complete in 2009 with the exception of the signalization and they identified approximately between \$20,000 and \$30,000 that was going to need to remain in that account. Indigo has a Requisition on their agenda as well to pay out the remaining funds in their Construction and Acquisition account. The cost of the signalization is well in excess of the amounts that Candler and Indigo are paying but when the original Engineer’s Report was prepared they allocated those costs based on Trip Generation Rates. Are there any questions?

On MOTION by Mr. Greene, seconded by Mr. Scherff, with all in favor, Requisition #18 was approved.

SIXTH ORDER OF BUSINESS Financing Matters

A. Consideration of Resolution 2017-01 Declaring the 2006 Project Complete

Mr. Flint: As part of closing out the Construction account I handed out a certificate from the Engineer declaring the project complete and all of the improvements were identified in the Engineer’s Report have been completed. Attached to this is a Second Supplemental final Engineer’s Report and it is dated as of October 2016. This Resolution in your agenda packet basically has this certificate and Engineer’s Report attached.

On MOTION by Mr. Moherek, seconded by Mr. Greene, with all in favor, Resolution 2017-01 declaring the 2006 project complete was approved.

B. Ratification of Rating Evaluation Service Agreement with S&P Ratings

Mr. Flint: At the last meeting the Board authorized the underwriter to contact S&P to get a preliminary rating as part of the refinancing and because you didn't have the actual agreement in front of you we are just putting it on the agenda for you to ratify. This expense would be paid out of the cost of issuance if you do refinance and I believe the cost was \$10,000.

Mr. Reagan: That was the fee for the Rating Evaluation Service; the full fee is I believe around \$16,000 and that is all included in the cost.

Mr. Flint: \$10,000 is to get the preliminary rating and then if you want to publish it will be an additional \$5,000 plus expenses.

On MOTION by Mr. Moherek, seconded by Mr. Bain, with all in favor, the Rating Evaluation Service Agreement with S&P Ratings was ratified.

C. Consideration of Delegated Award Resolution 2017-02

Mr. Flint: Mr. Fred Harris is here who is Bond Counsel and Disclosure Counsel and he has prepared this Resolution. We also have Mr. Bill Reagan with FMSbonds who is the District's Underwriter. I did hand out to you the pre-pricing Supplemental Allocation Report as well, which is an attachment to his Resolution.

Mr. Reagan: I believe all of you were here for the previous presentation, so I will just ask if you have any questions?

Mr. Garvin: Have you been through all of these Resolutions and do you have any comments regarding any of it, Mr. Colen?

Mr. Colen: I have and if the Board wants to adopt Resolution 2017-02 I would prefer that the entire title be read.

Mr. Flint: The District has retained Don Pickworth who is on the phone as Special Counsel and he is the expert in finance law. We have Jerry as District Counsel as well and he reviews these documents but Don has also been retained for his expertise in representing the District specifically on financing matters. I think Don at the Bay Laurel meeting recommended approval of that Delegation Resolution. The original bond issue is a 30-year and you can't go longer than 30 years. When you are refinancing it you either have to stay with the same amortization period or less.

Mr. Reagan: There is no termination early, they can't call these bonds on you. You as a District can refund these bonds 10 years from now or whenever.

Mr. Flint: There is another no call 10-year period.

Mr. Harris: This document has a couple of blanks that need to be filled in so if you look at the first page the Resolution is 2017-02 and not 2016-02. The not to exceed number should be \$3,585,000 and if we turn to the next page again \$3,585,000 will be the number. There is a blank for the date of the Second Supplemental and that has to stay blank because we won't know until we know the date of the closing. We assume at the moment it is either November 16th or 17th so we are not going to fill that one in. The Allocation Report that you just have been handed should be today's date and on the third page you will see the Dissemination Agent was actually not determined until a few days ago but that is Governmental Management Services-Central Florida, LLC. That will be in that blank. Again you are approving the refunding of the current 2006 bonds and agreeing to enter into an agreement where Assessments that you receive pay those bonds off and will be transferred to the Trustee.

Mr. Flint: The only thing helpful for the Board is to go through the Allocation Report. This was emailed to you and I also handed it out. If you go to table 1 this is sources and uses table provided by the underwriter. This is pre-pricing so it is subject to change once he actually prices and this is not going to tie into the rates that you see in your Delegated Award Resolution because those are the upper ends of what the underwriter has authorized to close the deal on. At the time we prepared this pre-pricing Allocation Report we were advised by the underwriter to use the average coupon rate of 3.08%. Based on that and the final maturity in 2037 no capitalized interest, the Debt Service Reserve Fund would be reduced from 100% maximum annual debt to 50% maximum annual debt and the underwriter's discount would be 1.8%. You see the sources and uses here and the bond proceeds par amount would be \$3,345,000 with a premium of \$73,358. You see the funding to 50% Debt Service Reserve and \$75,000 in the Revenue Fund so total sources of \$3.7475 million. Down below the uses \$3.484 million would go into the Refunding Escrow account to pay the 2006 bonds. You fund the 2016 Debt Service Reserve and then you've got your cost of issuance and your underwriter's discount. If you look at table 2 we are currently showing 633 units that are still paying debt service and 168 units of prepaid debt service. When you looked through the 2006 bonds you saw 168 more than what is reflected here. Table 3 shows you what the projected savings would be and if you look at the

2006 per unit Assessment are gross numbers and is \$650 per unit. Based on the assumptions on the prior table we are looking at a potential per unit savings of \$110 a year. The per unit par debt would be reduced by about \$300 so if someone wanted to prepay their remaining debt after the financing it would be about \$300 less than it is today. We have the Assessment Roll and this lists all of the properties within the District and you can see the first couple of pages there are a lot of 0's. Those are all units that have prepaid their debt service. OTOW chose to prepay the debt on a number of the lots that they still own and then you will see scattered throughout there are various properties that are prepaid and ones that are still paying the debt service. Are there any questions on the Delegation Resolution?

Mr. Moherek: On table 3 you have Series 2016 that starts next year and that wouldn't start this year.

Mr. Flint: If we refinance the bonds are called Series 2016 Bonds because we are closing on them this year. You will see the change in the Assessment on the November 2017 tax bill because on the November 2016 tax bill the Assessments have already been certified for collections. You are going to see the \$650 on the tax bill that is coming out in a couple of weeks.

On MOTION by Mr. Scherff, seconded by Mr. Bain, with all in favor, the Delegated Award Resolution 2017-02 was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Agreement with Berger, Toombs, Elam, Gaines & Frank to Provide Auditing Services for the Fiscal Year 2016

Mr. Flint: The Board previously went through a competitive bidding process prescribed by the statutes, appointed an Audit Committee, solicited proposals, and reviewed and ranked those and selected Berger Toombs. This agreement is for Fiscal Year 2017 for a not to exceed \$3,405. As part of this you would also be approving the addendum to the agreement and there was some new language that was passed by the legislature regarding language dealing with public records to be inserted into these agreements so I would ask the addendum be approved as part of that motion.

On MOTION by Mr. Moherek, seconded by Mr. Greene, with all in favor, the agreement with Berger, Toombs, Elam, Gaines & Frank to provide Auditing Services for the Fiscal Year 2016 and the addendum to the agreement was approved.

EIGHTH ORDER OF BUSINESS Staff Reports

A. Attorney

There not being any, the next item followed.

B. Engineer

There not being any, the next item followed.

C. District Manager

1. Approval of the Check Register

Mr. Flint: You have the check register from August 9, 2016 through October 17, 2016.

Mr. Bain: Last time the transfer out of \$51,000 and this check register is \$45,000.

Mr. Flint: This \$45,000 is a transfer to the Capital Reserve and I would have to check what was approved versus this. It might be that we approved \$51,000 but when we actually went to transfer it was less.

On MOTION by Mr. Greene, seconded by Mr. Scherff, with all in favor, the check register from August 9, 2016 through October 17, 2016 totaling \$70,411.85 for the General Fund was approved.

2. Balance Sheet and Income Statement

Mr. Flint: You also have the unaudited financial statements through September 30, 2016.

There is no action required by the Board and if you have any questions we can discuss those.

NINTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS Supervisor’s Request

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Moherek, seconded by Mr. Bain, with all in favor, the meeting was adjourned at 10:08 a.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman