

MINUTES OF MEETING
TOHOQUA
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of the Tohoqua Community Development District was held on Wednesday, January 3, 2018 at 9:00 a.m. at the West Osceola Branch Library, 305 Campus Street, Kissimmee, FL.

Present and constituting a quorum were:

Andre Vidrine	Chairman
Keith Trace	Assistant Secretary
Kaitlyn Noyes	Assistant Secretary
James Dowd	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Eric Warren	District Engineer
Mike Williams	Bond Counsel by phone
Brett Sealy	Underwriter by phone

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order at 9:03 a.m. and called the roll. Four Supervisors were present, with Mr. Hooker being absent. Mr. Flint administered the Oath of Office to Mr. Dowd prior to the meeting.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes of the November 1, 2017 Board of Supervisors Meeting and Acceptance of Minutes of the November 1, 2017 Landowners' Meeting

Mr. Flint: The minutes were included in your agenda package. Are there any additions, deletions, or corrections to the minutes? If not, we need a motion to approve them.

On MOTION by Mr. Trace, seconded by Mr. Vidrine, with all in favor, the Minutes of the November 1, 2017 Board of Supervisors and were approved and the Minutes of the November 1, 2017 Landowners' meeting were accepted.

FOURTH ORDER OF BUSINESS

Consideration of Professional Engineering Services Agreement with Poulos & Bennett, LLC

Mr. Flint: Previously, the Board authorized staff to issue Request for Qualifications (RFQ) for District engineering services. The Board selected Poulos & Bennett at the last meeting as the District Engineer. They were previously serving as Interim District Engineer. The agreement for District engineering services is in your agenda package. Are there any questions on the agreement? Not hearing any,

Mr. Vidrine MOVED to approve the Professional Engineering Services Agreement with Poulos & Bennett, LLC, and Mr. Trace seconded the motion.

Mr. d'Adesky: We reviewed it and it is the standard form that is in compliance with all of the engineering forms. It has the required provisions, indentures and public record requirements.

On VOICE VOTE, with all in favor, the Professional Engineering Services Agreement with Poulos & Bennett, LLC, was approved.

FIFTH ORDER OF BUSINESS

Consideration of Agreement with the Osceola County Property Appraiser Regarding the Uniform Method of Collection

Mr. Flint: The District is going to utilize the uniform collection method, which allows us to use the tax bill as the collection method for debt service and operating and maintenance (O&M) assessments. To do that, the Statutes require the District to enter into an agreement with the Property Appraiser. The form of this agreement is standard. District Counsel reviewed it

and the fees that they charge are specified in the Statute, so there is no negotiation on those fees. My recommendation would be to approve the agreement.

Mr. d'Adesky: We concur.

On MOTION by Mr. Vidrine, seconded by Mr. Trace, with all in favor, the Uniform Method of Collection Agreement with the Osceola County Property Appraiser Agreement was approved.

SIXTH ORDER OF BUSINESS

Financing Matters

A. Consideration of Form of Supplemental Engineer's Report

Mr. Flint: The version in your agenda package was last revised on December 23rd. I emailed it after the original agenda was sent out. Eric received additional comments subsequent to his changes on December 23rd, but I think that they are minor. They were from Bond Counsel. We would ask for the Board's approval, subject to incorporation of any comments from staff.

Mr. Warren: The current version is the one that says 2018 project.

Mr. Flint: The footnote on Page 2 references 12/23/17 as the file name. Do we want to date it as of today?

Mr. d'Adesky: Yes.

Mr. Vidrine: The master stormwater system is fine for the District to own and maintain. Do we know if the landscape irrigation and amenity are owned by the HOA or the District on the parks?

Mr. Warren: It's the CDD.

Mr. Flint: One of the comments from Mike Williams was to strike the HOA reference, because the CDD can't fund HOA improvements. If they are identified in here, they need to be identified to be the CDDs.

Mr. Vidrine: I didn't know if you could keep the flexibility.

Mr. d'Adesky: If it was for the parks, you could identify that there might be some that might belong to the HOA. An amenity is a big thing. It has to go one way or another.

Mr. Vidrine: That was my question. If there was flexibility allowed, great, but if there is no flexibility, no.

Mr. Flint: If you are including it in here, it has to be owned by the CDD. When we were forming the District, we left it open, but the bottom line was that we are only funding less than

\$2 million of the \$15 million that's identified here. Obviously, we wouldn't fund anything that's going to be the HOAs anyway.

Mr. Williams: My comment was to scratch that from the ownership of the maintenance facility.

Mr. Flint: My comment would be to scratch out both.

Mr. Vidrine: I am okay with scratching out both.

Mr. d'Adesky: Both the ownership and maintenance. We will just put it all under the CDD.

Mr. Flint: The CDD can always contract with the HOA to maintain it, but ultimately the CDD would be the one responsible.

Mr. d'Adesky: Right.

Mr. Warren: This is just the 2018 project. Future amenity sites can be separate and different.

Mr. Vidrine: The first \$2.5 million is based off of a larger amount.

Mr. d'Adesky: Yes.

Mr. Flint: There are a lot of master improvements identified in this 2018 project. Obviously, we are only financing a small portion of these improvements. It's contemplated in the Assessment Methodology, that some of these master improvements could be funded in future bond issues.

Mr. d'Adesky: Correct.

Mr. Flint: That would be reflected in the future Supplemental Engineer's Report and Methodology. The fact that we are not financing all of those improvements doesn't mean that we don't have the ability to finance future bond issues, especially the master improvements.

Mr. d'Adesky: We validated up to \$95 million. Essentially, this is only 3% of what we could actually issue.

Mr. Vidrine: We didn't use the bond money that we are issuing now for the amenity. If we so desire to put the amenity in the HOA, would that be possible?

Mr. Flint: Yes. You could either amend this Engineer's Report and include it in a future Engineer's Report for a future bond issue, or amend it and have it belong to the HOA.

Mr. Vidrine: Keith, are you okay with that?

Mr. Trace: Yes.

Mr. Flint: Are there any questions on the Engineer's Report? If not, we need a motion to approve it subject to incorporation of minor comments from staff and dating the report as of today.

On MOTION by Mr. Trace, seconded by Mr. Vidrine, with all in favor, the Engineer's Report for the 2018 project, dated January 3, 2018, subject to incorporating minor staff comments, was approved.

B. Consideration of Form of Supplemental Assessment Methodology Report

Mr. Flint: The District adopted a Master Assessment Methodology Report, during the assessment process, to allow financing up to \$95 million. This report focuses in on what we intend to issue for the 2018 project, which is Assessment Area #1, a 71-acre portion of the project. The District Engineer, as I indicated, identified \$15 million worth of potential improvements, which also include master improvements that could be financed in this first bond issue. According to the tables starting on Page 10, in Table 1, you can see that for the 2018 project, 329 units were identified that are a mix of townhomes and various single-family product types that tie to the Phase 1 project that is identified in the Engineer's Report. Table 2 is the \$15 million of improvements, tying to the Engineer's Report. The footnote and the text will be revised to identify the Engineer's Report, dated today, January 3. Table 3 sizes what the District intends to issue, based on the interest rate and other assumptions. At 5.5%, with a 30-year amortization, nine months of capitalized interest, which would carry us through November 1, debt service reserve of one year of maximum annual debt and underwriter's discount of 2%, we are proposing to fund about \$1.6 million in construction funds, for a par amount of \$2,010,000. That can fluctuate based on the market and the actual interest rate, when the Underwriter prices the bonds.

Mr. Vidrine: Brett, do you think that the numbers that George had in the Assessment Methodology are generally in the same range?

Mr. Sealy: Yes.

Mr. Flint: I think in the Delegated Award Resolution the parameters allow up to \$2.5 million. If the market is more favorable, interest rates will be lower. Under the Delegated Award Resolution, we can go up to a par amount of \$2.5 million. Table 4 allocates the

improvement costs to the various product types. We are showing a calculated benefit per maximum benefit per product type, based on the Master Methodology Report amounts, which are \$7.4 million. We are allocating a benefit of \$1.6 million. There's a footnote that talks about the difference between the \$15 million identified in the Engineer's Report and the \$7.7 million in the Master Methodology Report. Table 5 allocates the total par debt per product type and Table 6 shows the net and gross annual debt assessment amounts. For example, a townhome on their tax bill will see a \$300 debt service charge and \$700 for a single-family 70-foot lot. These were the target assessment amounts that we were given. My understanding is that these amounts will stay the same and the other parameters will fluctuate based on the market. It would generate additional construction funds or less, depending on what the market shows. Table 7 is the Preliminary Assessment Roll, which has an attached legal description for Assessment Area #1 which is 71 acres.

Mr. Vidrine: I want to make sure that the funding could be used for the pond on the other side of Cross Prairie.

Mr. d'Adesky: Yes.

Mr. Vidrine: Brett, what do you think interest rates are right now?

Mr. Sealy: Based upon the deals that we are pricing at the end of the year, and a consistent market coming into the beginning of the year, we were pricing deals at 5% average rate. I think we have been using a conservative rate here, as we typically would, leading up to mailing the Offering Document.

Mr. Flint: Are there any questions on the Methodology Report?

Mr. Vidrine: What would happen if it went down to the lower rate?

Mr. Flint: The amount of construction funds available would go up, so you would be able to fund more. If he's able to negotiate any of the other parameters like the debt service reserve account, for example, it's based on one year's max annual. If that was adjusted, that would also benefit the amount of construction funds.

Mr. Flint: Are there any other questions on the Methodology Report? If not, we need a motion to approve it in substantial form.

On MOTION by Mr. Vidrine, seconded by Mr. Trace, with all in favor, the Supplemental Assessment Methodology Report for the 2018 project, dated January 3, 2018, in substantial form, was approved.

C. Consideration of Resolution 2018-09 Bond Delegation Resolution

Mr. Williams: As George mentioned, the resolution does not exceed \$2.5 million of 2018 bonds. It approves the form of the Bond Purchase Agreement, First Supplemental Trust indenture, Preliminary Limited Offering Memorandum, Continuing Disclosure Agreement, Completion Agreement, Collateral Assignment, True-Up Agreement, Acquisition Agreement and authorizes all actions necessary to close the bond issue. As George and others mentioned in Section 5, it sets forth parameters that MBS will need in order to have the Chairman or Vice Chairman sign the Bond Purchase Agreement. I'm happy to answer any questions.

Mr. d'Adesky: We reviewed most of the documents and submitted comments. Once again, we are approving the form, so it's not in final form. The Acquisition Agreement is how we are going to get what we need to along with the Completion Agreement and their agreement to complete and deliver the infrastructure, true-up related to the platting of the property and the assessments and collateral assignment, dealing with development rights. We reviewed all of those documents, as well as the continuing disclosure, Bond Purchase Agreement and the Offering Memorandums. We are comfortable.

Mr. Flint: Are there any other questions on the Delegation Resolution?

Mr. Williams: The validation period expires on Friday.

Mr. Vidrine: Perfect.

On MOTION by Mr. Trace, seconded by Mr. Vidrine, with all in favor, Resolution 2018-09, Bond Delegation Resolution, was adopted.

Mr. Sealy: George, there has been potential discussion regarding a request to continue this meeting, but I just corresponded with Bob Secreast. Is the next regularly scheduled meeting February 7?

Mr. Flint: Yes.

Mr. Sealy: We would provide all of the final documents at the regularly scheduled February meeting.

Mr. Flint: It sounds like we will have a quorum on February 7. Andre might need attend by phone.

Mr. Vidrine: Will Mark be available to sign documents?

Mr. Flint: We will plan on the pre-closing after the February 7th meeting.

Mr. d'Adesky: If we needed to, we would call a special meeting. It wouldn't be beyond our ability to do that, since we had so much lead time.

Mr. Flint: It sounds good.

Mr. Sealy: Okay great. I'm going to go ahead and organize a call, just so we can get started. I know that there was an Acquisition Agreement. It probably makes sense to have a conference call just to discuss the acquisition process in conjunction with the upcoming closing of the bond issue. We will get that scheduled.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Flint: Do you have anything else, Andrew?

Mr. d'Adesky: I'm just working on this.

B. Engineer

Mr. Flint: Eric, do you have anything else?

Mr. Warren: The same thing. I will work on the corrections to the Engineer's Report and recirculate. In terms of the Phase 1 improvements, we are out there getting close to the end. We will start paving towards the end of the month.

Mr. Flint: To the extent that the improvements are in place, at that pre-closing, you could have the first requisition. It would be funded as soon as the bonds were closed. If it's not ready, any time when it is ready, we can process it at that point.

Mr. Vidrine: That's \$1.6 million.

Mr. Flint: Whatever it ends up being.

Mr. Vidrine: We spent way more than that.

Mr. Flint: If you have completed improvements that the District can acquire, we could be ready to have it executed.

C. District Manager’s Report

i. Balance Sheet and Income Statement

Mr. Flint: You have the Balance Sheet and Income Statement through November 30, 2017. No action is required, but if the Board has any questions, we can discuss those.

ii. Ratification of Funding Request #2

Mr. Flint: Funding Request #2 totals \$11,089.

iii. Consideration of Funding Request #3

Mr. Flint: Funding Request #3 totals \$4,219.68. Are there any questions on the Funding Requests? If not, we need a motion to ratify and approve them.

On MOTION by Mr. Trace, seconded by Mr. Vidrine, with all in favor, Funding Request #2 was ratified and Funding Request #3 was approved.

EIGHTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Adjournment

Mr. Flint: If there’s nothing further, we need a motion to adjourn.

On MOTION by Mr. Vidrine, seconded by Mr. Trace, with all in favor, the meeting was adjourned.

Secretary/Assistant Secretary

Chairman/Vice Chairman