

MINUTES OF MEETING
WESTSIDE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Westside Community Development District was held Wednesday, October 3, 2018 at 11:00 a.m. at the offices of Hanson Walter & Associates, 8 Broadway Avenue, Suite 104, Kissimmee, Florida.

Present and constituting a quorum were:

Keith Trace	Vice Chairman
Steven Kalberer	Assistant Secretary
Scott Stewart	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Robbie Newberry	District Engineer
William Viasalyers	Field Manager
Bennet Ruedas	Mattamy Homes
Leah Popelka	Lerner Advisors – by phone
Ashton Bligh	Greenberg Traurig – by phone

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Organizational Matters

- A. Acceptance of Resignation of Michael Dady and Appointment of an Individual to Fill the Board with a Vacancy with a Term Ending November 2020**

On MOTION by Mr. Stewart seconded by Mr. Kalberer with all in favor Mr. Dady's resignation was accepted.

- B. Acceptance of Drew Abel and Appointment of an Individual to Fill the Board Vacancy with a Term Ending November 2020**

On MOTION by Mr. Trace seconded by Mr. Kalberer with all in favor Mr. Abel’s resignation was accepted.

On MOTION by Mr. Trace seconded by Mr. Kalberer with all in favor Fontane Nyariri was appointed to fill the unexpired term of office.

C. Administration of Oath of Office to Newly Appointed Board Member(s)

This item was deferred.

D. Consideration of Resolution 2019-03 Electing Officers

This item was deferred.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the August 1, 2018 Meeting

On MOTION by Mr. Trace seconded by Mr. with all in favor the minutes of the August 1, 2018 meeting were approved as presented.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2019-01 Authorizing Work on Refinancing the Series 2005 and Series 2007 Bonds

Mr. d’Adesky stated this is authorizing work related to the restructuring and in this case the bifurcation of the Series 2005 and 2007 Bonds, approving prior actions, providing for an effective date. We are restructuring those two series of bonds, the actual provisions of the resolution deal with authorization of staff as well as bond Counsel and District Counsel, the authorization of any assessment proceedings necessary, the meeting requirements and approval of all prior actions. At this point the only actions that staff has taken is a conference call to get us oriented on what is going on with this particular deal. We have Leah and Ashton on the phone, Ashton is with Greenberg Traurig, at this point our Bond Counsel is Mike Williams with Akerman and if there is a desire to engage Greenberg Traurig we would actually need a limited engagement letter from them to engage them for the purposes of the bifurcation of these bonds. They are a little more attuned with this issue having worked with Lerner specifically.

Mr. Flint stated I think he is serving as Trustee's Counsel.

Ms. Popelka stated it would be Trustee's Counsel in a limited role of Bond Counsel on just the restructuring.

Mr. d'Adesky stated we would also need to have a funding agreement regarding the allocation of any fees and costs related to this bifurcation.

Ms. Popelka stated we have your email and I will be speaking Neil later this afternoon and we will follow-up with you.

Mr. Flint asked do you want to give an overview of the bifurcation? I handed out for discussion purposes the timeframe and the structure that you provided via e-mail.

Ms. Popelka stated this is a very positive thing for the District in terms of making the bonds performing in theory and going from a defaulted or defunct issue into something that is a performing series of bonds. Several years ago, our firm became involved with the District due to the former developer's failure to provide payment of assessments, which ultimately resulted in the loss of title to those undeveloped parcels that were formerly held by that entity. We became involved in the capacity of asset manager and looked to reposition the property and to ultimately find different buyers to obtain title to those properties. We are now at a stage where we can go back to the bondholders and say we have X amount of parcels that now we consider performing and we have a couple remaining parcels that are now still defaulted. When you have those defaulted sections in the community what happens is the entire series of bonds is impacted and you are not able to secure enough revenue to support the annual debt service requirement of the bonds. We took a look at it in conjunction with the bondholders, made an evaluation and determined that now was the time to do a bifurcation of the bonds, which allows us to take those performing assets and create a series of bonds that is now able to be supported by the cash flow on those performing assets. This is a really positive moment for the District where you are able to go from a defaulted status and after this transaction turning that into a performing series of bonds. We are excited about this and have been looking forward to it for a few years now and look forward to working with the District to create that positive change.

Mr. Flint stated basically they are splitting the 2005 and 2007 into four series of bonds. There is a 2005-1 and 2005-2 or an 2007-1 and 2007-2 and the 2007-1's are the non-performing the 2005-1's are the non-performing and they are basically the Bahama Bay parcel, what used to be the Caleb's Club piece, which was a townhome project partially finished on the corner of

Florence Villa and Westside Boulevard and the Town Center piece, which is at the southeast corner of the intersection of Goodman and Westside Boulevard and there are two parts of the Town Center piece, a commercial and residential and those tracts are being split off and everything else would be in a performing situation. I know and it is footnoted in the documents you provided that the Town Center commercial and residential are under contract and are scheduled to close possibly in December.

Ms. Popelka stated yes and on those pieces we are looking at a closing that would occur subsequent to the bifurcation transaction and at this point we believe contained within the non-performing component.

Mr. Flint asked once the closing takes place how do we deal with it going forward because then it would seem like they would be performing?

Ms. Popelka stated they would be performing, unfortunately, to then include them in the performing, restructured bond series would require an additional refinancing, which would be cost prohibitive so they would still be delineated in their own set of bonds.

Mr. Flint asked in this bifurcation is there any adjustment of interest rates?

Ms. Popelka stated we haven't gotten to the interest rate discussion yet. It is my understanding that the interest would be the same as it is today so I don't believe at minimum you would not be receiving any interest increases.

Mr. Flint asked on performing or non-performing?

Ms. Popelka stated that is correct. Also, the duration of the bonds would not be modified as a result of this transaction and the assessment levels would remain the same as originally allocated in the assessment methodology.

Mr. Flint stated the non-performing are basically separated so the default is only on those three pieces.

Mr. Stewart asked how do we get the non-performing to performing?

Ms. Popelka stated those bonds would not be performing bonds and as those assets are sold you would then create sufficient cash flow to service those bonds then once we sold the asset we would be able to look at where there is not coverage and the bondholders would be able to make a determination that likely they would write off that difference. At that point you would be looking at a performing asset.

Mr. Flint stated right now the Town Center piece is subject to a forbearance agreement.

Ms. Popelka stated I'm not sure if there was a forbearance agreement.

Mr. d'Adesky stated there was but it may have expired.

Mr. Flint stated I think the reason they are doing this is to pull all those other properties out from under this cloud and then as they close on the Town Center piece that would then become performing and on Bahama Bay and the other piece the decision is going to have to be made at some point as to whether we move forward with foreclosure.

Mr. d'Adesky stated that may be an imminent decision with Bahama Bay specifically. They are one that we have been chasing and hounding on both a legal and managerial side for now.

Mr. Stewart stated they stay non-performing until paid off or retired or we foreclose.

Ms. Popelka stated that is right. What is nice is at least this transaction will allow you to bifurcate.

Mr. Flint stated we are looking at the bond bifurcation and reconciliation spreadsheet that shows the original principal and current for the 2005 and 2007 and non-performing and performing. Under performing the current outstanding principal for the 2005 is \$5.9 million and the 2007 is \$6.3 million and the non-performing 2005 is \$2.35 million and \$730,000 for the 2007.

Mr. Trace asked what is partial elimination of assessments securing multiple parcels?

Ms. Popelka stated it is really more of an analysis for the benefit of the bondholders so they can understand what happened with the various transactions on the real estate side and gives them the ability to reconcile it back to the original bond issuances. It doesn't really have any bearing in terms of what you are analyzing. What would be important to you is to know that under the performing sector and non-performing sector you are going to have roughly \$12.1 million worth of performing bonds and another \$3.1 million of non-performing bonds.

Mr. Stewart asked what are the ramifications of foreclosure for the CDD?

Mr. Flint stated for the CDD there is not necessarily any ramifications. The bondholder is the one that, like we have done in the past, if we foreclose on Bahama Bay it wipes out the remaining debt and you typically take title to the land through an SPE and the same thing that was done with the other properties would be done with that property and the bondholders may choose to retain Lerner to be the asset manager and then develop or dispose of the property.

Then the proceeds of that depending on whether there was outstanding O&M would be prorated between reimbursing the bondholders and the District for debt and O&M.

All the properties being developed right now are under this cloud of default on those bonds.

Mr. d'Adesky stated I suggest approving the authorization resolution with the understanding that there will be a limited engagement letter.

On MOTION by Mr. Stewart seconded by Mr. Trace with all in favor Resolution 2019-01 was approved.

Ms. Popelka and Mr. Bligh left the conference call at this time.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2019-02
Declaring Vacancies in Certain Seats on the
Board of Supervisors**

Mr. Flint stated next is Resolution 2019-02 declaring two seats that are up for general election, vacant because no general electors qualified. Seat no. 3 was vacated by Mike Dady and Seat 5 is currently held by Scott Stewart and this resolution declares them vacant as of the second Tuesday after the general election. As I mentioned earlier since no one qualified the incumbent in Seat 5 can remain in that seat as a holdover seat until such time as the Board has a general elector to appoint to that seat.

On MOTION by Mr. Trace seconded by Mr. Stewart with all in favor Resolution 2019-02 was approved.

SEVENTH ORDER OF BUSINESS

**Consideration of Agreement with Berger
Toombs Elam Gains & Frank to Provide
Auditing Services for Fiscal Year 2018**

Mr. Flint stated next is the engagement letter with Berger Toombs to perform the annual independent audit. You had selected Berger Toombs to perform the audit for a not to exceed \$3,825.

On MOTION by Mr. Stewart seconded by Mr. Kalberer with all in favor the engagement letter with Berger, Toombs, Elam, Gaines & Frank to perform the Fiscal Year 2018 audit was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. d’Adesky stated just to be clear with the Bahama Bay II there is still outstanding O&M and debt payments on that parcel. We have attempted through several letters to contact them and threaten foreclosure. In the past when we sent them a draft complaint of filing of foreclosure they complied and this time they have been non-compliant. We are going to stick with the Trustee and see what they would like to do in this case. Last time they said they would fund us if we needed to foreclose. We will speak with them about that. We would want them to join with us so we would have funding on that side.

Mr. Flint stated we also entered into a prior agreement where they waived their defenses. Hopefully, that will streamline the process.

Mr. d’Adesky stated it would streamline the process if we went to a foreclosure, but we would still need to file it and go through certain litigation costs and once again we would want the bondholders to be joining us on that.

B. Engineer

There being none, the next item followed.

C. Manager

i. Approval of Check Register

Mr. Flint presented the check register from July 24, 2018 through September 26, 2018 in the amount of \$53,557.50.

On MOTION by Mr. Trace seconded by Mr. Stewart with all in favor the check register was approved.

ii. Balance Sheet and Income Statement

A copy of the balance sheet and income statement were included in the agenda package. No Board action was necessary.

iii. Discussion of Direct Bill Status

A copy of the direct bill status was included in the agenda package.

NINTH ORDER OF BUSINESS

Supervisor's Requests

There being none,

On MOTION by Mr. Trace seconded by Mr. Stewart with all in favor the meeting adjourned at 11:27 a.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman