

MINUTES OF MEETING
WESTSIDE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Westside Community Development District was held Wednesday, June 5, 2019 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	Chairman
Tom Franklin	Vice Chairman
Bennett Ruedas	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Mark Vincutonis	District Engineer
William Viasalyers	Field Manager
Justin Rowan	MBS Capital Markets

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. Appointment of Individuals to Fill Seats 3 and 5**
- B. Administration of Oath of Office to Newly Appointed Board Members**
- C. Consideration of Resolution 2019-17 Electing Officers**

Mr. Flint stated one seat is vacant and one seat is held by Scott Stewart in a holdover capacity at this point I am not aware of any general electors who could be appointed to either of those seats. We will defer action on this item.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the April 15, 2019 Meeting

On MOTION by Mr. Ruedas seconded by Mr. Franklin with all in favor the minutes of the April 15, 2019 meeting were approved, as presented.

FIFTH ORDER OF BUSINESS

Consideration of Proposals for Master Lighting

Mr. Flint stated there is a section of Westside Boulevard from Goodman south on Westside that do not currently have street lights. I know the Chair in his prior capacity with Mattamy had spoken with the division president with Pulte about the possibility of cost share on the installation of those lights. When I initially met with Duke and they provided a proposal that included directional boring all the conduit and that proposal was in excess of \$200,000. We were asked to go back and investigate an option of open trench and directional boring across the road. The first proposal in your agenda package for \$63,678 is the CIAC cost, that is Duke installing the conduit open trench and then installing the 30 light poles and fixtures. The second proposal is just for Duke to provide the light fixtures and poles and that is \$37,619 and they said we could get a third-party contractor to do the trenching if we chose to do that. We got with Terry's Electric who is an approved contractor for Duke and they were only willing to provide a directional bore quote not an open trench quote. The conduit was \$115,160 so if you add the \$115,160 and the \$37,619 that would be the cost of directional bore if we broke it up between Duke and a private contractor versus the \$200,000+ for Duke to do it. Alternatively, if we were to just open trench the price Duke provided the \$63,678 would be the cost.

Mr. Trace asked the reason for directional bore versus open cut was to save landscaping or sidewalk or what was the reason?

Mr. Flint stated I don't know that sidewalks are going to be impacted but it probably was a landscaping issue and potentially conflicts with other utilities.

Mr. Trace asked was this in the median?

Mr. Flint stated my understanding is they are doing it along the sides and then trenching from the side to the center. Right now the landscaping between the sidewalk and back of curb is toasty.

Mr. Trace stated we just voted to review some of that.

Mr. Flint stated we approved the southern island and median not the northern island and we didn't do the sides.

Mr. Franklin asked is it clear where you could trench?

Mr. Flint stated there is really no landscaping it is Bahia. I don't know that the restoration is going to be significant, there may be some impact to irrigation, it probably needs to be re-sodded anyway so I'm not sure that is a consideration. I think we could probably make it work if Pulte is willing to participate.

Mr. Franklin asked was the spec under Duke to use aluminum wire as well?

Mr. Flint stated it is whatever they use.

Mr. Ruedas asked the delta between the \$63,000 and \$37,000 was the directional?

Mr. Flint responded the delta is open trench. The proposal for Duke to do the directional is not in here but it was over \$200,000.

Mr. d'Adesky stated if you are going to do directional go to Terry's because they are cheaper.

Mr. Flint stated it would be a combination of Terry's and Duke.

Mr. Trace stated regardless Duke has to install their poles.

Mr. Ruedas stated as it relates to the type of fixture they are spec'ing LED. At Solara Phase 1 the developer went with HPS, this is a couple years ago. I have to verify with you now or offline as the manager, I think this is something that is supposed to be under the CDD's account.

Mr. Flint stated going forward it would be an additional \$881 a month.

Mr. Ruedas stated they went with HPS at the time and Mattamy is looking at Phase 2 the extension of those lights down Westside Boulevard and trying to figure out are we going to continue with HPS or go with LED and switch everything out there to LED.

Mr. Flint stated I suggest going to LED, the cost is going to be about the same, the fixture cost is a little higher, the energy cost is a little lower on a monthly basis and ends up being a wash.

Mr. Ruedas stated the situation is retrofit the existing Phase 1 to LED.

Mr. Flint stated you normally wouldn't do that until the end of the lease agreement, which is a ten year lease so at the end of ten years you could get Duke to go through there and enter into another ten year lease, they will retrofit to LED or whatever.

Mr. Ruedas do we have LED or HPS throughout other parts of Westside?

Mr. Flint stated it is all LED. Duke may only be installing LED now I don't know if they gave you an option or not but usually when we renew any of these leases we are converting to LED anyway. I know there is a difference in the color of the light but I don't know how noticeable that would be to someone driving down the road.

Mr. Ruedas stated as it relates to Mattamy in Phase 2 they elected to go with the MLDF versus the CIAC. They did some research and apparently the CIAC is a one-time upfront charge whereas the MLDF is a charge that looks like it ends in five years but it is really in perpetuity. That may be something we can consider because that is \$37,000 versus \$600 a month for the life of the life of the product.

Mr. Flint stated that is just for the fixtures. If we were going to go the open trench it would be \$1,000 a month.

Mr. Ruedas stated in lieu of CIAC we have the option of picking the MLDF that we would pay every month on top of the estimate monthly rental.

Mr. Flint stated it would be \$1,900 versus \$880. I can see why the developer may choose to do that because your HOA is going to be funding that.

Mr. d'Adesky stated we do have to look at it on a longer basis in the best fiduciary interests of the District.

Mr. Flint stated it would be \$120,000 over the term of the lease versus \$60,000, probably not a direction we would want to go.

Mr. Ruedas stated it sounds like you are looking for approval of the \$115,000 plus the \$37,000 or \$64,000?

Mr. Flint stated it would be the \$64,000 or the \$115,000 plus the \$37,000. My recommendation would be the \$64,000 contingent upon Pulte agreeing to pay 50%.

Mr. Trace asked where does it come out of the budget? Do we try to have them do all the landscaping after the fact? They are just going to trench it.

Mr. Flint stated it doesn't include restoration. We could cost share all of it. We agreed to cost share the median, we haven't done anything because it is in their court right now. If there were any restoration costs we could make that part of the deal or they do one side and we do the other side.

Mr. Trace stated just to do Bahia it will take \$15,000 to \$20,000 in those areas.

Mr. Flint stated we have the capital reserve on page 21 of the proposed budget and that is what I recommend it come out of. We are projecting about \$425,000.

Mr. Trace asked do you want authorization of a certain amount of restoration and split?

Mr. Flint stated we can bring back the restoration. Maybe the proposal would be to approve the trenching option with Duke subject to Pulte's participation of 50% and participation of 50% of the remediation cost.

On MOTION by Mr. Trace seconded by Mr. Franklin with all in favor the trenching option with Duke was approved subject to Pulte paying 50% of the cost and 50% of the landscape restoration.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2019-18 Approving the Proposed Fiscal Year 2020 Budget and Setting a Public Hearing

Mr. Flint stated Resolution 2019-18 approves the proposed budget and sets the date, place and time of the public hearing. This is the start of the budget process and doesn't bind the Board from making changes in the future at other meetings or at the public hearing. We will refine this as we go along and get closer to the public hearing. The current draft is assuming that the per unit amount will stay the same at \$157 per unit so your assessment revenue is the same, your administrative costs have gone up slightly we do have a 3% inflationary adjustment in the management fee that accounts for part of that \$6,000 increase. The maintenance expenses are substantially the same about a \$500 increase and we are projecting the transfer out of \$54,000 to the capital reserve. We can refine this as we go along and as we get to the public hearing.

Mr. Franklin asked do we anticipate being able to add any Board members between here and the 7th of August? I'm not going to be here on the 7th.

Mr. Flint stated if Scott is still on we would have three and we could potentially try to add somebody.

Mr. Franklin stated if possible we need to add someone next month.

Mr. Flint asked does the Board want to change the date?

Mr. Trace stated we can do it the week after.

Mr. Trace asked do you remember how many years we have left on the settlement agreement?

Mr. Flint stated it's got to be close because the agreement was dated 2014. Next year may be the last year.

Mr. Trace stated maybe we should put that in here.

Mr. d'Adesky stated that is a narrative note we can make.

Mr. Ruedas stated on page 5 the landscape maintenance, starting at U.S. 192 to Goodman Road and Florence Villa. Is that correct or does it go to Solara?

Mr. Flint stated it goes to Solara and it should probably say it currently has a contract with Yellowstone and Down to Earth kicks in south of that. We will clarify that.

Mr. Ruedas asked does the contract with Yellowstone already reflect that additional land?

Mr. Flint responded yes.

Mr. Ruedas asked does that also include maintenance along Sand Mine Road between Solara and Morano?

Mr. Flint responded yes.

Mr. Trace asked how do we do it as part of the proposal process, a map?

Mr. Flint stated we do it when we bid it but then as they add on areas, I don't know that we have a master map. We know what we maintain.

Mr. Trace stated when we start turning over seats and new people come on it would be good to have some of that stuff.

Mr. Ruedas stated on page 6 have all the accounts been transferred over from Solara?

Mr. Flint responded to my knowledge they have.

Mr. Ruedas stated on page 7 did Solara transfer the permit with South Florida and the monitoring and maintenance with Biotech? I'm not aware that it has occurred.

Mr. Flint stated we will have to look into that.

Mr. Ruedas stated I believe Mattamy is still paying the bills.

Mr. Flint stated that is one of the things we will refine between now and August.

Mr. Ruedas asked is it appropriate to start that transfer since the tract has been deeded to the CDD already?

Mr. Flint responded yes. That may impact some of the expense lines and we will balance it against the transfer out to capital reserve.

On MOTION by Mr. Ruedas seconded by Mr. Trace with all in favor Resolution 2019-18 approving the proposed Fiscal Year 2020 budget and setting the public hearing for Tuesday, August 13, 2019, at 11:00 a.m. at the offices of Hanson, Walter & Associates, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Amendment to Engagement Letter with Latham, Shuker, Eden & Beaudine, LLP for Professional Legal Services

Mr. d'Adesky stated next is our fee letter, we haven't increased our fees since 2014 and we are requesting an increase at this time as outlined in the letter.

On MOTION by Mr. Franklin seconded by Mr. Trace with all in favor the amendment to the engagement letter with Latham, Shuker, Eden & Beaudine, LLP was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Underwriting Agreement with MBS Capital Markets, LLC

Mr. Rowan stated this is our standard investment banking agreement and for every specific series of bonds whether it is a new issuance or refinancing MSRB and the SEC requires us to get hired as an underwriter specific to a deal and this agreement is specific to looking at and evaluating and if the Board elects to move forward refinancing the District's outstanding 2005 and 2007 bonds.

Mr. Franklin stated at our last meeting we had a comment about the Pulte agreement.

Mr. Flint stated the Pulte piece is subject to the 2007 bonds but the agreement that applied to was issuing a new series of bonds that would go top of the 2007. We engaged MBS as Underwriter, the Board adopted a resolution authorizing staff to work on it, there is a funding agreement that Pulte needs to execute before we actually move forward and do any work.

Mr. d'Adesky stated that funding agreement is critical because if they go forward and they decide at the end of the process right before they issue bonds they don't want to issue bonds then the District is stuck holding the bag for all the costs associated with that. It is a standard form, it is used in every District they should sign it.

Mr. Flint stated I don't know that they are not signing it as an indication that they don't want to move forward I think it is a timing and internal process issue.

Mr. d'Adesky stated their review process seems to take much longer compared to other companies. We had draft documents and still have not received a response and that was two or three weeks ago.

Mr. Flint stated that is still out there but that is not going to affect this. They are not sizing that bond issue based on this refunding occurring. MBS is working on that deal too. We had a conference call with them a couple weeks ago.

Mr. Trace asked what is the intent, to reduce the interest rate, reduce the payments, increase the term?

Mr. Flint stated you can increase the length, you could keep the assessment the same and generate capital. You could shorten the amortization and keep it the same. As a result of the interest rate you could reduce the per unit assessment or you could do a combination of all three of those.

On MOTION by Mr. Franklin seconded by Mr. Trace with all in favor the Underwriting agreement with MBS Capital Markets, LLC was approved.

Mr. Rowan stated in April there was a bifurcation of each series of bonds the 2005 and 2007 were essentially broken into three separate pieces, one was the performing assets, one was the non-performing assets and the other was some bonds that will be paid down within a certain period of time as well as some other bonds that were canceled at the time the bifurcation took place.

Right now outstanding are the 2005-1, 2005-2 and the piece that is going to be canceled as well as the 2007-1, 2007-2 and the piece that is going to be canceled. The opportunity today would be to refinance only the 2005-1 and the 2007-1, which relate to the performing assets for each of those series. On page 7 is a summary of what is currently outstanding with those bonds with respect to the performing assets, those are the current interest rates and the annual debt service and maturity for each of those bonds. The 2005 bonds mature in 2037, the 2007 bonds mature in 2038 and that does not change, assuming that is how the Board would want to proceed.

Mr. Flint stated it could change if the Board decided your goal is to shorten your amortization period. Typically, the goal is to reduce the per unit assessment amount, but I have had other Boards say we want to have a payoff earlier.

Mr. Ruedas stated you mentioned freeing up funds for potential capital improvements. Is there a capital improvement program?

Mr. Flint responded no, you would only do that if your goal was to keep the assessments and extract the savings versus reducing the assessments. We don't have any significant need, the roads are County roads, we aren't going to build a clubhouse or anything like that.

Mr. Rowan stated typically from a credit standpoint bonds are able to get refinanced when the project and development reaches a certain level whereby there are more homes as opposed to vacant land. Here the way the 2005-1 and 2005-2 bonds although the assets are performing there is still a split between what is vertical and what is undeveloped. However, because interest rates are so low today there is an opportunity to potentially refinance these on a non-rated basis, which means generally they wouldn't get the interest rate as low as one that has credit enhancements such as an investment grade rating or bond insurance, which helps reduce the interest rate. Even still refinance on a non-rated basis there are savings that could be achieved. A summary of the analysis is on page 10 and we estimate there could be approximately 7% reduction in annual debt service for the 2005-1 bonds and for the 2007-1 bonds approximately 17% of 18% reduction in annual debt service if we refinance on a non-rated basis.

Based on the current trust indenture the bonds could not be refinanced until it was an interest payment date so the earliest would be November 1st of this year and this assumes the same maturity as the existing bonds. The assumption we have here is interest rate average coupon is 4.3% or 4.4% and the current interest rate on the 2005 bonds is 5.65% and current interest rate on the 2007 bonds is 7.2% so reducing that down to 4.3% and 4.4% that is where the savings come in on an non-rated basis. I will point out in order to do this we would most likely have to increase the principal amount of the existing bonds. I like to use the example of if you refinance your mortgage and roll the closing costs into the new principal amount although your principal amount is going to go up you can still reduce your monthly payment. That would be the case here because there is not enough funds on hand that would counterbalance that increase in principal and if that were the case it would require the Board to go through the statutory

Chapter 170 process to notify all the landowners that the principal amount of the outstanding bonds is increasing.

Mr. Flint stated it causes confusion because you are saying the principal amount is increasing but your annual assessment is going down.

Mr. Trace asked could you extract \$158,000 from each of these so the principal amount doesn't go up, your monthly payment goes down some, but you have taken out some money to pay the cost of issuance?

Mr. Rowan stated I don't think there is enough savings here.

Mr. Flint stated a lot of times you can avoid it if you have 100% Debt Service Reserve and you refinance it at 50% but you only have 6.74% savings on the 2005.

Mr. Rowan stated on a present value basis generally all municipalities would look to refinance the bonds if they could generate 3% to 5% minimum of net present value savings. Net present value savings is 6 ½% on the 2005 bonds and 20% on the 2007 bonds. Although 7% and 18% annual savings sounds significant because there are so many units, 1,165 units secure the 2005 bonds when you spread out the savings on a per unit basis it is \$30 to \$40 per unit. There is about 2,000 units supporting the 2007 bonds and on an annual basis that is \$30. A lot of the 2005 and 2007 bonds overlap and the majority of the residents are paying the 2005 and 2007 bonds so they would get \$60 savings. On an annual basis it is about \$41,000 a year for the 2005 bonds and \$110,000 for the 2007 bonds. On an aggregate basis it would appear to make sense, you would have to go through the Chapter 170 process.

Mr. Flint stated I don't think interest rates are going to go lower.

Mr. Rowan stated because this is a non-rated refinancing most likely not for many years would there be an opportunity to refinance at rated or have some sort of credit enhancement. In addition to looking at this we would also explore other opportunities, other lenders that we might be able to sell to other than in the public market, other kinds of creative things to bring down the interest rate. I would say most likely this is probably the best-case scenario in what the District could achieve.

Mr. Flint stated the next step would be a resolution authorizing staff to proceed.

Mr. d'Adesky stated we can bring that back to the next meeting.

NINTH ORDER OF BUSINESS

Consideration of Resolution 2019-19 Ratifying Conveyance of Property

This item deferred.

TENTH ORDER OF BUSINESS

Ratification of Series 2019 Requisition No. 1

On MOTION by Mr. Trace seconded by Mr. Ruedas with all in favor Requisition no. 1 in the amount of \$2,347,833.16 from the Series 2019 bonds was ratified.

ELEVENTH ORDER OF BUSINESS

**Consideration of Proposal from VGlobalTech
for Website Compliance Services**

Mr. Flint stated I'm sure you are aware of the ADA issues with government websites and this is an agreement with VGlobalTech to restructure the District's website so it complies with the ADA requirements. We recommend you approve the first-year one-time amount of \$2,275 and any future maintenance obligations we will bring back to the Board for consideration. This is going to be incurred in the current year and the impact on next year we don't know yet. The insurer is going to require that there be some ongoing demonstration that the website is compliant and maintained. There is going to be an auditing requirement; there is a software audit but there is also a human audit that they like to see. We will come back to the Board with that as we get that worked out.

Mr. Ruedas asked when will they have the website up to speed?

Mr. Flint responded probably within 30 days.

On MOTION by Mr. Ruedas seconded by Mr. Franklin with all in favor the proposal from VGlobalTech in the first-year, one-time amount of \$2,275 for website compliance services was approved.

TWELFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager

i. Approval of Check Register

Mr. Flint presented the check register from April 6, 2019 through May 28, 2019 in the amount of \$47,765.33.

On MOTION by Mr. Franklin seconded by Mr. Trace 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.

iii. Discussion of Direct Bill Status

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

iv. Presentation of Number of Number of Registered Voters - 527

A copy of the letter from the Supervisor of Elections indicating there are 527 registered voters residing within the District was included in the agenda package.

v. Presentation of Arbitrage Rebate Calculation Reports

A copy of the arbitrage rebate calculation reports for the 2005 and 2007 bonds both indicating a negative arbitrage were included in the agenda package.

On MOTION by Mr. Trace seconded by Mr. Franklin with all in favor the arbitrage rebate calculation report was accepted.

THIRTEENTH ORDER OF BUSINESS Supervisor's Requests

There being none, the next item followed.

FOURTEENTH ORDER OF BUSINESS Other Business

Mr. Flint stated we are having an issue with reclaimed water availability at Westside. It is impacting the CDD and all the communities along that Westside Boulevard corridor and the landscaping out there is reflecting it. It is my understanding that every year around this time we have pressure issues and this year it is significantly worse than prior years. I know in Solara for example Mattamy has had to get water trucks out there. They met with Toho, I have exchanged a number of emails with them, their response is not encouraging.

Mr. Trace stated they don't guarantee anything.

Mr. Flint stated they indicated it is going to be a couple years before they will have enough reclaimed to adequately serve that area.

Mr. Franklin asked are you connected to potable water?

Mr. Flint responded we are not and that might be something Solara might be looking at but if you did that I'm sure they would require you to disinfect the lines. It Is not just a matter of putting in a backflow preventer.

Mr. Trace asked do we know how much if we had to bring in a water truck with the same or lower frequency as Solara or whoever else is doing water trucks out there, how much it would cost.

Mr. Flint stated I have no idea, we haven't looked into that for CDD common area.

Mr. Trace asked is it just two months a year that you run down Westside Boulevard twice a week with a water truck? I don't know how much that would cost if you get on a cycle.

Mr. Flint stated I don't know; we could look into that. I'm hoping we get some rain.

Mr. Trace asked will you look into what it would cost to get a truck to do some of that as a normal drought precaution. Use your best judgment or we can budget for it. I would hate for \$1 million of landscaping to die because we didn't spend \$500 to get a truck out there.

Mr. Viasalyers stated if we get the rain they are projecting we should be covered, St. Augustine usually recovers pretty well. We are working with the landscapers and make sure they edge but if it is too dry we have them skip the cut.

Mr. Flint stated we will look into the cost of a truck out here.

Mr. Ruedas asked can we get minutes sooner rather than later?

Mr. Flint stated we typically have them a week before the meeting.

Mr. Ruedas stated on Solara I don't think we closed on the deed of the lift station and I will double check with Toho or with us to see where we are.

Mr. d'Adesky stated we did what we needed to do.

Mr. Ruedas stated I believe you reviewed it so I have to verify where we end up with this. It is Toho's form so if they are happy with it, we just need to pull the trigger on the deed.

On MOTION by Mr. Trace seconded by Mr. Ruedas with all in favor the meeting adjourned at 12:09 p.m.



Secretary/Assistant Secretary

Chairman/Vice Chairman