

**MINUTES OF MEETING  
FRERC  
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the FRERC Community Development District held a Regular Meeting on Thursday, December 20, 2018 at 3:00 p.m., at City Center West Orange, 7380 West Sand Lake Road, Suite 305, Orlando, Florida 32819.

**Present at the meeting were:**

Barry Radolan	Chair
James Lavigne	Vice Chair
Deanna Snitko	Assistant Secretary
Giovanna Gutierrez	Assistant Secretary
Craig Shadrix	Assistant Secretary

**Also present were:**

Craig Wrathell	District Manager
Howard McGaffney	Wrathell, Hunt and Associates LLC
Jonathan Johnson (via telephone)	District Counsel
Momtaz Barq	District Engineer
J.W. Howard	Morgan Stanley
George Smith (via telephone)	Bond Counsel
John Amm	City Center West Orange
Brian Robinson	City Center West Orange

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Wrathell called the meeting to order at 3:05 p.m. All Supervisors were present, in person.

**SECOND ORDER OF BUSINESS**

**Public Comments**

There were no public comments.

**THIRD ORDER OF BUSINESS**

**Engineers' Report, dated October 9, 2018  
(for informational purposes)**

Mr. Wrathell stated that the Engineers' Report, dated October 9, 2018, was previously presented and adopted and no additional action is required.

▪ **Presentation: Market Report**

**This item, previously the Fifth Order of Business, was presented out of order.**

Mr. J.W. Howard, of Morgan Stanley, distributed and provided an overview of the Market Report and discussed the municipal market index, the recent rise in interest rates, long-term borrowing, municipal bond issuance, the tax code of 2017 and the robust market of 2018. Regarding issuing bonds for the CDD, he outlined the following goals:

- He will meet with the Developer to set up a bond issue for Phase 1A for approximately \$40,000,000.
- Make provisions for a \$30 million Construction fund, a Debt Service Reserve fund and Capitalized Interest.
- In January, the documents will be fine-tuned and revised, including changes in disclosure; updating and bringing the disclosure to its final version.
- He will engage in pre-marketing, with a few institutional investors, to get an idea of what terms and conditions should be contained in the documents; there is a basic set of documents, as it relates to the overall security structure; however, there may be additional conditions, as part of the negotiations, to attract investors for their capital.
- The terms must stay within certain parameters in order to grant the Chair authority to execute documents at a later date.

In response to a question, Mr. Howard confirmed that a group of five or six investors has been identified to facilitate the bond issuance. An anchor investor will control 50% to 60% of the issue, while being willing to negotiate with other investors to show that other companies are sharing in the bond issuance. A Board Member asked if one particular anchor investor was chosen. Mr. Howard stated that two or three such investors are under consideration; investors like working with his firm as it provides them with liquidity, which is difficult to do.

**FOURTH ORDER OF BUSINESS**

**Consideration of Supplemental Special Assessment Methodology Report, dated December 20, 2018**

Mr. Wrathell presented the Supplemental Special Assessment Methodology Report, dated December 20, 2018, and described the information found on each page. Discussion ensued regarding Phase 1, Phase 1A, the bond issue and assessments. Mr. Brian Ross, a Developer, stated, with regard to annual payments, there were internal conversations about reducing the costs of the units by a certain percentage to offset the costs to the buyer, as it may be too high, with 481 of those units and less than 1,000 residents paying \$1,500 per year. Mr. Wrathell stated that, between now and when the bonds are issued, the CDD will have the ability to include additional infrastructure donations and, if there is a reason or need for a certain product type and the debt assessment must be lowered, the CDD will have excess infrastructure costs to do that or Mr. Howard could program the bonds to allow the Master Developer to potentially submit partial paydowns.

In response to a resident's question regarding the taxes and mortgage interest, Mr. Wrathell stated that residents must consult their accountants but, technically, non ad-valorem assessments should not be deducted. The Supplemental Methodology Report would most likely have further adjustments, as Mr. Howard prepares to market the deal, and suggested changing the call dates from March 1 and September 1 to May 1 and November 1, to correspond with all of his other CDD clientele.

Mr. Howard stated that today's meeting clarifies a number of internal compliance issues and provides the benefit of having a public hearing and the Board's approval. He will continue to have ongoing and clear communications with Management and he expects to be at the January meeting. In response to Mr. Wrathell's inquiry regarding the Supplemental Methodology, Mr. Johnson stated, for the purposes of its inclusion in the marketing documents when it is approved and released, it was appropriate to approve the Methodology in substantial form.

**On MOTION by Mr. Lavigne and seconded by Ms. Snitko, with all in favor, the Supplemental Special Assessment Methodology Report, dated December 20, 2018, in substantial form, was approved.**

This item was presented following the Third Order of Business.

**SIXTH ORDER OF BUSINESS**

**Consideration of Resolution 2019-11, Authorizing the Issuance of Not to Exceed \$40,000,000 Aggregate Principal Amount of its FRERC Community Development District Special Assessment Bonds in One or More Series (the "Series 2019 bonds"); Determining Certain Details of the Series 2019 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a First Supplemental Trust Indenture; Authorizing the Negotiated Sale of the Series 2019 Bonds; Appointing the Underwriter; Approving the Form of and Authorizing the Execution and Delivery of a Contract of Purchase With Respect to the Series 2019 Bonds and Awarding the Series 2019 Bonds to the Underwriter Named Therein Pursuant to the Parameters Set Forth in this Resolution; Approving the Form of and Authorizing the Distribution of the Preliminary Limited Offering Memorandum and its Use by the Underwriter in Connection with the Offering for Sale of the Series 2019 Bonds and Approving the Execution and Delivery of a Final Limited Offering Memorandum; Authorizing the Execution and Delivery of a Continuing Disclosure Agreement and the Appointment of a Dissemination Agent; Providing for the Application of Series 2019 Bond Proceeds; Authorizing the Proper Officials to do All Things Deemed Necessary in Connection with the Issuance, Sale and Delivery of the Series 2019 Bonds; Making Certain Declarations; Appointing a Trustee; Providing for the Registration of the Bonds Pursuant to the DTC Book-Entry System; Providing an Effective Date and for Other Purposes**

Mr. George Smith, of Bryant Miller Olive P.A., provided an overview of the Delegation Resolution and accompanying documents and highlighted the following items:

- The Resolution was to facilitate proceeding with the issuance of bonds in a not-to-exceed amount of \$40 million.
- A previous Resolution was adopted in August, which authorized a not-to-exceed amount of \$140 million, which was presented for validation by District Counsel; a validation order was entered by the Court on October 22, 2018, which is a requirement of the State Statute.
- The Resolution authorizes the bonds to be marketed and sold.

**A. Form of First Supplemental Trust Indenture**

This will be supplemental to the previously approved Master Trust Indenture where U.S. Bank National Association is the Trustee and all the Special Assessment Collections will be remitted to the Trustee, who will then pay the bondholders when the debts become due.

**B. Form of Contract of Purchase**

This is fulfilled by Morgan Stanley and Company, as the Underwriter. The Bond Purchase Agreement delegates authority to the Chair to sign and enter into a purchase contract with the Underwriter, if certain parameters are met, which are that the agreement cannot exceed \$40 million, the interest rate must be below 300 basis points plus the bond bar of 20 bond index, which is required by the Statutes, provides that the Underwriter's discount shall not exceed 2% and that the final maturity of the Series 2019 Bonds shall be no later than May 1, 2053.

**C. Form of Preliminary Limited Offering Memorandum**

This document will be used by the Underwriter to help market the bonds to potential investors.

**D. Form of Continuing Disclosure Agreement**

This document will require the District and the Developer to update certain information, on a quarterly and an annual basis, depending on certain information and is uploaded to a website that can be reviewed by any potential investor and make a determination regarding purchasing the debt in a secondary market and it requires that sales information be updated on either a quarterly or annual basis.

Mr. Johnson stated that the big step will be preparation of the Limited Offering Memorandum and coordinating all the parties who are providing data, signing off on it to allow the marketing to proceed.

**On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, Resolution 2019-11, Authorizing the Issuance of Not to Exceed \$40,000,000 Aggregate Principal Amount of its FRERC Community Development District Special Assessment Bonds in One or More Series (the "Series 2019 bonds); Determining Certain Details of the Series 2019 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a First Supplemental Trust Indenture; Authorizing the Negotiated Sale of the Series 2019 Bonds; Appointing the Underwriter; Approving the Form of and Authorizing the Execution and Delivery of a Contract of Purchase With Respect to the Series 2019 Bonds and Awarding the Series 2019 Bonds to the Underwriter Named Therein Pursuant to the Parameters Set Forth in this Resolution; Approving the Form of and Authorizing the Distribution of the Preliminary Limited Offering Memorandum and its Use by the Underwriter in Connection with the Offering for Sale of the Series 2019 Bonds and Approving the Execution and Delivery of a Final Limited Offering Memorandum; Authorizing the Execution and Delivery of a Continuing Disclosure Agreement and the Appointment of a Dissemination Agent; Providing for the Application of Series 2019 Bond Proceeds; Authorizing the Proper Officials to do All Things Deemed Necessary in Connection with the Issuance, Sale and Delivery of the Series 2019 Bonds; Making Certain Declarations; Appointing a Trustee; Providing for the Registration of the Bonds Pursuant to the DTC Book-Entry System; Providing an Effective Date and for Other Purposes, was adopted.**

## **SEVENTH ORDER OF BUSINESS**

## **Consideration of Minutes**

- A. October 24, 2018 Landowners' Meeting**
- B. October 24, 2018 Regular Meeting and Public Hearings**
- C. November 29, 2018 Public Hearing and Regular Meeting**

Mr. Wrathell presented the October 24, 2018 Landowners' Meeting, the October 24, 2018 Regular Meeting and Public Hearing and the November 29, 2018 Public Hearing and Regular Meeting Minutes and asked for any additions, deletions or corrections.

The following change was made to the October 24, 2018 Landowners' Meeting and October 24, 2018 Regular Meeting and Public Hearings Minutes and would be made to all previously approved minutes:

Throughout: Change "Shardrix" to "Shadrix"

On MOTION by Ms. Snitko and seconded by Ms. Gutierrez, with all in favor, the October 24, 2018 Landowners' Meeting, the October 24, 2018 Regular Meeting and Public Hearing and the November 29, 2018 Public Hearing and Regular Meeting Minutes, as amended, were approved.

**EIGHTH ORDER OF BUSINESS**

**Staff Reports**

**A. District Counsel: Hopping Green & Sams, P.A.**

There being no report, the next item followed.

**B. District Engineer: Terra-Max Engineering, Inc.**

There being no report, the next item followed.

**C. District Manager: Wrathell, Hunt and Associates, LLC**

- **NEXT MEETING DATE: January 23, 2019 at 10:00 AM**

The next meeting will be held on January 23, 2019 at 10:00 a.m.

**NINTH ORDER OF BUSINESS**

**Board Members' Comments/Requests**

There being no Board Members' comments or requests, the next item followed.

**TENTH ORDER OF BUSINESS**

**Public Comments**

There being no public comments, the next item followed.

**ELEVENTH ORDER OF BUSINESS**

**Adjournment**

There being nothing further to discuss, the meeting adjourned.

On MOTION by Ms. Gutierrez and seconded by Ms. Snitko, with all in favor, the meeting adjourned at 3:48 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



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Secretary/Assistant Secretary



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Chair/Vice Chair