

**MINUTES OF MEETING
FRERC
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the FRERC Community Development District held a Regular Meeting on June 5, 2019 at 10:00 a.m., at City Center West Orange, 7380 West Sand Lake Road, Suite 305/395, 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
Cindy Cerbone	Wrathell, Hunt and Associates, LLC
Howard McGaffney	Wrathell, Hunt and Associates, LLC
Lisa Dao	Wrathell, Hunt and Associates, LLC
Jonathan Johnson (via telephone)	District Counsel
Momtaz Barq	District Engineer
J. W. Howard	Morgan Stanley
John Alm	City Center West Orange
Brian Robinson	City Center West Orange
Misty Taylor	Bond Counsel

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Wrathell called the meeting to order at 10:03 a.m. All Supervisors were present, in person.

SECOND ORDER OF BUSINESS

Public Comments

There were no public comments.

THIRD ORDER OF BUSINESS

**Discussion/Consideration: Bond Financing
Related Matters**

- A. **Resolution 2019-13, Repealing and Replacing Resolution No. 2019-11 in its Entirety; Authorizing the Issuance of Not to Exceed \$30,000,000 Aggregate Principal Amount of its FRERC Community Development District Special Assessment Bonds on 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. Wrathell stated that Resolution 2019-13 is a repealed and updated version of the Delegation Resolution approved in December and is being brought back because of recent modifications to the parameters.

Referencing PowerPoint slides, Mr. J. W. Howard, of Morgan Stanley, reported the following:

- Several iterations of the finance plan were considered and the documents were close to being finalized. The final numbers would be reviewed and adjusted tomorrow to ensure consistency throughout the documents. A preliminary official statement would then be forwarded to investors and the bonds would be marketed and executed.

- The plan includes selling approximately \$26.5 million to \$27.5 million worth of bonds to fund the infrastructure.
- A critical new Phase of the 8-Phase Development was defined as Phase 1a.
- 300 additional residential units would be added to the original 500 planned in Phase 1a.
- The bond issue was being structured to reimburse the Developer to satisfy debt issues with respect to the land, which would be free and clear. The District would acquire certain lands as it relates to the public infrastructure and the underlying foundation for the garage.
- Morgan Stanley would also fund construction for the foundation of the garage and the public infrastructure related to Phase 1a, to complete it and provide the Developer the opportunity to go vertical. The goal was to clear off any impediments, with respect to private financing, through a reimbursement of equity that is put in the project and to help the Developer pay off the mortgages.
- The Assessment Methodology was based on previous numbers, which were the same in terms of the maximum amount of per annual assessment, whether it is on a per square footage or per unit basis, it is the originally-intended amounts.
- To get the collateral for the investor to come in, all landowners would be subject to the assessments and, as the units are platted and approved under the site development, as per the Assessment Methodology, the debt related to the overall District would be allocated to each of the specific units in Phase 1a.
- Once Phase 1a is completed, the security that was secured through the assessment would be obtained by the bonds and then, as the debt is allocated, additional infrastructure financing for Phase 2 could be examined.
- The Developer is committed to building the foundation and would assign contracts to it and, then, the Developer would have to attain additional funds through commercial financing to build the remaining portion of the garage.

Discussion ensued regarding the marketing time frame, the bond interest rate and the tax-exempt market. Mr. Howard stated that the bonds would pay off the mortgages on the properties and free up the District's ability to obtain construction funding for the future, which is a huge step for any development. That was what took some time to arrange from December

to now; coming up with the right mix of development, as well as eliminating some of the debt as it relates to Phase 1a.

B. Supplemental Special Assessment Methodology Report

Mr. Wrathell stated that the May 30, 2019 Supplemental Special Assessment Methodology Report was more specific to the current structuring described by Mr. Howard. He noted the relevant information found in each section, including the par amount of bonds, the development plan, assessment rolls, benefit allocation, Equivalent Residential Unit (ERU) weightings, the True-up Agreement and the per unit residential debt assessments.

On MOTION by Mr. Radolan and seconded by Ms. Gutierrez, with all in favor, the Supplemental Special Assessment Methodology Report, was approved.

Ms. Taylor stated, due to the changes in the structure of the previously approved Bond Delegation Resolution, Staff repealed and replaced it with Resolution 2019-13, which accomplishes the following:

- Allows District professionals to market and price the bonds in order to close and issue the bonds.
- Authorizes a not-to-exceed principal amount of bonds of \$30 million.
- Makes all the findings necessary, under Florida Statutes, to sell the bonds and negotiate its sale.
- Appoints Morgan Stanley as the Bond Underwriter.

Ms. Taylor stated that several documents must be used in connection with the bond issue and are approved by Morgan Stanley, including the following:

- Trust Indenture: The agreement between the District and the bond trustee.
- Bond Purchase Agreement: The contract with Morgan Stanley.
- Preliminary Limited Offering Memorandum (PLOM): Used to market the bonds and disclose the CDD's credit information to investors.
- Continuing Disclosure Agreement: Attached to the offering document.

Ms. Taylor stated that Morgan Stanley appoints US Bank as the Trustee and authorizes and delegates Board Members to sign documents and do whatever is necessary to close, so

long it is consistent with the Resolution. Morgan Stanley also approves changes to previously-adopted Engineer and Assessment Reports, which gives the financing team flexibility to adjust those documents, as necessary, to ensure that everything aligns and that it is the best and most accurate product.

On MOTION by Mr. Radolan and seconded by Mr. Lavigne, with all in favor, Resolution 2019-13, Repealing and Replacing Resolution No. 2019-11 in its Entirety; Authorizing the Issuance of Not to Exceed \$30,000,000 Aggregate Principal Amount of its FRERC Community Development District Special Assessment Bonds on 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.

C. Miscellaneous

FOURTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of April 30, 2019

Mr. Wrathell presented Unaudited Financial Statements as of April 30, 2019.

On MOTION by Mr. Radolan and seconded by Ms. Snitko, with all in favor, the Unaudited Financial Statements as of April 30, 2019, were accepted.

FIFTH ORDER OF BUSINESS

Consideration of April 24, 2019 Regular Meeting Minutes

Mr. Wrathell presented the April 24, 2019 Regular Meeting Minutes.

On MOTION by Ms. Snitko and seconded by Ms. Gutierrez, with all in favor, the April 24, 2019 Regular Meeting Minutes, as presented, were approved.

SIXTH 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.

Mr. Barq stated that he was working on the reimbursement requisition and anticipated distribution by next week.

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

Mr. Wrathell stated that Staff was working on the bond requisition and would have a relatively large reimbursement requisition for some improvements that were already funded by the Developer, which the District would ultimately purchase from the Developer. This would probably coincide with the next Board meeting, when the pre-close is scheduled, as District Counsel had provided five contracts that are intended to be brought before the Board for consideration to be assigned to the District for District-related work only. There would be an initial reimbursement requisition and, for future reimbursement requisitions, if the contracts are approved by the Board, Staff would be able to pay the contractors directly for work on a going forward basis, until the bond proceeds are expended. Ms. Taylor stated that a Requisition Form is included in the Indenture and contains such language but, if Management feels that there will be a procedure that is different than the stated verbiage, the language could be implemented. Mr. Wrathell voiced his preference to not have that requirement, particularly since it was already outlined. Ms. Taylor would modify the language in the Requisition Form. Discussion ensued regarding the reimbursement requisition, signing authority on assignment of contracts or Change Orders, tax exempt bonds, retainage and bond proceeds.

A Board Member asked if the Chair has the ability to approve a change notice. Mr. Wrathell stated that the Chair, not the District Manager, could typically execute Change Orders in the amount of \$500,000 and the Board would subsequently ratify the Chair’s action. Mr. Barq recommended having someone available, on a daily basis, to execute and make construction-related decisions to facilitate Engineering processes. Mr. Johnson stated that the District Engineer could be granted signing authority or the Board could consider a construction management agreement to retain the Developer’s personnel to work on behalf of the District. Mr. Barq suggested authorizing the Developer’s personnel to manage the construction, on a daily basis, and approve change orders. Mr. Johnson was asked to prepare a Construction Manager Agreement with the Developer.

- **NEXT MEETING DATE: June 26, 2019 at 10:00 AM**

The next meeting will be held on June 26, 2019 at 10:00 a.m. Mr. Wrathell stated the next agenda would include consideration of the Final Supplemental Methodology, the Construction Manager agreement with the Developer and the Assignment of construction-related agreements.

SEVENTH ORDER OF BUSINESS

Board Members’ Comments/Requests

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

EIGHTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

NINTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Ms. Snitko and seconded by Ms. Gutierrez, with all in favor, the meeting adjourned at 10:53 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair