

MINUTES OF MEETING

BRIGHTON LAKES COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Brighton Lakes Community Development District was held Tuesday, December 15, 2015, at 4:00 p.m. at the Brighton Lakes Recreation Center, 4250 Brighton Lakes Boulevard, Kissimmee, Florida.

Present and constituting a quorum were:

John Mastromarino	Vice Chairman
Jennifer Palmer	Assistant Secretary
John McGrath	Assistant Secretary
Dolores Pieters	Assistant Secretary

Also present were:

Gary L. Moyer	District Manager
Tucker Mackie	Attorney
Misty Taylor	Bryant Miller Olive
Robbie Cox	MBS Capital Markets
Brian Smith	Severn Trent Services
Residents and members of the public	

This represents the context and summary of the meeting.

FIRST ORDER OF BUSINESS

Pledge of Allegiance

Mr. McGrath led the *Pledge of Allegiance*.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Moyer called the meeting to order at 4:00 p.m.

Mr. Moyer called the roll, indicating a quorum was present for the meeting.

THIRD ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

FOURTH ORDER OF BUSINESS

Matters relating to Refunding of Series 2004A Bonds

A. Consideration of Resolution 2016-01 – Delegated Award

- i. Commitment Letter – Bank of Tampa
- ii. Fourth Supplemental Trust Indenture
- iii. Escrow Deposit Agreement

Mr. McGrath stated at the last meeting, Mr. Cox provided a proposal and received a commitment letter from the bank.

Ms. Mackie stated a good place to start would be for Mr. Cox to give a short presentation on the commitment letter and the figures to conform with what we discussed, at the last meeting. Then we can make any changes. The purpose of today's

meeting is to discuss the delegated award resolution, which was included in the revised agenda package. Severn Trent prepared a supplemental methodology, which was adopted through the second resolution, which is the assessment resolution.

Mr. Cox stated as Ms. Mackie mentioned, at the last meeting, we discussed some proposed terms from the Bank of Tampa. We just received the commitment letter from the bank. We discussed it with Ms. Michelle Incandela to make sure that the terms were what we had discussed at the last meeting. Last month in my presentation, we received word from the bank that the interest rate is a fixed 4%, which is good. There were not any changes from what we discussed. Ms. Mackie negotiated disclosures and requirements by the District to fulfill the bank's level of collections. In discussion with Mr. Moyer, it was decided that the District would be providing financial statements on a bi-monthly basis to the bank. This is to keep the bank appraised of the collections. Since you have two series of bonds, they want to make sure that there is no mis-match. Those are areas where we had to work with the bank. We do not have a representative from the bank here, but they were very good to work with. I will discuss the numbers briefly. You have two series of bonds outstanding that are used to fund a lot of the infrastructure that is in the District, such as some of the roadways, stormwater, sewer, and so forth. That is public infrastructure.

Ms. Palmer stated on our CDD bill, there is a portion that never changes. It is used for maintaining the District, such as the lighting, security guards, and so forth. You are talking about the portion of the CDD bill that half of the home owners in this District pay for. It is a 30-year bond that we pay off every year with our assessments. We are looking at the ability to refinance those bonds to save money for the home owners living in that phase. We knew that there was an opportunity where we can save some money. Last month, you said in your presentation that there was a bank interested in refinancing our bonds. Mr. Cox is here to tell us about the savings that part of the home owners will receive if we refinance the bonds.

Mr. McGrath stated this will affect 333 home owners. They are farther back in the construction process.

Ms. Palmer stated we recognized those savings a few years ago when we refinanced a series of bonds. We have already gone through this process, and it makes financial sense for us to be able to do this. A few years ago, it made sense due to the market, to be able to refinance the bonds for the front of the community. Now they have come to us saying

that due to where the market is currently and the maturity of the bonds, it makes sense for us to look at refinancing the bonds for the back of the community, to give them the financial savings, also, and that is what we are looking at now. We are looking at being able to close the deal that will save the home owners in the back a significant amount of money.

Mr. Moyer stated the savings is approximately \$129.74 per year.

Ms. Palmer stated which they can take out of their assessments. People do not realize that we have a bond that is split into two areas.

Mr. Cox stated correct. You have a bond that you are paying interest on every year. When you have a market that allows for lower interest rates, that is what passes through to residents.

A Resident asked will it take 30 years for the bond to mature?

Ms. Palmer responded it will take less than 30 years. In a certain amount of time, when those bonds are completely paid off, that portion of your CDD bill will go away. The only reason that anything like that would ever occur again is, if in 30 years, we want to add another pool and other amenities and have an expenditure that is a massive amount of money. The sitting Board at that time could say to residents that you might want to pay off some bonds again to be able to pay for the expenditure, instead of assessing a large lump sum to all residents. Maybe they will look at refinancing old bonds and go to a bank and ask for financing. We have been very lucky to have a few credit ratings. We had a high level of payment on our tax bills. We can foresee that we were a lot healthier than an HOA, and we can take out loans. That would be a decision the community would make at that time, if there was infrastructure that needed to be placed in the community, rather than assessing a large amount of money. Yes, at some point that payment will go away, but you will always have the maintenance portion, which goes to pay for security, the pool company, and basic maintenance.

Mr. Cox stated I will briefly go over the numbers. The current amount outstanding on the bonds is \$2,765,000 with a current interest rate of 6.125%. You are currently paying \$238,000 every year in debt service on this series of bonds. The new refunding issuance is in the amount of \$2,670,000, which is a savings of almost \$100,000 in principal, which will decrease as a result of this transaction. The interest rate is 4% but will yield 4.06%, and you will be saving approximately \$40,000 during the year for the next 20 years, which is a good amount of savings. As I mentioned last month, you are

required to keep 25% of annual debt service in a reserve fund. The advantage of going through a bank is that they take a small reserve amount. You will achieve savings as soon as the cost of issuance or transactional costs are paid. We estimated costs of issuance at \$160,000, and it actually ended up being \$139,000.

Ms. Palmer asked what is the bottom line for residents?

Mr. Cox responded residents are currently paying \$762 per year for debt service. This amount will decrease to \$632.26, which equates to a savings of 17.06%, which is a tremendous savings. The transaction is scheduled to sell or close this Friday, assuming that documents are executed. Earlier, we had a conference call with your Chairman to discuss the terms. She is comfortable with the transaction.

Mr. Mastromarino asked when you say that you are closing this Friday, will we pay the bond off and receive a loan at the same time?

Mr. Cox responded you will not pay the entire bond off. There is a 30-day provision, and there may be some additional days because the 30th day is on the weekend. These funds will probably go into an escrow account, which can be used to redeem the bonds in about a month.

Ms. Mackie stated one of the documents in the delegated award resolution is an escrow deposit agreement. U.S. Bank currently serves as trustee and will serve as trustee on the new bonds, as well. We will pull those funds out on January 18, 2016.

Mr. Mastromarino stated the bank is loaning us up to \$2,800,000.

Mr. Cox stated yes. The bank gives us some leeway.

Mr. Mastromarino stated one of the documents that I saw in an email said that the amount to pay off the bonds in January was \$15,000 more than \$2,800,000.

Mr. Cox stated the actual amount is \$2,801,696.85.

Ms. Mackie stated unless there are any questions, I think we can proceed with consideration of Resolution 2016-01, which is the award resolution. At this time, I will turn this over to bond counsel on behalf of the District to discuss the resolution and all of the documents that will be approved.

Ms. Taylor stated I appreciate the opportunity to work with you on this refunding. We were bond counsel when these bonds were issued. We provided Resolution 2016-01, which appoints the bank as the purchaser, approves the term sheet, and approves the form of the escrow deposit agreement. This agreement is with the escrow agent at the bank. When you receive the new bond proceeds, they will go into escrow and be held for 30

days. The reason they are held for 30 days is because we owe the old bondholders a 30-day notice under the original documents. We will get an opinion at closing, stating that those bonds are no longer going to be outstanding for legal purposes. That is important to know. We are also authorizing the redemption of the bonds. We are designating these bonds as bank-qualified debt. That means you are issuing under \$10,000,000 of debt this year, and you need to designate the bonds as bank qualified. It gives the bank a more preferential tax treatment, which makes them more attractive to the bank. It also approves the assessment allocation report. It approves the supplemental trust indenture, as well, which is the contract that you are going to have with U.S. Bank, whereby they collect revenues and pay off bondholders.

Mr. Moyer stated by adoption of the resolution, you put into motion all of the items that are necessary to close this transaction.

Ms. Mackie stated the Chairman will be signing documents tomorrow.

On MOTION by Ms. Palmer, seconded by Mr. McGrath, with all in favor, unanimous approval was given to approve Resolution 2016-01 authorizing the issuance of the refunding bonds, as discussed.
--

**B. Consideration of Resolution 2016-02 – Allocating Special Assessments
Securing Series 2015 Refunding Bonds**

i. Supplemental Allocation Report Series 2015

Mr. Moyer stated in its simplest form, the supplemental assessment allocation report takes the Series 2004 bonds and pays them off using the maximum annual debt service. The analysis is simply to take the new principal and interest payments and rerun that against the 333 benefitted properties at the lower interest rate and lower debt service amount. That ended up being, as we entered into the record previously, \$632.26, which is a \$129.74 savings, as Mr. Cox indicated that these 333 benefitted properties will be saving on an annual basis.

Mr. Mastromarino stated it was a 35-year bond.

Mr. Cox stated it is a 30-year bond.

Mr. Mastromarino asked when will the next bond mature?

Mr. Cox responded 2035.

Mr. Mastromarino asked did we extend the length of the loan at a reduction?

Mr. Cox responded no. It is only a matter of the interest rate differential and any funds that we have at that time.

Mr. Mastromarino stated great, that is a real savings for sure.

Ms. Mackie stated in connection with the methodology, Mr. Cox discussed some issues that were negotiated with the bank at the last meeting. He mentioned the tax bill and whether or not that would require us to go back through the assessment process prior to finalizing this refunding. The Series 2004 bonds were tax exempt. Usually in the event that there is any taxability, on a going-forward basis, the bank would be able to charge a taxable rate, but in our negotiations with the bank, they will not look back to prior interest due or penalties, which would have required this Board under Florida Law to go back through the assessment process. I will point out, on page 2 of the methodology and throughout the trust indenture, in the event the bonds are determined taxable, another limitation is that the taxable rate will never exceed 6.125%, which is the current interest that you are paying on the bonds. In essence, a home owner will never be charged more than they are paying today to pay off the Series 2015 bonds, in a very minimal event, as we discussed at the last meeting, that these bonds are determined taxable.

Ms. Palmer stated that could happen, even if we did not refinance.

Ms. Mackie stated that is correct. In terms of the negotiability of the documents, it is not something that we really need to negotiate due to the market, but it is something that banks are looking for protection on.

Ms. Palmer stated the best-case scenario is that residents are saving money.

Ms. Mackie stated that is exactly right. That is one of the limitations that we want to place.

Mr. Mastromarino stated I assume at some point that we will notify the home owners. Will we explain that terminology?

Ms. Mackie responded typically. In terms of a notice to the home owners, we have not done a notice. I do not recall one being done.

Ms. Palmer stated Mr. Mastromarino, because this was a reduction, we were not required to notify home owners. In prior tax bills, it showed as a lesser amount for those years. If the assessment was increasing, I would say 100% that we should send out a notice.

Mr. Mastromarino stated it could be good publicity for us.

Ms. Palmer stated I agree with you, if you want to put something simplistic out but my concern is that we are going to open a can of worms where the residents in the front

will question why the residents in the back are receiving a reduction and they are not. I do not know if that will happen, but it could.

Mr. Mastromarino asked Mr. Moyer, is this common, based on your experience with CDDs?

Mr. Moyer responded the refinancings are common, but in terms of notification to home owners, that generally takes place, if at all, when we send out next year's tax bills. They will recognize that there is a reduction of \$130. It is up to the Board. We can certainly do something and the HOA can put something in the newsletter about the refinancing, if that is what the Board desires.

Ms. Mackie stated a better place would be the District's website.

Mr. Mastromarino stated that would be a good place to put something.

Ms. Palmer stated if you are going to do anything, I would recommend that you say that in previous meetings, we refinanced bonds, and list the series. My concern is that someone from the other area questioning why they did not see a reduction. We know the answer and can explain it to people. I do not know.

Ms. Mackie stated I suggest between this meeting and the next official Board meeting, I can put something together that perhaps might address both concerns, succinctly and present it to the Board as a possibility to include to the website, if you so choose at that point in time.

Mr. Mastromarino stated thank you, Ms. Mackie.

Mr. McGrath stated if we do that, I recommend that we not include the percentage. I believe that our calculations were made, assuming that all 333 were 65-foot frontage. If we were to recalculate, it may cost everyone a lot more money. Let us just include the hard dollar savings.

Ms. Mackie stated okay. I will come up with something and see what I can provide to the Board at the next meeting.

Mr. Moyer stated the only other action that we need to take, in terms of formal action, would be for the adoption of Resolution 2016-02, which allocates the new principal and interest against the 333 home owners.

Ms. Mackie stated that is correct. Back in 2004, the original assessments were levied. We are now conforming the assessments to the terms of the 2015 bonds and will attach a report showing the reduction on an annual basis.

On MOTION by Mr. McGrath, seconded by Ms Palmer, with all in favor, unanimous approval was given to approve Resolution 2016-02 allocating special assessments securing the Series 2015 refunding bonds.

Mr. Moyer stated that will be a nice Christmas present for 333 home owners. That was the purpose of this meeting.

FIFTH ORDER OF BUSINESS

Other Business and Supervisor Requests

Ms. Palmer stated Mr. Smith did a great job on the Christmas lights. They look great up and down Pleasant Hill Road.

Mr. McGrath stated they are staying on.

Mr. Mastromarino stated on the opposite side of the Brighton Lakes sign, there was a section of lights that were out. It looks like a 10-foot section. The first section is on, the second section is off, and the rest are okay. We had another incident with the gate this weekend in Volta Circle. We were able to identify the culprit. If we wish to proceed with filing a report with the sheriff's department, someone from the Board has to get involved with the police and file a police report. We can also seek compensation. My question to the Board is, in this case and in future cases, do we want to proceed with filing a police report and seek compensation, or do we want to take incidents on a case-by-case basis in which a Board member initiates the action?

Ms. Palmer responded I think we need to set a precedent. If we do it for one, we do it for all if there is blatant negligence. If it looks like it was intentional, I think we file a police report and go after them. We need to appoint a Board member to contact the sheriff's department.

Ms. Mackie stated you can delegate that to the District manager. There is no reason that the Board has to be involved. For previous incidents, to the extent that we were able to identify the perpetrator, we sent a collection letter, which most of the time goes unanswered, at which point, we discussed filing a police report and following up with a letter.

Ms. Palmer stated we can delegate Severn Trent, which is Mr. Moyer or Mr. Smith. He can meet with them and file a police report. We can send a letter in addition to filing the police report. That would be my opinion.

Mr. Mastromarino stated my understanding was that someone on the Board had to file the police report, as opposed to staff. I prefer that the Secretary file the police report.

Ms. Palmer asked can Mr. Smith be made an honorary Secretary? Mr. Smith has been at every meeting since the inception of the District.

Mr. Moyer responded he can be designated an Assistant Secretary.

Ms. Mackie stated I suggest bringing a resolution to the next meeting, for purposes of appointing Mr. Smith to deal with the policy for trespass notices.

Mr. Mastromarino asked is there a time limit for seeking damage? We have to file a police report.

Ms. Mackie responded I know that it cannot be two years later, but I do not know if there is a limited time frame to file a police report.

Ms. Palmer asked who has the tape?

Mr. Smith responded we do. We contacted the person and sent them the information. We told them that we know that they damaged the gate and the cost for repair. If they do not respond appropriately, Ms. Mackie will send a lawyer letter to them. Generally, if it is a home owner, they will respond. If it is someone passing through, that is when we file the police report. Having a police report is not a bad thing.

Ms. Palmer stated I agree.

Mr. Smith stated as long as we have the video and a picture, we can file the police report within three days.

Ms. Palmer stated I do not have a problem with Mr. Smith meeting with the sheriff and would be happy to adopt a resolution saying that Mr. Smith has the authority or is an agent of the Board.

Mr. Moyer asked are you okay with that, Mr. Mastromarino?

Mr. Mastromarino responded I have no problem with that. I just do not want to further delay us taking any action, and having a police report is a good idea if the matter goes unresolved.

Mr. McGrath stated we are in the process of redoing signage for those gates to make it simpler in case someone really does not know.

Ms. Palmer asked what is the status of the signs?

Mr. Smith responded we asked ACT to provide them and had some issues, so we are doing them ourselves. They should be up prior to the next meeting.

Ms. Palmer stated great.

Mr. McGrath stated several home owners complained that when they were contacting staff, in some cases, they did not receive any feedback at all, even that staff received their message. We met and that is something, at a minimum, that is going to happen all the time.

Mr. Smith asked do you know who the individual was that contacted us?

Mr. McGrath responded there was a group of people.

Mr. Smith stated we received an email about broken branches.

Mr. McGrath stated the understanding is that we may not be able to respond to each home owner who sends a request or comment regarding what we are doing, how long it will take, and so forth. In all cases, the minute that we receive the message, you should thank them and proceed.

Mr. Smith stated we usually do. I will find out from the resident exactly what they are talking about. I will get the names of the residents from Mr. Gerry Frawley and will follow up.

Mr. McGrath stated that is the procedure that we are going to be operating under.

A Resident stated there were two broken branches.

Mr. Smith stated I came out here to investigate the branches, and I found two tiny branches on the street.

The Resident stated that is probably what was left by the time you went out there, but there were a lot more.

Mr. Smith stated we will make sure that we answer emails from residents immediately.

Ms. Pieters asked was there an issue with potholes on Brighton Lakes Boulevard?

Mr. Smith responded there was a pothole that was filled in. I will look to make sure that there are no other potholes.

SIXTH ORDER OF BUSINESS

Submitted Resident Questions and Audience Comments

Mr. Mastromarino stated a resident raised a question about when the bond gets paid off, if there would still be additional costs for maintenance or additional infrastructure.

A Resident stated I wanted to know what the balance was for this refinancing compared to what the balance will be after we refinance and if it will only affect the 333 residents.

Ms. Mackie stated correct.

The Resident asked where are these home owners?

Ms. Palmer responded they are in the back of the community.

Mr. Mastromarino stated if you go to the property appraiser's website, I believe they will tell you which phase is affected. I believe that we are talking about Phase 3.

Ms. Palmer stated the budget is online, and the maintenance portion is broken out. That amount minus what you paid is what would go away. It is not \$800. The bond portion will go away. The first phase will go away faster than the back.

Mr. Moyer stated the O&M is \$1,114.72; \$762 is the debt amount that will decrease, and the remaining portion is \$632.

Ms. Palmer stated by the time those bonds expire, that amount will increase because the cost of maintaining the community will increase. The cost of landscaping will increase, and the hourly wage for the security guards will also increase. The O&M portion will go away, unless, as we discussed, we want to add another pool or something. We would issue another series of bonds and spread it out across all of the homes and will be paid off over the years.

The Resident stated so once we pay off the bond on our property, we will only be responsible for the operating portion.

Ms. Palmer stated that is correct. Several people in the community paid off their bond.

The Resident stated I reviewed Resolution 2016-02. What is the special assessment? Normally communities inform residents in advance that they are going to be assessed.

Ms. Palmer responded if we were ever going to do that, it would be during the budgetary process for some unforeseen event. The special assessment is your CDD fee, and it goes on your tax bill as a special assessment. There are other taxes, such as the fire department. The CDD assessment is one of them. If we ever raised the assessment, we are required by law to notify the residents and hold a public hearing to discuss the assessment. At that public hearing, you would be more than welcome to provide comments. In the few times that we did raise the assessment, it was not more than \$100. One time that we raised the assessment, we had a room full of people. We, as a Board, try to make decisions on behalf of the residents. We are part of the community and have a vested interest. Any time we looked at raising the assessment is because over the course of the years, in the 15 years that I served on the Board, we raised it three times. We constantly ask staff to rebid projects to keep costs down. If someone came to us with

a petition from home owners saying that they were against having the gates and do not want security, if it is two-thirds or three-fourths of the community, we will consider it. In the past, we had long discussions about what is in the best interest of the community. If a vast majority of home owners have a real reason why something should not happen, we are not going to sit here and debate it back and forth.

The Resident stated as a home owner, it is more about the standard. I do not want a Board that is just going to look at saving money. I do not want the cheapest bid. I do not want to send three emails to get a light bulb changed. I am looking at having a standard look to the community.

Ms. Palmer stated I agree with you. For example, when we considered changing landscaping companies, this last time, we had the lowest bid, the highest bid, and one in between. We actually went with the one in between because the company was here, and the one with the lowest bid was not present. The one in between had back-and-forth conversation with us, showed us pictures, and gave us references. I think all of us got a good feeling from them. Mr. Smith worked with them in other communities. They have given us a good bang for our buck. They provided us things that were not in the contract and did things that were not in the contract. We made the decision to hire them as a home owner and Board members.

The Resident asked as home owners, would you ever consider improving something? We never had the landscaper do this and maybe we should consider getting a better package versus just trying to stay status quo.

Ms. Palmer responded not with just the landscaping, but we have on other things. That is why we added parking spaces going down Brighton Lakes Boulevard, added the fencing for the basketball courts, made new playground areas, and bought new exercise equipment, which is something that we never had before. All the time, we talk about soccer fields that need replacing, such as at the end of Maracaibo.

Mr. Mastromarino stated I was back there yesterday. It is well maintained. You would never know that a playground was there. We installed top notch playground equipment versus the old pressure-treated wood.

Mr. McGrath stated with this project, we stated with neighborhood H. If you are in neighborhood G, you have already been saving since 2007.

Ms. Palmer stated the bottom line is that there are certain things that we are looking at. If A costs less than B, or if A is the same price as B, I am going with A. I believe we all have the same mindset. It is like spending money out of my own personal account.

The Resident stated you discussed not extending the length of the loan.

Ms. Palmer stated it does not make any sense to extend it. In the worst-case scenarios that we ran, it did not make sense.

The Resident stated regarding the resolution allowing Mr. Smith to contact the police, can we designate a Board member?

Ms. Palmer responded as a Board, we rely a great deal on Mr. Smith, and he knows the details more than we do. He works in the best interest of the community.

Mr. Mastromarino stated he and his staff has the tapes. We do not have them.

SEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Ms. Palmer, seconded by Mr. McGrath, with all in favor, the meeting adjourned at 5:00 p.m.

Gary L. Moyer, Secretary

John Mastromarino, Vice Chairman