

**MINUTES OF MEETING
VERANDAH EAST
COMMUNITY DEVELOPMENT DISTRICT**

A Public Hearing and Regular Meeting of the Verandah East Community Development District's Board of Supervisors was held on **Wednesday, October 19, 2016 at 2:00 p.m.**, at the **Verandah Sales Office, 11571 Verandah Blvd., Ft. Myers, Florida 33905.**

Present and constituting a quorum were:

Paul Martin	Chair
Harvey (JR) Congdon II	Assistant Secretary
Steve Benson	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Alyssa C. Willson	Hopping Green & Sams
Jonathon Johnson (<i>via telephone</i>)	District Counsel
Dave Robson	District Engineer
Alice Carlson (<i>via telephone</i>)	AJC Associates, Inc.
Madeline Garrett	Resident
David Moore	Resident
Bill Work	Resident
Jane Voiles	Resident
Nick Kerpchar	Resident
Richard Macko	Resident
Ed Garrett	Resident
Margo McGuinn	Resident
Susan Curran	Resident
Gerry McGuinn	Resident
Robert Warren	Resident
Carl Lodeck	Resident
Annett Steck	Resident
Alice Woods	Resident
Jacqueline Voiles	Resident
Ken Carter	Resident
Bob _____	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 2:02 p.m., and noted, for the record, that Supervisors Martin, Benson and Congdon were present, in person. Supervisors Langout and Harvey were not present.

SECOND ORDER OF BUSINESS

Public Comments (*for matters unrelated to the public hearing*) [3 minutes per person]

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Public Hearing to Consider the Adoption of an Assessment Roll and the Imposition of Special Assessments Relating to the Financing and Securing of Certain Public Improvements

Mr. Adams stated that today's Public Hearing and Regular Meeting were properly advertised.

A. Staff Overview

Mr. Adams stated that the District was in the process of refinancing the Series 2006 bonds. The District originally issued \$21 million in bond debt. The Master Engineer's Report identified \$34 million in qualifying construction infrastructure that the District should have financed, if the financing worked with the financing levels needed, at the time. Under the Trust Indenture, the bonds could not be optionally redeemed for at least 10 years. Now, the District may optionally redeem the bonds. Normally, refinancing is to reduce assessments; however, due to a six year period of financial distress and recession, infrastructure halted in portions of the community, resulting in a significant number of incomplete projects. The District would have \$2.5 million available for additional construction, through the refinancing. The refinancing would reduce the interest but there would be no increase in assessments and the term would remain the same. Ms. Willson clarified the infrastructure that should have been completed would now be part of the Series 2016 Project but was contemplated, as part of the original Engineer's Report and original Capital Improvement Plan (CIP) associated with the Series 2006 bonds.

B. Presentation of Supplemental Engineer's Report

Mr. Robson stated that the Engineer's Report included a narrative of the major components of development projects and an estimate of the associated future costs. The 2016

Project included the top one-third, near Palm Beach Boulevard, of the project that is undeveloped. Conservation areas are set and lakes are dug out but not connected or connected to the local infrastructure for the future neighborhoods. The components necessary for completion of the project were water management, connecting of the lakes, utilities and perimeter landscaping, associated with the project boundaries, permitting fees and design fees associated with building the future neighborhoods, which all totaled \$2.5 million. The quantities of future units, potable connections required, sanitary, associated piping, lift stations versus gravity lines and an arborist evaluation of the perimeter landscaping, were considered.

Ms. Willson asked Mr. Robson if, based on his professional experience, the cost estimates in the Engineer's Report were reasonable and proper. Mr. Robson replied affirmatively. Ms. Willson asked Mr. Robson if he was aware of any reason to believe the project could not be carried out by the District. Mr. Robson replied no.

C. Presentation of Assessment Methodology Report

Ms. Alice Carlson, of AJC Associates, Inc., (AJC), stated the Assessment Methodology Report, dated October 12, 2016, would replace the Master Special Assessment Methodology, which was prepared and adopted prior to the issuance of the Series 2006 bonds. The purpose of the 2016 bond issuance was to reduce the interest rate. The Engineer's Report included the future project estimation at approximately \$2.5 million. Currently, the outstanding bonds are \$18,350,000. The developer would make a capital contribution of improvements to the property, of approximately \$485,000, reducing the amount to \$17,865,000. The new bonds would be \$20,615,000. The difference would be \$2.5 million of available construction funds, plus a debt service reserve account and funding the original issuance discount, the cost of issuance and the Underwriter's discount. The assessment was allocated in the same manner as in the past, based on Equivalent Residential Unit (ERU). "Exhibit A-1" showed the 851 units and allocating the debt of \$18,350,000. The developer made changes, and anticipated the contribution of capital improvements and reduced the units to 767. The final chart showed the 767 units allocation of the \$20,615,000, which showed an increase in the par but the annual debt service was unchanged. This amount included an early pay discount of 4% for early payment of taxes.

Ms. Willson asked Ms. Carlson if the land, subject to the assessments, received special benefits from the District's CIP. Ms. Carlson replied affirmatively. Ms. Willson asked if special assessments were reasonably apportioned among the land subject to the special assessments. Ms. Carlson replied affirmatively. Ms. Willson asked if it was reasonable, proper and just to

assess the cost of the CIP against the lands in the District, in accordance with the Assessment Methodology, which resulted in the special assessment set forth in the final assessment roll. Ms. Carlson replied affirmatively. Ms. Wilson asked if the special benefits the land receives, as set forth in the final assessment roll, would be equal to or in excess of the maximum special assessments levy thereon, as allocated in the Assessment Methodology. Ms. Carlson replied affirmatively. Ms. Willson asked if it was in the best interest of the District that the maximum special assessments be paid and collected, in accordance with the Assessment Methodology, and the District's assessment resolutions. Ms. Carlson replied affirmatively.

D. Public Comments

******The Public Hearing was opened.******

Ms. Madeline Garrett, a resident, stated there were 506 units that had not been built yet or were unsold and asked why those units would not incur the entire burden of the assessments. Mr. Adams responded that those units would pay the revised assessments, as a part of this program, and paid the 2006 Bond Series, for the past 10 years, which covered all planned units for the project, from inception. The infrastructure program was built in phases, for the entire community, and all units would benefit. At that point, those units were not constructed; therefore, they received no benefit from a completed package. Those parcels footed the annual assessment bill, for 10 years, paid by the developer, until the units are sold.

Mr. David Moore, a resident, wanted validity of documentation that, after the restructuring of debt, the community could be completed and would not need to repeat this process.

Mr. Bill Work, a resident, asked if a homeowner could pay off their portion of the debt assessment. He asked about the term length of the prior bond and the new bond.

Ms. Jacqueline Voiles, a resident, felt that the bonds could be refinanced and reduce the amount of the CDD assessments that homeowners pay, which would benefit not only the sale of homes, with a reduced CDD assessment for new homeowners but, also, existing homeowners. She wanted lowered assessments, through the refinancing, and for the infrastructure construction expenses to be paid by another means.

Nick Kerpchar, a resident, asked when resident would be able to hold seats on the CDD Board.

Mr. Richard Macko, a resident, asked if the eight years of payments toward his portion of the bond would be lost or if the 22-year payoff term remained.

Mr. Ed Garrett, a resident, stated that \$11.5 million remained outstanding to complete the project and asked when those expenses would be assessed to residents. He never received notification of meetings, in the past, and felt that it was an injustice to residents. When the CDD achieved 250 homes, resident Board Member eligibility for two seats should have been noticed. Mr. Garrett asked when the elections would occur. Kolter Homes, LLC., (Kolter) would shoulder \$500,000 and had many open doors. The developer should pay more and pass the savings to residents. If this bond remained the same and was refinanced both the residents and Kolter would save money.

Ms. Margo McGuinn, a resident, asked how residents would receive answers to these questions. Mr. Adams stated, if time permitted, answers would be given, later in this meeting.

Ms. Susan Curran, a resident, was informed that the new development would have more doors than the original plans; therefore, if there were more doors, there should be additional funds and assessments should go down with the reduced interest rate.

Mr. Gerry McGuinn, a resident, asked what assurance residents had that the cost of completing the community would not necessitate additional funding, should another recession occur.

Mr. Robert Warren, a resident, asked if the landscaping project, identified in the Engineer's Report was related to the area near Buckingham Road, which did not have noise mitigation.

Mr. Carl Lodeck, a resident, stated it was mentioned earlier that the project completion for the CDD was estimated at \$20 million. The original estimate was \$30 million, plus, which was a significant difference of \$11 million. Mr. Lodeck asked if this amount was paid by Kolter or if it remained an outstanding problem for the future.

Ms. Annett Steck, a resident, stated that the residents' part of the assessment would not change and asked if this was similar to when a house is refinanced or, while the loan payment may remain the same more funds would be owed, resulting in further debt. She felt that informing residents that everything would remain the same was not correct because more funds would be owed than initially owed.

Ms. Alice Woods, a resident, asked if the letter that was sent, listing all the neighborhoods, was incomplete and if everyone in this development is charged by the CDD.

Ms. Voiles, asked if the CDD bonds were ever previously refinanced and, if so, what happened, with individual property owners, because of the refinance.

Mr. Adams stated, regarding the 2016 bonds and what assurances residents have for completion of the project, this was anticipated to be the final refinancing. The Underwriter and Bond Counsel indicated that the interest rate on this bond would be so low that, even if the rate decreased more, it probably would not be low enough to make it feasible to refinance and there would be a 10-year non-optional redemption period. The new bond issuance would require, a Completion Agreement, which would require the developer to use their own funds to complete infrastructure that could not be completed, with the additional construction funds. Previous shortfalls were paid, as the project continued, to try to complete the infrastructure. When construction funds were depleted and the bottom fell out of the housing market, areas that needed basic infrastructure were identified, as part of the original project. The developer must use their own funds to fund infrastructures that cannot be completed using the construction funds. A resident asked if there was a Completion Agreement with the original bond. Mr. Adams stated that there was a Completion Agreement but, when there is an option to redeem and refinance, it could result in a saving in assessment payments or a recapture of additional funds for construction. The bond refinancing is not similar to a mortgage because, in the District's case, the term is not being extended. The annual payments would remain the same. The principal would increase because the interest decreases and the nexus of that keeps the assessments the same, with no extension of the maturity date. The assessment is on the property and transfers to the new owner, upon sale of the property. The landowner may pay off the debt service amount and that portion of the assessment would no longer be on the tax bill; however, the landowner is still responsible for the annual operation and maintenance (O&M) assessment.

In response to the whether an increase in the number of units would lower assessments, Mr. Adams stated that the ERU number does not equal the total number of actual units. The assessment could be higher or lower, depending upon the concentration of single-family versus multi-family homes and the benefit. There was a reduction in three neighborhoods, which required a true-up payment, due to the decision to change product type. Ms. Willson stated the developer contributed \$484,000 worth of infrastructure to complete the true-up payment.

Discussion ensued regarding determining the number of ERUs and the impact of additional or fewer, units.

*****The Public Hearing was closed.*****

Mr. Adams stated that two seats were up for election at the General Election. The qualifying period for those seats was in June and no one qualified to run for the seats, despite

proper advertisement. At the January meeting, vacancies would be declared and qualified electors would be considered to fill the seats. A final landowner-elected seat would be filled at the Landowners' Meeting on November 9, 2016 at 1:30 p.m., at this location. Mr. Adams explained the election process and qualifications.

Mr. Bob _____, a resident, stated many residents do not read the legal notices but, if a letter was sent, prior to the meeting, the website should be included, so residents could do research.

Mr. Adams stated, regarding the question of prior refinancings, Veranda West CDD previously refinanced. Mr. Martin stated that Veranda West CDD refinanced but there is one parcel left to develop, in that CDD, which was not projected for completion for another five to six years, in the future. There is \$13 million left to spend in Veranda East CDD.

Discussion ensued regarding the future development in the District.

Ms. Willson stated that agenda were available on the CDD website.

Regarding landscaping for noise mitigation, Mr. Robson stated that he was never advised to consider different, noise mitigating landscaping for the Buckingham Road area.

E. Board Discussion and Equalization

This item was not discussed.

F. Consideration of Resolutions

- **Resolution 2017-1, Authorizing and Confirming District Projects for Construction and/or Acquisition of Infrastructure Improvements; Equalizing, Approving, Confirming, and Levying Special Assessments to Secure Its 2016 Refunding Bonds on Property Specially Benefitted By Such Projects to Pay the Cost Thereof; Providing for the Payment and the Collection of Such Special Assessments By the Methods Provided for by Chapters 170, 190 and 197, Florida Statutes; Confirming The District's Intention To Issue Special Assessment Bonds; Making Provisions for Transfers of Real Property to Governmental Bodies; Providing for the Recording of an Assessment Notice; Providing for Severability, Conflicts and an Effective Date**

Ms. Willson presented Resolution 2017-1 for the Board's consideration.

On MOTION by Mr. Benson and seconded by Mr. Martin, with all in favor, Resolution 2017-1, Authorizing and Confirming District Projects for Construction and/or Acquisition of Infrastructure Improvements; Equalizing, Approving, Confirming, and Levying Special Assessments to Secure Its 2016 Refunding Bonds on Property Specially Benefitted By Such Projects to Pay the Cost Thereof; Providing for the Payment and the Collection of such Special Assessments By the Methods Provided for by Chapters 170, 190 and 197, Florida Statutes; Confirming The District's Intention to Issue Special Assessment Bonds; Making Provisions for Transfers of Real Property to Governmental Bodies; Providing for the Recording of an Assessment Notice; Providing for Severability, Conflicts and an Effective Date, was adopted.

- **Resolution 2017-2, Setting Forth the Specific Terms of the District's Special Assessment Revenue Refunding and Improvement Bonds, Series 2016; Confirming and Adopting the Engineer's Report and Supplemental Special Assessment Methodology Report; Confirming, Allocating and Authorizing the Collection of Special Assessments Securing Series 2016 Bonds; Providing for the Application of True-Up Payments; Providing for the Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Special Assessments; Providing for Conflicts, Severability and An Effective Date.**

Ms. Willson presented Resolution 2017-2 for the Board's consideration.

On MOTION by Mr. Martin and seconded by Mr. Congdon, with all in favor, Resolution 2017-2, Setting Forth the Specific Terms of the District's Special Assessment Revenue Refunding and Improvement Bonds, Series 2016, Confirming and Adopting the Engineer's Report and Supplemental Special Assessment Methodology Report, Confirming, Allocating and Authorizing the Collection of Special Assessment Securing Series 2016 Bonds; Providing for the Application of True-Up Payments, Providing for the Supplement to the Improvement Lien Book, Providing for the Recording of a Notice of Special Assessment, Providing for Conflicts, Severability and an Effective Date, was adopted.

FOURTH ORDER OF BUSINESS

Consideration of Agreement with Verandah Community Association, Inc., for Certain Maintenance Services of Hardscaping Improvements

Mr. Adams stated that, as part of the construction program, the District would acquire the hardscaping, which was not done, in the past. The general schedule for review, repair and maintenance of hardscaping, was on Page 11. Ms. Willson stated, once the description of the wall was finalized, it would be included, as a description of the District improvements, and the appropriate maintenance schedule would be determined. The maintenance would be completed by the Association.

On MOTION by Mr. Martin and seconded by Mr. Benson, with all in favor, the Agreement with Verandah Community Association, Inc., for Certain Maintenance Services of Hardscaping Improvements, in substantial form, was approved.

FIFTH ORDER OF BUSINESS

REMINDER: Landowners' Meeting: November 9, 2016 [Seat 4]

Mr. Adams stated the Landowners' Election Meeting will be held on November 9, 2016 at 1:00 p.m., at this location, to fill Seat 4.

SIXTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of August 31, 2016

Mr. Adams presented the Unaudited Financial Statements as August 31, 2016.

SEVENTH ORDER OF BUSINESS

Approval of September 14, 2016 Public Hearing and Regular Meeting Minutes

Mr. Adams presented the September 14, 2016 Public Hearing and Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Benson and seconded by Mr. Congdon, with all in favor, the September 14, 2016 Public Hearing and Regular Meeting Minutes, as presented, were approved.

EIGHTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

NINTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

Ms. Willson stated preparations have been made for next week's final closing on the bonds.

B. District Engineer

There being no report, the next item followed.

C. District Manager

There being no report, the next item followed.

TENTH ORDER OF BUSINESS

Supervisors' Requests

There being no Supervisors' requests, the next item followed.

ELEVENTH ORDER OF BUSINESS

Adjournment

There being no further business to discuss, the meeting adjourned.

**On MOTION by Mr. Martin and seconded by Mr. Congdon,
with all in favor, the meeting adjourned at 3:05 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


Secretary/Assistant Secretary


Chair/Vice Chair