

**MINUTES OF MEETING
BABCOCK RANCH
COMMUNITY INDEPENDENT SPECIAL DISTRICT**

The Board of Supervisors of the Babcock Ranch Community Independent Special District held a Regular Meeting on Thursday, October 26, 2017 at 1:00 p.m., at 14750 SR 31, Punta Gorda, Florida 33982.

Present at the meeting were:

Gary Nelson	Chair
Bill Vander May	Vice Chair
Kathy Valentine	Assistant Secretary
Gail Maltese	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Jonathan Johnson	District Counsel
Alyssa Willson	Hopping, Green & Sams
Amy Wicks	District Engineer
Christine Limotta	Babcock Ranch
Justin Guerra (<i>via telephone</i>)	Developer/Kitson & Partners
Terry Holihan	Kitson and Partners
Jerry Evans	Field Operations – Babcock Ranch
John Broderick	Ops Construction – Kitson & Partners
Erica Woods	Counsel – Kitson & Partners
Jon Meyer	TCU Utilities Director – Kitson & Partners
Greg Pankow	Kitson & Partners
Gary Nelson	Kitson & Partners
Matt Smith	Lee County Appointed Representative

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 1:02 p.m.

SECOND ORDER OF BUSINESS

Roll Call

Mr. Wrathell stated that Supervisors Nelson, Vander May, Valentine and Maltese were present, in person. Supervisor Andres was not present.

THIRD ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

FOURTH ORDER OF BUSINESS

Consideration of Revised Utility Fees and Charges, Revised Rate Tariff, Revised Utility Extension Policy and Revised Utility Service Policy for Purposes of Setting Public Hearing and Ratifying Actions Related to Publication of Required Notices

Mr. Wrathell stated that he received a letter from Mr. Richard P. Severance, dated October 17, 2017, regarding the Babcock Ranch Water Utilities. The letter recommended consideration of the proposed adjustment to the Rates and Fee Schedule and the proposed Policies Manual.

A. Rates

B. Policy

Mr. Terry Holihan, of Kitson & Partners, stated that he helped the different entities that were owned and, in this case, MSKP Town & Country Utility, LLC (T&C), as the operator of the plant. Two documents that were adopted December 2016 were modified. The tariff went up on the Rate Schedule and, previously, they were on extension and service policies were modified into a uniform policy document. The overall goal was to make the two documents more readable and easy to follow. The Rate Schedule did not reflect any changes to the ERC or connection fees. Additions were made to address items that were not clear before, such as numerous miscellaneous fees. He wanted to ensure that the items identified in the Service Policies or Extension Policies were perfectly enumerated in the Rate Schedule. An ERC calculation tool was added to the Rate Schedule. The changes were discussed with Mr. Joe Nolan, Counsel who helped the District with the initial documents. He had no challenges, comments or criticism regarding the modifications. The Rate Schedule, miscellaneous fees and calculations, were all passed through Mr. Rob Ori, the consultant working on the utility rates and policies.

Mr. Johnson stated that the Board was not being asked to adopt these today, in substance; the Board is being asked to approve them for the purposes of the Public Hearing; Notices were prepared in anticipation of a favorable action and to keep on an expedited holiday schedule.

Mr. Holihan gave an overview of the Policies, pointing out the changes, and Exhibits that were removed.

C. Notices

i. Notice of Rule Development

Mr. Wrathell stated that the Notice of Rule Development would be advertised, accordingly. Since Staff already advertised for the Public Hearing, a Motion to Ratify Staff’s Actions would be necessary.

ii. Notice of Rule Making

Mr. Wrathell stated that all proposed rates, fees and charges were listed in the Notice. It was a large and expensive document to advertise; it would be advertised and posted to the website. The Public Hearing would set for November 16, 2017 at 1:00 p.m., at this location.

Mr. Vander May asked if the Equivalent Residential Connection (ERC) calculation tool was in the Policy. Ms. Willson replied that she saw it on Page 13, under 4B, and it should accompany the Rate Schedule document. It was a sheet showing how to the use the ERC calculation tool. Mr. Wrathell would ensure he had that document for the November 16 Public Hearing.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, the Revised Utility Fees and Charges, Revised Rate Tariff, Revised Utility Extension Policy and Revised Utility Service Policy for Purposes of Setting the Public Hearing for November 16, 2017 at 1:00 p.m., at this location and Ratifying Actions Related to Publication of Required Notices, were approved.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2018-01, Designating the Location of the District Records Office and Providing an Effective Date

Mr. Wrathell presented Resolution 2018-01. The District was required to designate its Office of Record, in the county of the District’s located. In this particular instance, which is unique, the District spans two counties. After speaking with Mr. Johnson, a Records Office within the boundaries of the District would be fine. The District’s Records Office will be: 14750

SR 31, Punta Gorda, Florida 33982. The Offices of Wrathell, Hunt and Associates, LLC would function as the main repository of the District’s records.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, Resolution 2018-01, Designating 14750 SR 31, Punta Gorda, Florida 33982, as the Location of the District Records Office and Providing an Effective Date, was adopted.

SIXTH ORDER OF BUSINESS

Consideration of Engineer’s Report, Assessment Phase 2A

Mr. Wrathell stated that this is for a specific geographical location. The District was looking to pursue issuing bonds on 176 lots.

Ms. Wicks presented the Engineer’s Report, dated October 19, 2017.

Mr. Johnson asked Ms. Wicks to confirm that the scope of the improvements, the \$5 million amount and the types of improvements were all within the overall \$10.5 to \$11 billion bond validation that the District validated. Ms. Wicks replied affirmatively.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, the Engineer’s Report, Assessment Phase 2A, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Master Special Assessment Methodology Report for Phase 2A

Mr. Wrathell presented the Master Special Assessment Methodology Report for Phase 2A. The previous bonds the District issued, when Fishkind & Associates, Inc., managed the District, had an Assessment Methodology specific to the first area and it did not cover this. The Engineer’s Report and Master Methodology must be approved. The intent of this report is to provide a financial modeling, which assumes financing 100% of the improvements, via bonds, so as to set the maximum par amount of bonds per unit and annual debt assessment caps. Following approval of these Reports, assessment Resolutions would be considered, which would set the required Public Hearing. The Public Hearing would be targeted for the December meeting. Mr. Wrathell gave a general overview of the Methodology Report and noted Page 14, referencing “Table 5 - Contribution Per Unit”. This was a unique situation in that a Developer contribution

would be made, on behalf of the six units. In essence, it enables the District to buy down the debt assessment to a number that, contractually, was already agreed to by the buyer and seller. This would avoid sending Lennar an Assessment Notice that was higher than what was agreed to in the contract. This is also allowable and permissible in the context of Developer contributions where the Developer will privately fund some of the infrastructure and convey it to the District, which in reality would happen anyway. For the portion of the Capital Improvement Plan (CIP) not funded by bonds, the Developer will privately fund the balance of the improvements, per the Completion Agreement. With that, the \$131,578.59 of infrastructure would be constructed, privately funded and conveyed to the District, on behalf of those six units. Those units have a lower par amount of bond debt. Prior to issuing bonds, a Supplemental Methodology with the final bond numbers would be presented to the Board, after the December meeting.

Mr. Johnson stated that there may be a few tweaks since this was still undergoing review by the finance team. Ultimately, these receive final approval at the November Public Hearing and it was being approved today, in order to proceed. At the December Public Hearing, more detail would be available. Mr. Johnson asked Mr. Wrathell the following questions:

1. In your professional opinion, the Methodology you are proposing would clearly and reasonably allocate the assessments among the benefiting properties in Phase 2A?

Mr. Wrathell replied, "Yes Sir".

2. In your professional opinion, the improvements outlined in Ms. Wicks' report provided benefit to those properties that is greater than the burden of the assessments the District was planning to put on them?

Mr. Wrathell replied, "Yes".

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, the Master Special Assessment Methodology Report for Phase 2A, in substantial form, was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2018-02, Declaring Special Assessments; Indicating the Location, Nature and Estimated Total Cost of Those Improvements Whose Cost is to be Defrayed by the Special Assessments; Providing the Portion of the Estimated Total Cost of the Improvements to be Defrayed by the

Special Assessments; Providing the Manner in Which Such Special Assessments Shall be Made; Providing When Such Special Assessments Shall be Made; Designating Lands Upon Which the Special Assessments Shall be Levied; Providing for an Assessment Plat; Adopting a Preliminary Assessment Roll; Providing for Publication of this Resolution; and Providing for an Effective Date

Mr. Wrathell presented Resolution 2018-02. This Resolution would declare special assessments and is the first step in the process. Mr. Wrathell requested to move the December meeting from Thursday, December 14 to Wednesday, December 13, 2017 at 1:00 p.m., at this location. The Board Members agreed to reschedule the December meeting. Ms. Maltese pointed out that the address on the Resolution was inaccurate and must be corrected.

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, Resolution 2018-02, Declaring Special Assessments; Indicating the Location, Nature and Estimated Total Cost of Those Improvements Whose Cost is to be Defrayed by the Special Assessments; Providing the Portion of the Estimated Total Cost of the Improvements to be Defrayed by the Special Assessments; Providing the Manner in Which Such Special Assessments Shall be Made; Providing When Such Special Assessments Shall be Made; Designating Lands Upon Which the Special Assessments Shall be Levied; Providing for an Assessment Plat; Adopting a Preliminary Assessment Roll; Providing for Publication of this Resolution; and Providing for an Effective Date, as amended, was adopted.

NINTH ORDER OF BUSINESS

Consideration of Resolution 2018-03, Setting a Public Hearing for the Purpose of Hearing Public Comment on Imposing Special Assessments on Certain Property Within the District in Accordance with Chapters 170, 190 and 197, Florida Statutes

Mr. Wrathell presented Resolution 2018-03. This Resolution would set the Public Hearing. The meeting date would be changed to Wednesday, December 13, 2017 at 1:00 p.m., at this location. The Resolution would be amended to correct the address of record.

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, Resolution 2018-03, Setting a Public Hearing for the Purpose of Hearing Public Comment on Imposing Special Assessments on Certain Property Within the District in Accordance with Chapters 170, 190 and 197, Florida Statutes, for December 13, 2017 at 1:00 p.m., at this location, as amended, was adopted.

TENTH ORDER OF BUSINESS

Consideration of Kimley-Horn and Associates, Inc., Work Authorization for Parcel 1B2 ARC Site Plan Review and ISD Line and Grade Review

Mr. Wrathell presented the Kimley-Horn and Associates, Inc. (Kimley-Horn) Work Authorization. Ongoing inspections approved by Kimley-Horn, as District Engineer, must be performed. He reviewed the Kimley-Horn Work Authorization and Professional Services Agreement and noted that there was a \$35 per lot Resubmittal Review Fee, as shown on Page 2 of the Kimley-Horn Professional Services Agreement. That \$35 per lot Resubmittal Review Fee was not included in the Rules; therefore, the Rules must be amended to reflect the same.

On MOTION by Ms. Valentine and seconded by Mr. Vander May, with all in favor, the Kimley-Horn and Associates, Inc., Work Authorization for Parcel 1B2 ARC Site Plan Review and ISD Line and Grade Review, was approved.

ELEVENTH ORDER OF BUSINESS

Ratification of Change Orders

Mr. Wrathell stated that the following three Change Orders were for approval, rather than ratification:

- Mitchell & Stark Construction Company, Change Order 20
- Mitchell & Stark Construction Company, Change Order 14
- Mitchell & Stark Construction Company, Change Order 18

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, the Mitchell & Stark Construction Company Change Orders 20, 14 and 18, were approved.

TWELFTH ORDER OF BUSINESS

Ratification of Payment Authorization

Mr. Wrathell presented the following payment authorizations for ratification:

- A. #13
- B. #14
- C. #15

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, Payment Authorizations #13 in the amount of \$8,725, #14 in the amount of \$8,941.61 and #15 in the amount of \$2,057.73, were ratified.

THIRTEENTH ORDER OF BUSINESS

Ratification of Deficit Funding Request No. 8

Mr. Wrathell presented the Deficit Funding Request No. 8 for ratification. The Board was approving funding requests in a different manner than he recommended. He spoke with Mr. Vander May and the team and came up with a process which is a bit more stream-lined. Mr. Wrathell wanted to ensure that bills were being paid in a timely fashion. He would work this out with Mr. Vander May and then present it.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, Deficit Funding Request No. 8, was ratified.

FOURTEENTH ORDER OF BUSINESS

Consideration of Agreement for Disposal of Liquid Wastes

Mr. Wrathell presented the Agreement for Disposal of Liquid Wastes. Each hauler who brings liquid waste to the facilities must execute this Agreement in an effort to protect the facilities and systems.

Mr. Jon Meyer, TCU Utilities Director, stated that the driver for this Agreement is two-fold. These treatment plants are biological entities that require "food" to feed the micro-

organisms and, since nobody lives in the community, accepting liquid waste to keep the system micro-organisms alive is beneficial to the facilities and it is a revenue generator for the District. It is a win-win situation all the way around.

Mr. Johnson stated that he reviewed the insurance and indemnities and was comfortable with everything. His comments were incorporated into the Agreement.

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, the Agreement for Disposal of Liquid Wastes, was approved.

FIFTEENTH ORDER OF BUSINESS

Consideration of Holiday Lighting Proposal

Mr. Wrathell presented the Holiday Lighting Proposal. In prior conversations, Mr. Evans and Mr. Vander May advised that the intent was to have decorations for the holidays and approximately \$32,000 of this would be related to the District; Babcock Real Estate, LLC (BRE) already fronted the funds. Mr. Johnson would be asked to prepare a short, letter form of Reimbursement Agreement wherein the District would agree to reimburse BRE for the District's portion of the costs.

Mr. Vander May stated that the Developer and BRE chose to proceed in that manner, for the sake of expediency for this first year and to be able to have a contract in place for the holidays. The Developer is also acquiring things that are outside of the scope of the work, which he would purchase on his own. The proposal is area-specific for District-owned or to be owned by the District.

In response to Mr. Wrathell's question, Mr. Johnson replied that a not-to-exceed amount would be dealt with under the Reimbursement Agreement. Further, the pictures in the proposal were clear and the District should ensure that the decorations were very, clearly nondenominational, since the District was a governmental entity and needed to be cautious about opening up any issues.

Ms. Maltese noted an error on the last page of the proposal. Area F: "Woodleu Hall", was misspelled. Mr. Evans would to make the change to the proposal.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, authorizing District Counsel to prepare a Form of Reimbursement Agreement, as described, consistent with the Holiday Lighting Proposal, was approved.

SIXTEENTH ORDER OF BUSINESS

Approval of District Financial Statements as of September 30, 2017

Mr. Wrathell presented the District Financial Statements as of September 30, 2017.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the District Financial Statements as of September 30, 2017, were approved.

SEVENTEENTH ORDER OF BUSINESS

Consideration of September 28, 2017, Regular Meeting Minutes

Mr. Wrathell presented the September 28, 2017 Regular Meeting Minutes and asked for any additions, deletions or corrections. The following change was made:

Page 1, Line 6: Change “14740” to “14750”

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, the September 28, 2017, Regular Meeting Minutes, as amended, were approved.

EIGHTEENTH ORDER OF BUSINESS

Staff Reports

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

Mr. Johnson stated that, late last week, the IRS withdrew its proposed IRS Regulations proposed about 18 months ago, which would have redefined the definition of political subdivisions and would have made it difficult for land-secured financing entities, such as this District and CDDs in Florida, to issue bonds in the early years while still subject to control of one primary landowner. From a legal perspective, following the evolution of District bonds up to 2012, when an IRS audit of The Villages was undertaken, the technical advisory memo that came out narrowed that focus and put Districts for commercial projects on the side-lines. It takes

it back to a law that existed before any of that, in terms of a tax analysis, which was very good news.

B. District Engineer: *Kimley-Horn & Associates*

Ms. Wicks stated that 11 site plans were recently approved for Phase 2A and five additional site plans in Phase 1A were approved so new house construction should be starting soon.

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

i. NEXT MEETING DATE: November 16, 2017 at 1:00 P.M.

The next meeting will be on November 16, 2017 at 1:00 P.M., at this location.

D. Status Report on Construction

Mr. Broderick stated that, since the last meeting, a plat was filed for Phase 2A and those plats were subdivided. In Phase 1B2, which was part of the first bond tranche, they were in the process of platting those lots and the preliminary plat was approved a few days ago. He anticipated receiving the filled plot by next month. Pulte Homes was coming online, for IB2 and they were looking to start building before year-end.

Mr. Wrathell thanked Ms. Limotta; he had he wanted to make sure that the November bond call payment was made and sent an email to Ms. Limotta and she literally wired out the funds the day of the request. It was pretty impressive and her efforts were appreciated.

▪ **Field Operation Reports**

*****This item was an addition to the agenda.*****

Mr. Wrathell stated that this item would be added to future agendas.

Mr. Evans stated that some unexpected algae was building up in the rain garden and, due to the time constraints of the November 4 marketing event, decisions were made to expedite work and the only way to expedite it was with labor. He obtained a \$1,700 bid to clean up the algae manually and there is a \$2,000 budget for lake maintenance. He asked Mr. Wrathell about the protocol and was told it would not be an issue. The District was using The Lake Doctors, Inc. (Lake Doctors), who were already approved by the District for the lake maintenance. The District would be \$1,700 over budget for Fiscal Year 2018.

Mr. Wrathell stated that the District had an operating budget of approximately \$2.5 million. With typical operating budgets and brand new projects, such as this, expenses are estimated for the course of the fiscal year. From a tracking perspective, if a particular expense item was to go over budget, it would help him and his Staff to have it there to see it going over

budget and consider that during budget planning the following year. Management could then begin fine tuning the real expense numbers and budgeting appropriately, instead of trying to keep a line item under budget by moving the expense somewhere else.

NINETEENTH ORDER OF BUSINESS Board Members' Comments/Requests

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

TWENTIETH ORDER OF BUSINESS Public Comments

There being no public comments, the next item followed.

TWENTY-FIRST ORDER OF BUSINESS Adjournment

There being nothing further to discuss, the meeting adjourned.

**On MOTION by Ms. Maltese and seconded by Ms. Valentine,
with all in favor, the meeting adjourned at 1:55 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair