

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

The Board of Supervisors of the Babcock Ranch Community Independent Special District held multiple Public Hearings and a Regular Meeting on Wednesday, December 13, 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
Elizabeth Andres	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Jonathan Johnson	General Counsel
Alyssa Willson (<i>via telephone</i>)	Hopping, Green & Sams
Amy Wicks	District Engineer
Jerry Evans	Field Operations – Babcock Ranch
John Broderick	Ops Construction – Kitson & Partners

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 1:06 p.m.

SECOND ORDER OF BUSINESS

Roll Call

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

THIRD ORDER OF BUSINESS

Public Comments [*any members of the public desiring to speak on a specific agenda item may address the Board*]

There being no public comments, the next item followed.

FOURTH ORDER OF BUSINESS

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

- *Hear testimony from the affected property owners as to the propriety and advisability of making the improvements and funding them with special assessments on the property.*

This item was presented later during the Fourth Order of Business.

- *Thereafter, the governing authority shall meet as an equalizing board to hear any and all complaints as to the special assessments on a basis of justice and right.*

This item was presented following Item 4C.

Mr. Wrathell stated this item was related to the Updated Engineer’s Report regarding the Improvements of Phase 2A and the Master Special Assessment Methodology Report. The intent was to move forward with the assessment levy process.

A. Affidavits/Proof of Publication

Mr. Wrathell presented the affidavit of publication for today’s Public Hearing.

B. Mailed Notice to Property Owner(s)

Mr. Wrathell presented the Notice to Property Owners.

- **Master Special Assessment Methodology Report for Phase 2A, dated October 25, 2017**

*****This item, previously Item 4D, was presented out of order.*****

Mr. Wrathell stated that the Master Special Assessment Methodology assumes 100% of the improvements for Phase 2A will be financed; however, by the time the final structuring of the bonds is complete likely only a portion of the improvements will be financed with bond funds and, ultimately a Supplemental Assessment Methodology Report will be necessary to reflect changes. The Methodology identified the number of units planned based upon the product type, the Capital Improvement Plan (CIP) items for Phase 2A, the Preliminary Sources and Uses of Funds reflecting the financial modeling assuming issuing bonds for 100% of the improvements, the Benefit Allocation calculated by Equivalent Residential Unit (ERU) weighting that corresponds with the size of the lot and the amount of construction costs allocated

to the project. An infrastructure donation, on behalf of the six IR lots, was added due to some specific contractual language in Lennar’s contract relating to how much their maximum amount of annual debt assessment could be. The Methodology also lists the Bond Assessment Apportionment and the maximum principal par amount of bonds that can be allocated to those particular unit types. The reduced assessments represent the six Lennar lots and, once the infrastructure donation occurs, the par amount of bonds allocated to those units would be reduced to a lower number. The full assessment units represent property owned by the Master Developer.

The Preliminary Assessment Roll for Phase 2A was included in the Methodology, as Exhibit A.

- *Hear testimony from the affected property owners as to the propriety and advisability of making the improvements and funding them with special assessments on the property.*

****This item was presented out of order.****

****Mr. Wrathell opened the Public Hearing.****

No members of the public spoke.

****Mr. Wrathell closed the Public Hearing.****

C. Engineer’s Report – Assessment Phase 2A, dated December 12, 2017

****This item was presented out of order.****

Mr. Johnson asked Ms. Wicks to present the Engineer’s Report and highlight the changes, relating to what the District may or may not be able to fund, once the second bond validation is completed, which also may or may not come into place before the bonds are issued.

Ms. Wicks stated most of the items previously discussed remained substantially the same; however, the ERUs were updated to match all related Reports. One of the biggest changes was that, although some improvements are not within the estimate, the District requested they reserve ISD eligible costs, if funds become available in the future. The communications conduit and any items relating to it were not added at this time. The Total Estimated Costs match the Methodology numbers.

For the record, Mr. Johnson asked Ms. Wicks the following questions:

Mr. Johnson: Are the cost estimates that you are presenting that those are reasonable and appropriate for the Board to rely upon?

Ms. Wicks: Yes.

Mr. Johnson: Is there anything, to your professional knowledge that would indicate we couldn't complete the project that's outlined in your report at the present time?

Ms. Wicks: No.

Mr. Wrathell requested a motion to approve the revised Engineer's Report, dated December 12, 2017, as described by Ms. Wicks.

On MOTION by Mr. Vander May and seconded by Ms. Andres, with all in favor, the Engineer's Report – Assessment Phase 2A, dated December 12, 2017, was approved.

Discussion of the Master Special Assessment Methodology Report for Phase 2A resumed.

For the record and in conjunction with the Board's Consideration of equalization, Mr. Johnson asked Mr. Wrathell the following questions:

Mr. Johnson: In your professional opinion, as someone who provides Financial Consultant Services to special districts around the State, are the assessments as presented fairly and reasonably allocated among the benefiting properties within the assessment area?

Mr. Wrathell: Yes.

Mr. Johnson: And is the benefit that is provided by the improvements a special and peculiar benefit that's different from the benefit to the community at large?

Mr. Wrathell: Yes.

Mr. Johnson: And also in your professional opinion, does the benefit that we are providing through those improvements exceed the burden of the debt that we propose through issuance of bonds to place on the property?

Mr. Wrathell: Yes.

- *Thereafter, the governing authority shall meet as an equalizing board to hear any and all complaints as to the special assessments on a basis of justice and right.*

****This item was presented out of order.****

Mr. Wrathell asked the Board of Equalization, if there were any adjustments they wanted to make to the Capital Improvement Program (CIP), presented in the Engineer's Report, the

Methodology or any of the assessments that have been proposed in these two reports. Mr. Nelson replied no.

D. Master Special Assessment Methodology Report for Phase 2A, dated October 25, 2017

This item was presented following Item 4B.

E. Consideration of Resolution 2018-06, Authorizing District Projects for Construction and/or Acquisition of Infrastructure Improvements; Equalizing, Approving, Confirming, and Levying Special Assessments on Property Specially Benefited 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 and 197, Florida Statutes, and Chapters 2007-306, Laws of Florida; Confirming the District's Intention to Issue Special Assessment Revenue 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

Mr. Wrathell presented Resolution 2018-06. The date of the Engineer's Report, referenced on Page 8, under Exhibit A, would be changed to December 12, 2017.

Mr. Johnson stated, for the record, other than dealing with the particulars of this project, the Resolution, in the standard form required by Florida Statutes substantially similar to the resolution the Board adopted for the Series 2015 Assessments.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, Resolution 2018-06, Authorizing District Projects for Construction and/or Acquisition of Infrastructure Improvements; Equalizing, Approving, Confirming, and Levying Special Assessments on Property Specially Benefited by Such Project to Pay the Cost Thereof; Providing for the Payment and the Collection of Such Special Assessments By the Methods Provided for by Chapters 170 and 197, Florida Statutes, and Chapters 2007-306, Laws of Florida; Confirming the District's Intention to Issue Special Assessment Revenue 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, as amended, was adopted.

FIFTH ORDER OF BUSINESS

Discussion: Establishment of Operations Manager Purchasing Authority

Mr. Wrathell suggested establishing a process to grant the Operations Manager the authority to make purchases up to \$5,000, if consistent with the District’s budget, and also allow him make amendments on smaller contracts that might require additional services to an existing contract. An example of why this should be approved would be seen in the upcoming Eighth Order of Business, were there is a request to amend the Janitorial Maintenance Services Agreement for Jani-King, Inc.

Mr. Wrathell’s office would find out what options are available and whether a debit or credit card should be issued; this item would be placed on the January Agenda.

Payment and invoicing procedures were discussed. Once the authority is given to the Operations Manager to amend existing contracts, it is suggested that the Chair or Vice Chair execute them and then copy the management’s office so that it can be added as a future agenda item for ratification.

For consideration at the next meeting, Mr. Wrathell’s office would prepare a Resolution to adopt a policy for the use of the card.

SIXTH ORDER OF BUSINESS

Consideration of Earth Tech Environmental, LLC 2018-2019 Environmental Services Contract Renewal

Mr. Wrathell contacted Mr. Johnson to review the Earth Tech Environmental (Earth Tech) Contract to determine if there were any issues with renewing. The proposal covers services for annual exotic eradication activities within the Solar Mitigation area, for two years. A Board Member asked who, on the District’s behalf, was the point person with Earth Tech and requested that Mr. Evans also be included as a contact person. Mr. Broderick stated that he is listed as the contact person, along with Johnson Engineering, who was retained to do monitoring in those areas. Since Johnson Engineering provide a lot of ecological backup in the field, while monitoring those areas, if they observe any issues, they contact Earth Tech directly to have them treat those hot spots. In response to a question of whether the funds would come from the Florida Power & Light (FPL) account directly, instead of being placed on the budget, Mr. Broderick replied affirmatively. Mr. Broderick mentioned that, as part of the permit requirement

for this mitigation, Johnson Engineering prepares an annual report and submits it to the US Fish & Wildlife Service (USFWS), the Army Corps of Engineers (Corps) and the District.

Mr. Johnson confirmed that the proposal would be processed as an amendment to the existing Agreement, already on file, and not the one in the agenda.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the Amendment to the existing Earth Tech Environmental, LLC Agreement to include the 2018-2019 Proposed Environmental Fees and Services, was approved.

- **Discussion: Establishment of Operations Manager Purchasing Authority**
Discussion of this item resumed.

On MOTION by Mr. Vander May and seconded by Ms. Andres, with all in favor, establishment of the Operations Manager's Purchasing Authority, in the amount of \$5,000, was approved.

SEVENTH ORDER OF BUSINESS

Consider Termination of Dissemination Agent Services with Lerner Reporting Services, Inc.

Mr. Wrathell noted that Management could serve as the District's Dissemination Agent for a lower fee than the current Dissemination Agent. Currently, this item is budgeted for \$5,000, of which \$3,500 has been spent to date. Typically, Management is the Dissemination Agent for all the Districts they manage, since they deal closely with the Developer and have an assigned Staff member, Mr. Chris Kadowaki, to handle continuing disclosures. Originally, it was thought that Fishkind and Associates was the Dissemination Agent but, since their termination, Mr. Wrathell learned Lerner Reporting Services, Inc. was the Dissemination Agent.

In response to a question of who was their contact person and if he wanted to be copied on correspondence, Mr. Vander May replied affirmatively and stated that Ms. Christine Gail would be the contact person, depending on whether it is the utility or A bonds. In response to a

question of whether the bond holder would have any issues with the changes, Mr. Wrathell replied no; it made more sense, from a consistency standpoint, to hire his firm.

On MOTION by Mr. Vander May and seconded by Ms. Andres, with all in favor, terminating Lerner Reporting Services, Inc., and engaging Wrathell, Hunt and Associates, LLC, as Dissemination Agent, were approved.

EIGHTH ORDER OF BUSINESS

Consideration of First Amendment to Jani-King, Inc. D/B/A Jani-King of Fort Myers Janitorial Maintenance Services Agreement

Mr. Wrathell reiterated that this item was a good example of the benefit of granting the Operations Manager purchasing authority to present and effectuate small amendments to existing contracts. Taken from recent discussions to amend the existing contract, Ms. Willson prepared the formal Agreement. The amendment reflects a \$300 monthly increase for additional cleaning services for the comfort station. The increase is in addition to the existing \$500 monthly contract. In response to the question of whether the comfort station had been in service, Mr. Evans replied no. Until the Change Order is received, the doors to the comfort station will be locked; once it goes into effect, costs will be incurred. He did submit a contractor claim for cleanup of the comfort station when it was vandalized. It was noted that the word “Community” was missing from Page 1, Paragraph 2, of the Amendment, and should be corrected to read “Babcock Ranch Community Independent Special District”.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the First Amendment to Jani-King, Inc. D/B/A Jani-King of Fort Myers Janitorial Maintenance Services Agreement, as amended, was approved.

NINTH ORDER OF BUSINESS

Ratification of Change Orders

- A. Number 14**
- B. Number 18**
- C. Number 20**

Mr. Wrathell presented Change Orders 14, 18 and 20 from Mitchell & Stark Construction Co., Inc., (M&S) the Master Site Contractor. As with any active construction projects, such as this, it is standard practice to authorize either the Chair or Vice Chair to execute any change orders relating to that contract and then have it ratified.

These Change Orders predate Mr. Wrathell's participation; however, upon review, these items show a reduction in costs, rather than an increase. Mr. Broderick explained why these Change Orders were being submitted. During the project, the District paid 100% of unit costs to M&S and, when they began truing up these payments, identifying every single item in the field and comparing to what was contracted; it resulted in a reduction of costs. Another reason for this reduction could be because additional monies were already contracted up front and the fact that multiple revisions were being made to the plan, as they were building it and trying to value-engineer it.

On MOTION by Mr. Vander May and seconded by Ms. Andres, with all in favor, Change Order Numbers 14, 18 and 20, as presented, were ratified.

TENTH ORDER OF BUSINESS

**Consideration of Resolution 2018-07,
Regarding the Backing of a SIB Loan for
the SR 31 Roadway Improvements and
Providing for Severability and Effective
Date**

Mr. Wrathell presented Resolution 2018-07. This item was discussed at the last meeting and is now being brought back as an agenda item. At the Board's request, District Counsel prepared this Resolution indicating the Board's intent to move forward with the State Infrastructure Bank (SIB) loan application. Mr. Johnson stated that, once approved, this Resolution would be transmitted to the Metropolitan Planning Organizations (MPOs) by the end of the week; it was one of the last hurdles before the SIB loan would be issued to the District. The MPOs were asked to do a joint Resolution between Lee and Charlotte Counties to authorize the use of gas tax funds that go to the local County, should all the backups fail. In the event they projected a shortfall in transportation fees to cover the loan payments, in any fiscal year, an assessment would automatically go into effect. Without the use of transportation fees, the cost would have run around \$100 an acre, a relatively minimal amount of assessment on the land.

Regarding the time frame for receiving the SIB funds, once the MPOs receive all the backup documentation, the final agreement with the State must be prepared and, once completed, which could take a few months, funds would become available in July. It was expected that only expenses relating to design engineering would occur this year. Construction would probably not start due to a minor issue with Florida Gas Transmission, in terms of getting to a final engineerable product; however, the desire was to ramp up the loan while times are favorable. It was expected that, during the first quarter of 2018, the District should go through the statutory process of putting the assessment in place; this item would be included on the January agenda.

On MOTION by Ms. Andres and seconded by Mr. Vander May, with all in favor, Resolution 2018-07, Regarding the Backing of a SIB Loan for the SR 31 Roadway Improvements and Providing for Severability and Effective Date, as presented, was adopted.

ELEVENTH ORDER OF BUSINESS**Approval of Unaudited Financial Statements as of November 30, 2017**

Mr. Wrathell presented the Unaudited Financial Statements as of November 30, 2017. The District received a large payment for connection fees in July. A question was asked at the last meeting about whether the District owed Town and Country any lease payments. From discussions with Ms. Gail and Mr. Vander May, because of receiving that large payment, the District's records reflected payment was fully up-to-date at the time of this meeting and, since they are only into the first two months of the new Fiscal Year, there would not have been a tremendous amount of activity.

Mr. Wrathell gave an overview of the information contained on each page of the Unaudited Financial Statements. Page 1 of the Balance Sheet showed a cash flow of \$1,289,493 million; however, when the District receives the AIA payout, once the actual outstanding retainage is paid, that amount will decrease to \$318,496. He was not certain of this District's current status; however, under the Construction Contract, if the bond proceeds did not fully cover those costs, the Developer would be obligated to fund any shortfalls. A Board Member was certain the Developer would do that. Mr. Wrathell mentioned it could be possible to process additional bond requisitions and, if they get to a point where retainage exceeds the available

funds, as well as if they determined those new bonds would not be used to fund that part, a determination would be made about whether to hold the Developer responsible for that obligation and moving forward remove the retainage amount off the books. The Utility Enterprise Fund, on Page 7, could potentially change in how it is viewed. If they decide to exercise the purchase option noted in the Lease Purchase Agreement, once the booking of physical assets occur, depreciation happens faster, which then makes the Fund look as if it is going in a negative position; however, in reality, they are in a good cash flow position. On Page 8 of the Utility Enterprise Fund, \$248 was incorrectly coded to the Fire Usage line item. Those costs were related to late fees and will be recoded. No fires occurred on the property. The “Due to” General Fund line item was also coded incorrectly and will be recoded to the General Fund account.

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

TWELFTH ORDER OF BUSINESS

**Consideration of November 16, 2017
Public Hearings and Regular Meeting
Minutes**

Mr. Wrathell presented the November 16, 2017 Public Hearings and Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the November 16, 2017 Public Hearings and Regular Meeting Minutes, as presented, were approved.

THIRTEENTH ORDER OF BUSINESS

Staff Reports

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

Mr. Johnson discussed upcoming items anticipated for January, including assessments for the SIB loan and amendments to the Lease Purchase Agreement pursuant to which the District is engaged in business operations with Town and Country. The District’s insurance carrier

suggested these changes, which were already discussed with Town and Country's Counsel Mr. Johnson is preparing documents for upcoming similar Lease Purchase arrangement on the waste side. He expects this to be a two-step process before it is actually finalized. The first step would be to place it on the January agenda, for discussion, and the second step would be noticing it for a public hearing at the February meeting. Mr. Johnson expects to have documents for the Board to ratify in January relating to some final acquisitions of weirs and other storm water facilities. These acquisitions could potentially close out the monies in the 2015 construction account; however in order to formally close the account out, a statutory process is required.

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

Ms. Wicks stated they are continuing to approve the plot plans, as received. Specifically, they received three on the 1B2 Pulte portion and 38 on the Lennar portion. A final punch list walk through for the Phase 1A area, not including the town square area, was completed and they are coordinating the final walk through to close out Phase 1 of the Chain of Lakes, as well as coordination for the close out for the Town Square area. Recently, they also completed the Certificate of Occupancy (CO) walk through for both the Lake House and the Market Café.

Mr. Broderick stated, regarding the TCU specifications, for which the Board previously approved the tariff and the policy, the specifications are more of the details; it is going through one last review before putting it on the agenda. About a week and a half ago, his office received a letter from the South Florida Water Management District (SFWMD) for non-compliance with some of the mitigation on the State lands that actually rolls into the piece where Earth Tech is performing work. There have been ongoing problems with the State Manager on the State lands. Nothing is being destroyed on the State's lands; the District does not own the property; however, as noted in a previous Agreement, the District has consent of use to use those lands for mitigation. Over the past six months they have met with the State, USFWS, Florida Forest Service (FFS), and the Manager because hunters were driving recklessly through this area and causing damage. Proactive meetings occurred to discuss this issue in order to prevent the SFWMD from placing the onus on the District to stop it, correct it or change the permit, which was essentially what the SFWMD letter indicated.

Mr. Broderick and Mr. Johnson have been working with Mr. Eric Olson, an environmental law attorney, and will be issuing two letters. The first will go to the Florida Department of Agriculture and Consumer Services (FDACS), who would then disseminate it the

FFS and USFWC. The second letter will go to the SFWMD advising that the District also takes this issue very seriously, as noted in the ongoing meetings that were held for the last six months, that this was brought to SFWMD’s attention and that some kind of resolution must occur. Mr. Broderick discussed the timeline of events and communications

Mr. Broderick stated that another upcoming project was another school for about 450 students that will be located east of the Town Square, near the roundabout; they hope to open by July.

C. Field Operations Manager

Mr. Evans received a request to support a school activity in Founder Square that included train rides, etc., and asked if he should request some form of indemnification or insurance from them before he approves it. Mr. Johnson replied yes, that would be necessary; it could just be a letter agreement providing the District with proof of insurance, with the District named as a Certificate holder and indemnifying the District. Mr. Evans wanted to know if a blanket indemnification that included everything, for a period of one year, would be sufficient. Mr. Johnson replied affirmatively; he will draft it and send it to Mr. Evans, along with the school’s attorney’s contact information, to get it executed.

D. Construction Manager

There being no report, the next item followed.

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

i. NEXT MEETING DATE: January 25, 2018 at 1:00 p.m.

The next meeting will be on Thursday, January 25, 2018 at 1:00 p.m., at this location.

FOURTEENTH ORDER OF BUSINESS Board Members’ Comments/Requests

There being no report, the next item followed.

FIFTEENTH ORDER OF BUSINESS Public Comments

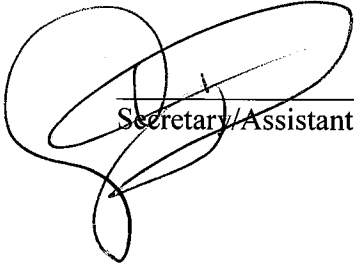
There being no public comments, the next item followed.

SIXTEENTH ORDER OF BUSINESS Adjournment

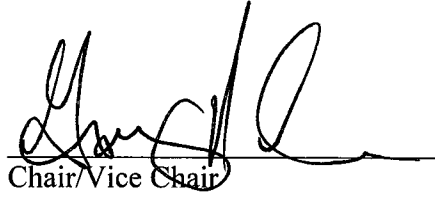
There being nothing further to discuss, the meeting adjourned.

**On MOTION by Ms. Andres and seconded by Ms. Valentine,
with all in favor, the meeting adjourned at 2:07 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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Secretary/Assistant Secretary

A handwritten signature in black ink, featuring a prominent vertical stroke on the right side and a series of loops and curves on the left.

Chair/Vice Chair