

**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, February 22, 2018 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
Gail Maltese	Assistant Secretary
Kathy Valentine	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Cindy Cerbone	Wrathell, Hunt & Associates
Jonathan Johnson	District Counsel
Alyssa Willson	Hopping, Green & Sams
Josh Hildebrand	District Engineer
Amy Wicks <i>(via telephone)</i>	District Engineer
Jerry Evans	Field Operations – Babcock Ranch
John Broderick	Ops Construction – Kitson & Partners
Terry Holihlen <i>(via telephone)</i>	Kitson & Partners
Erica Wood	Kitson & Partners

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 1:05 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 *[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**State Infrastructure Bank Loan
Assessment**

Mr. Wrathell recalled previous discussions regarding the District's intent to pursue the State Infrastructure Bank (SIB) loan. Transportation impact fees (TIFs) are in place and the Developer collects them when lots are sold to homebuilders and/or end-users. Once the SIB loan is secured, the TIFs would be the primary revenue source to make the SIB loan debt service payments. The Assessment Methodology considers improvements and costs in the Engineer's Report. The plan is for the District to fund about 50% of the project, through the SIB loan, with the Developer funding the balance. The Methodology specifies that the assessment would not be imposed on those properties that paid the TIF, in relation the ongoing SIB loan, if the TIFs are not sufficient to make the debt service payment.

A. Consideration of Engineer's Report for Offsite Improvements

Mr. Hildebrand presented the Engineer's Report, highlighting the proposed work, schedule and cost estimate, which was consistent with what was provided in the SIB loan in 2017. Mr. Wrathell stated that the costs total \$62,696,072.

The following question was asked and answered:

Ms. Willson: In your opinion, are all the public improvements described in this Report public improvements, as set forth in the special act, which would specially benefit the District?

Mr. Hildebrand: For the improvements specifically from SR 78 to Cook Brown Road, yes. There is also an ongoing SEIR that another consultant, through the DOT, is currently preparing and that the District will have a public involvement component and a report that is associated with the improvements that are described in this report.

Mr. Vander May asked how the cost estimates were compiled. Mr. Hildebrand stated that they were calculated throughout the life of the project, specifically for the SIB loan, considering various roadway-typical sections. The entire project, including the roadway, asphalt and drainage, was assigned a unit cost based off current, similar construction costs and recent FDOT historic costs and subdivided into two phases. The first phase would be SR 78 to CR 78 and then CR 78 north to Cook Brown Road. In response to Mr. Vander May's question, Mr. Hildebrand stated that the basis was not solely FDOT historic costs; other recent construction bids were also considered and the conservative of the two was used. Mr. Nelson stated this assumes the worst-case scenario, in terms of design options but the hope was to complete the project for a significantly lower amount. This figure was necessary because it covers everything necessary to obtain the loan. Mr. Vander May asked about the assumption with regard to the gas

main. Mr. Nelson believed that they built into a certain area and having to acquire a right-of-way (ROW) on the other side of the highway would be a worst-case scenario; nearly \$10 million in ROW acquisition was built into the cost estimate. Mr. Vander May asked if relocating equipment was part of the worst-case scenario. Mr. Nelson replied no, and stated one of three things would occur: 1) Florida Gas Transmission (FGT) would recognize the validity of the legal settlement they agreed to and allow the District to maintain the gas line in the larger median, 2) the District would construct the next two lanes on the west side, rather than the east side, or 3) FGT would estimate the cost to move the gas line and, in essence, flip the locations of the FGT line and the two lanes, which would still be an expansion to the east but the extra costs would be for pipe relocation, as opposed to ROW.

Mr. Wrathell stated, since the Developer intends to potentially fund 50% of the project and the District was funding the other 50%, if costs were lower than the \$62,696,072, the benefit to the property owners would still exceed the actual assessment levied.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the Engineer's Report for Offsite Improvements, in substantial form, pending Staff reviews, was approved.

B. Consideration of Offsite Road Improvement Special Assessment Methodology Report

Mr. Wrathell distributed a revised Offsite Road Improvement Special Assessment Methodology Report, which was revised to net out over 500 acres of conservation wetland-type properties that would not be assessable. This provides a more up-to-date assessment roll and slightly increased the per acre assessment. Mr. Wrathell highlighted the following:

- Page 4 – Describes the need for the SR 31 improvements totaling \$62,696,072, the District's intent to pursue the SIB loan to finance 50% of the costs and that the District and Developer entered into an agreement regarding the provision of impact fee revenue, which stipulates that the developer will annually provide the District with all TIFs collected, up to the total amount of the District's SIB loan payment.
- Page 5, Section 4.1 – Describes the Financing Program and how the SIB loan proceeds would be disbursed. The District would have a principal amount of bonds of \$31,348,036, with a \$18,219,629 draw in Fiscal Year 2019 and a \$13,128,407 draw in Fiscal Year 2020.

- Page 5, Section 4.2 – Describes that the SIB Loan would be a 20-year loan with an anticipated annual rate of interest at 3%, a 3-year interest-only period. The maximum annual principal and interest costs are projected to total \$2,380,963.
- Pages 6 through 8, Section 5.2 – Describes the Benefit Allocation. There are currently 369 platted residential lots, ten parcels being developed as commercial or mixed-use, four parcels owned by an electrical power utility company that is used to produce/distribute electrical power, and one parcel owned by a water/sewer utility company that is used to provide water distribution/sewer treatment. Research was conducted to determine which lots paid the TIF.
- Mailed notices must be sent to all property owners notifying them of the assessment hearing and impact to them, as property owners.
- Page 7, Second Paragraph – Describes that the TIFs are the primary revenue source for repaying the SIB loan for the improvements.
- Page 7, Fourth Paragraph – Describes that the secondary source of repayment of the SIB loan would be non-ad valorem assessments, on a per acre basis, for developable properties that have not already paid the TIF.
- Page 8 – Describes the Special and Peculiar Benefits. The SR 31 improvements have a general benefit to the larger area but the SR 31 improvements are necessary for the development of the District, which is why the District’s property owners receive a “special” benefit.
- Pages 9 through 12, Tables 1 through 4 – Describe the overall contemplated development plan, outline of costs for the SR 31 improvements, the currently contemplated SIB loan repayment schedule and the SIB loan assessment apportionments.

Mr. Wrathell reiterated that the number of acres listed on Table 4 reflected the new number of acres to be assessed after removal of the unassessable conservation wetland-type properties. Essentially, the Master Developer is the party exposed to the assessments because, typically, the TIF would be paid when the lots are sold.

Mr. Vander May explained that, for residents, the builder would have paid the TIF; thereby, relieving the future resident from paying that assessment. Mr. Wrathell stated that, once the TIF is paid for a property, it would be reflected on the assessment roll as a credit for the future equivalent of the SIB loan assessment. Mr. Vander May asked if the Master Developer would collect the TIFs and remit them to the District annually. Ms. Willson replied affirmatively but would verify the frequency requirement for remittance. Mr. Vander May asked if the requirement would be for the Master Developer to remit the amount necessary to make the SIB loan payment and not necessarily all the TIFs collected. Mr. Nelson replied affirmatively. Mr.

Wrathell stated, since the Master Developer owns the property, if an assessment bill was necessary, it would likely be a direct assessment billing rather than on the tax bill. Ms. Willson stated that the Resolution contemplated that the assessment would be automatically levied anytime there was an estimated short-fall for collections for the year, as requested by the Lee County Metropolitan Planning Organization (MPO). Mr. Wrathell summarized that it gives the District the flexibility to bill the assessment off roll, for a short-fall.

➤ Page 12, Table 4 – Specifies \$154.49 as the maximum annual assessment per acre, if there were no TIFs credits. The \$154.49 is grossed up for the 4% early pay discount, if assessments are on the tax bill but, if direct billed, the actual amount needed would be billed.

Mr. Broderick stated that the Master Developer could put additional acreage into conservation easements and deed the property to the District, which would further reduce the total number of acres. Mr. Wrathell stated that he must know the amount now if additional non-assessable acreage would be netted out. Mr. Broderick could provide estimates. Mr. Vander May stated that the information must be known by parcel I.D, since there are multiple different tax parcels. Mr. Wrathell stated that the per acre assessment would increase with the removal of additional acreage; therefore, for the assessment public hearing, it would be best to assume removal of all the specified areas but not netting it out of each folio, at this time. Ms. Willson stated that it could still be noticed so the assessment would be levied on the higher amount. Mr. Broderick felt that the wording, on Page 4, implied that the Developer intends on funding 50% and questioned if the SIB loan could fund more than 50%. It was noted that the SIB loan cannot fund more than 50% of the actual costs.

The Methodology would be revised to contain the per acre assessment amounts, due to removal of additional conservation acreage, and the Mailed Notices would reflect the higher per acre assessment amount.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, the Offsite Road Improvement Special Assessment Methodology Report, in substantial form, recognizing that acreage would be removed, which would adjust the per acre assessment upwards, was approved.

C. Consideration of Resolution 2018-14, Declaring SIB Loan Special Assessment

Mr. Wrathell presented Resolution 2018-14 and read the title.

Ms. Willson stated that the amount that will be revised in the Methodology will be inserted to Section 4, on Page 3.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, Resolution 2018-14, Declaring SIB Loan Special Assessment, was adopted.

D. Consideration of Resolution 2018-15, Setting Public Hearing for SIB Loan Assessments

Mr. Wrathell presented Resolution 2018-15 and read the title.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, Resolution 2018-15, Setting Public Hearing for SIB Loan Assessments for March 29, 2018 at 1:00 p.m., at this location, was adopted.

FIFTH ORDER OF BUSINESS

Assessment for Residential Solid Waste Collection Services

A. Consideration of Solid Waste Services Special Assessment Methodology Report

Mr. Wrathell distributed a revised Solid Waste Services Special Assessment Methodology Report and assessment roll. The Methodology assumes a \$240 solid waste assessment, which must be grossed up to include a 4% early pay discount and Tax Collector and Property Appraiser fees. Ecologic Waste Management, LLC (Ecologic), the District’s operator, would bill the multi-family and commercial customers per the Rate Schedule adopted by the District. Revenues come from customers billed directly by Ecologic and the assessments from the single-family attached and detached units that would be assessed on the tax bill. This Methodology only relates to the single-family attached and detached property types.

Mr. Wrathell highlighted the following:

- Page 1, Section 1 – Describes that the District would provide solid waste services.
- Page 1, Section 2 – Describes that the District was granted the power for solid waste collection and disposal, when the District was created. Charlotte County allowed the District to perform the function in the Charlotte County portion of the District so these assessment rolls only relate to Charlotte County. This assessment would only be imposed on Charlotte County properties within the District.

- Page 2, Section 3, First Paragraph – Describes that the District retained Public Resources Management Group, Inc. (PRMG) as its solid waste utility consultant. PRMG prepared the Technical Memorandum presented at the last meeting, which provided a cash-flow model and a financial model of how the utility would operate. PRMG recommended an initial first-year rate of \$240 for the single-family attached and detached customers, which was in line with the current market. PRMG assumed that the utility would operate at a deficit through 2029. Management was confident that the \$240, though deemed the market rate, was actually below the District's costs to operate the utility; therefore, the customers benefit.
- Pages 2 and 3, Section 3, Second Paragraph – Describes that the District chose to bill the multi-family and non-residential properties for solid waste services, rather than imposing assessments, because their needs can routinely change. PRMG also found that the \$240 single-family attached and detached rate was market rate compared to nearby cities and counties treating them the same; a uniform rate for them was consistent with the market.
- Page 4, Section 4 – Describes that the District was going through the rule making process to adopt or has adopted its final rates, fees and charges for solid waste collections for those particular categories and those customers are being billed directly and that any additional services for single-family attached and detached, beyond the \$240 per year, would be billed directly to the property owner by Ecologic.
- Page 4, Third Paragraph – Describes that, to avoid annual assessment public hearings, a 5% annual assessment increase was assumed, for noticing purposes.
- Page 5, Table 1 – Reflected the Base Annual Assessment Rate for Fiscal Years 2018 through 2023, with a 5% increase each year and includes the 4% early pay discount and Tax Collector and Property Appraiser fees.

Mr. Broderick asked if the assessment is coordinated with Charlotte County so that homeowners are not assessed the same fee, asking, in other words, how the homeowner is protected and not double-taxed, since Charlotte County collects garbage. Ms. Wood stated because of the Interlocal Agreement between the District and Charlotte County, the District was removed from the County's solid waste assessment; therefore, the County's assessment for solid waste services should not appear on their tax bills. Ms. Willson stated that it should be verified that this information was relayed to the Tax Collector's office.

The following questions were asked and answered:

Ms. Willson: Do the services provide a special benefit to the land within the assessment area that exceeds the burden placed on the property?

Mr. Wrathell: Yes

Ms. Willson: Are the special assessments reasonably apportioned?

Mr. Wrathell: Yes

On MOTION by Ms. Valentine and seconded by Mr. Vander May, with all in favor, the Solid Waste Services Special Assessment Methodology Report, in substantial form, pending Staff and Board Member review, was approved.

Mr. Wrathell noted that the PRMG Technical Memorandum was an Exhibit to the Methodology and the Solid Waste Budget was an Exhibit to the Resolution 2018-16.

B. Consideration of Resolution 2018-16, Declaring Solid Waste Collection Services Special Assessments; Indicating the Location, Nature and Estimated Cost of Those Services Whose Cost Is To Be Defrayed By the Special Assessments; Providing the Portion of the Estimated Cost of the Services 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 Paid; 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

Mr. Wrathell presented Resolution 2018-16 and read the title. Ms. Willson stated that the Resolution speaks of both the special assessment and fees that will be adopted in March; all the developed properties in Charlotte County will be bearing their proportionate share of the services and only the residential services will be placed on the tax roll for assessment.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, Resolution 2018-16, Declaring Solid Waste Collection Services Special Assessments; Indicating the Location, Nature and Estimated Cost of Those Services Whose Cost Is To Be Defrayed By the Special Assessments; Providing the Portion of the Estimated Cost of the Services 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 Paid; 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, was adopted.

C. Consideration of Resolution 2018-17, Setting Public Hearing For the Purpose of Hearing Public Comment On Imposing Solid Waste Collection Services Special Assessments On Certain Property Within the District In Accordance With Chapters 170 And 197, Florida Statutes and Chapter 2007-306, Laws of Florida

Mr. Wrathell presented Resolution 2018-17 and read the title.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, Resolution 2018-17, Setting Public Hearing For the Purpose of Hearing Public Comment On Imposing Solid Waste Collection Services Special Assessments On Certain Property Within the District In Accordance With Chapters 170 And 197, Florida Statutes and Chapter 2007-306, Laws of Florida, for March 29, 2018 at 1:00 p.m., at this location, was adopted.

SIXTH ORDER OF BUSINESS

Discussion: Line and Grade and Site Plan Review Inspection Fees

Mr. Wrathell presented the draft Notice of Rule Development and Notice of Rulemaking related to setting line and grade review fees. Mr. Broderick stated that these fees were consistent with Charlotte County’s re-inspection Fee Schedule. Mr. Vander May asked if the District was set up for online fee payments. Mr. Wrathell replied that applications could be submitted online and the ability to pay online would be available shortly. Discussion ensued regarding the payment process and whether builders would be able to pay fees for multiple lots in one payment. Ms. Wicks was not in favor of one payment paying the fees for multiple lots, since the builder must already submit separate applications. Mr. Wrathell stated that the payment process would be discussed; payments could be processed by Ms. Wicks’ preferred method.

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, authorizing Staff to advertise the Notice of Rule Development and Notice of Rulemaking for Setting Line and Grade Review Fees, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of FPL Rooftop Solar Panel Lease

Ms. Willson presented the Florida Power & Light (FPL) Rooftop Solar Panel Lease, which enables the District to install solar panels on two structures. It was similar to an

Agreement between Kitson & Partners (Kitson) and FPL but included language related to the District. FPL already approved and executed this form of the Agreement. Mr. Holihen stated that permit would be submitted on Monday and construction would commence shortly thereafter.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the FPL Rooftop Solar Panel Lease, was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Amended and Restated Interlocal Agreement with Charlotte County

Ms. Willson stated that the original Interlocal Agreement was approved last year but it was necessary to amend it regarding the District's authority to conduct a recycling program and dispose of biosolids. Charlotte County's review was pending. Mr. Holihen stated that Charlotte County is not regulating recycling and biosolids; hence, the need for clarification.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, the Amended and Restated Interlocal Agreement with Charlotte County, in substantial form, was approved.

NINTH ORDER OF BUSINESS

Consideration of Drainage Easement

Ms. Willson stated that this and the Tenth Order of Business were related to the Babcock Neighborhood School site. This Drainage Easement was from the Developer to the District for utilities within the area. The final legal description, for attachment to the Easement, was pending. The Babcock Neighborhood School was reviewing the Drainage Easement.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, the Drainage Easement, in substantial form, was approved.

TENTH ORDER OF BUSINESS

Consideration of Potable, Non-Potable and Irrigation Easement

Ms. Willson stated that this was an Easement from the Developer to the District for potable, non-potable and irrigation utilities.

On MOTION by Ms. Maltese and seconded by Ms. Valentine, with all in favor, the Potable, Non-Potable and Irrigation Easement, in substantial form, was approved.

ELEVENTH ORDER OF BUSINESS

Consideration of Easement Agreement for Boardwalk Facilities

Ms. Willson stated that this Easement was from Babcock Ranch Town Operations, LLC (BRTO) to the District for construction and maintenance for Boardwalk facilities on Tract 3; the Boardwalk encroached slightly onto BRTO’s property.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, the Easement Agreement for Boardwalk Facilities, was approved.

TWELFTH ORDER OF BUSINESS

Consideration of Easement for Grease Traps

Ms. Willson stated that this Easement was from the District to BRTO for grease traps; BRTO had grease traps that encroached onto the District’s property.

On MOTION by Ms. Maltese and seconded by Mr. Vander May, with all in favor, the Easement for Grease Traps, was approved.

THIRTEENTH ORDER OF BUSINESS

Consideration of Street Lighting Service Contract

Ms. Willson stated that this Contract was with AIS Financial, LLC (AIS) for uplights at the Babcock Neighborhood School entrance. Mr. Wrathell recalled possibly changing the process to avoid separate contracts every time street lighting was added. Ms. Willson would try to coordinate and simplify the process.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the Street Lighting Service Contract, in substantial form, was approved.

FOURTEENTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of January 31, 2018

Mr. Wrathell presented the Unaudited Financial Statements as of January 31, 2018. In response to a question, Mr. Wrathell explained the modified accrual accounting process.

On MOTION by Mr. Vander May and seconded by Ms. Maltese, with all in favor, the Unaudited Financial Statements as of January 31, 2018, were approved.

FIFTEENTH ORDER OF BUSINESS

Consideration of January 25, 2018 Public Hearings and Regular Meeting Minutes

Mr. Wrathell presented the January 25, 2018 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, January 25, 2018 Public Hearings and Regular Meeting Minutes, as presented, were approved.

SIXTEENTH ORDER OF BUSINESS

Staff Reports

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

Ms. Willson reported the following:

- Work with the Developer to finalize conveyances to the District from the remainder of the Phase 1A plat.

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

Ms. Wicks stated that plot plan reviews continued, along with numerous final inspections. There was a slight issue ensuring that builders understand they must pay for the reviews but those issues should be resolved or better understood, once the website is operational.

C. Field Operations Manager

Mr. Evans stated that there would be a Grand Opening on March 10. District property would be used and he previously spoke to Mr. Wrathell regarding how to formally reserve the land. Ms. Willson stated that the Developer's rights to use the property were reserved in all the conveyances to the District. It was suggested that Mr. Evans submit a Use Agreement Form.

Mr. Evans spoke about, during the development stage, possibly putting utilities in the CDD's name to avoid the logistics of transferring the utility accounts when land is deeded back

to the CDD. Mr. Wrathell stated that the District must be careful about using public funds on private property but there may be times when the District could acquire or purchase installed items from the Developer, while the actual land acquisition may occur at a later time. There must be a mechanism in place specifying that the District owns the improvement, regardless of who owns the land. The goal is to avoid the additional administrative step of transferring utilities over to the District, when the improvements are conveyed. Ms. Willson believed that this might be possible but there must be a way to document that the District owns, is maintaining and has ownership and maintenance interest in the area. Mr. Wrathell stated that it might be possible for the District to take ownership of those types of improvements before bond issuance and specifying that, when bonds are issued, the Developer could be reimbursed.

D. Construction Manager

Mr. Broderick stated that sales were encouraging; Lennar and Pulte had sales of over 50 homes. An area in 1B1 would be replatted, adding 23 lots; about 100 lots would be changed to gain the additional lots. An ISD/BPH specifications book was being developed, to make sure builders know what the District wants, with regard to building roads, if roads are built.

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

i. NEXT MEETING DATE: March 29, 2018 at 1:00 p.m.

The next meeting will be on Thursday, March 29, 2018 at 1:00 p.m., at this location.

SEVENTEENTH ORDER OF BUSINESS Board Members' Comments/Requests

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

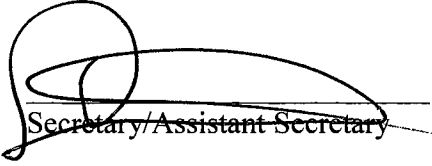
EIGHTEENTH ORDER OF BUSINESS Public Comments

There being no public comments, the next item followed.

NINETEENTH ORDER OF BUSINESS Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Vander May and seconded by Ms. Valentine, with all in favor, the meeting adjourned at 2:32 p.m.



Secretary/Assistant Secretary



Chair/Vice Chair