

**MINUTES OF MEETING
WILLOWS
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the Willows Community Development District held a Regular Meeting on April 5, 2019 at 10:00 a.m., at the office of ZNS Engineering, 201 5th Ave., Dr. E, Bradenton, Florida 34208.

Present at the meeting were:

Les Basnight	Chair
Rhett Johnson	Vice Chair
Clifton Fischer	Assistant Secretary
Paul Cheeks	Assistant Secretary

Also present were:

Cindy Cerbone	District Manager
Tucker Mackie	District Counsel
Amanda Kumar	U.S. Bank
Mike Williams	Bond Counsel
Jared Prater	Akerman LLP
Indra Rivas	Akerman LLP

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Ms. Cerbone called the meeting to order at 11:02 a.m. Supervisors Basnight, Johnson, Fischer and Cheeks were present, in person. Supervisor Conoley was not present.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

**Consideration of Matters Pertaining to
Issuance of Special Assessment Revenue
Bonds, Series 2019**

A. Presentation of Supplemental Engineer's Report

Ms. Mackie stated that the Supplemental Engineer's Report was included in substantial form, at the prior meeting. The Supplemental Engineer's Report differed from the Master Engineer's Report in that it identifies a project cost associated with the issuance of the Series

2019 bonds, meaning it was not the full cost of the Master Improvement Plan; it was only for the master infrastructure necessary to complete Phase 1, estimated at \$14,478,953.19. The Series 2019 bonds being issued would not be for the full cost; the balance would be funded by the Acquisition and Construction Fund until expended and, thereafter, the Developer would fund the remaining costs to complete Phase 1 infrastructure.

B. Presentation of Final First Supplemental Special Assessment Methodology Report

Ms. Cerbone presented the Final First Supplemental Special Assessment Methodology Report. She highlighted the following:

- Page 1, Purpose: The purpose of this Report was to supplement the Master Special Assessment Methodology Report dated June 25, 2018 and to provide a supplemental financing plan and a Supplemental Special Assessment Methodology.
- Page 3, 3.2: Sets forth the improvements and the estimated \$14,478,953.19 total Phase 1 costs.
- Page 4, Section 4.1: Sets forth the intention to issue Series 2019 bonds in a principal amount of \$10,090,000 to fund a portion of the 2019 Project costs of \$8,506,246.14, with the estimated balance of \$5,972,707.05 to be financed by the Developer.
- Pages 5 and 6, 5.2: Sets forth the benefit allocation and that the District envisions 799 units developed in two or more phases, with the first phase comprised of 400 units. Also sets forth the facilitation of the marketing of the residential units and the request that the District limit the amount of the annual assessments on the bonds to certain pre-determined levels, reviews the amounts of the estimated costs of the improvements and the proposed estimated financing plan.
- Page 7, 5.3: Discusses assigning the bond assessments over the property.
- Page 8, 5.6: Discusses the True-Up Mechanism; whereby, if the number of units changes and impacts the ability to levy the debt necessary to meet the bond requirements, the Developer would be required to make a true-up payment to cover the difference.
- Pages 11, 12 and 13, Tables 1 through 6: Reflect the Development Plan by product and totaling 799 total units, 2019 Project Area for the CIP totaling \$14,478,953.19 million, Sources and Uses of Funds, the Benefit Allocation with the Equivalent Residential Unit (ERU) weighting, the 2019 Project Area CIP Cost Allocation, the Project 2019 Assessment Apportionment.
- Exhibit A: Identifies the proposed assessments to be levied over the various parcels and the corresponding assessment amounts for each.

Ms. Mackie: Since the Master Methodology is identified as one in which it is first platted, first assigned, while this benefits the entire District, meaning all 799 units, based upon the issuance size and the contribution that will be received from the Developer, it is anticipated that the first 400 units will absorb the principal associated with the 2019 bonds?

Ms. Cerbone: That is correct.

Ms. Mackie stated, as shown in the offering document, it was anticipated that the Developer would likely make a partial pre-payment in the future to reduce the annual debt service further, based on some agreements they have related to the takedown of lots. This was what the District is required to levy in order to support the debt that it is identifying in the future that there may be a prepayment.

C. Consideration of Resolution 2019-11, Approving the Engineer’s Report and Supplemental Assessment Report; Setting Forth the Terms of the Series 2019 Bonds; Confirming the Maximum Assessment Lien Securing the Series 2019 Bonds; Levying and Allocating Assessments Securing Series 2019 Bonds; Addressing Collection of the Same; Providing for the Application of True-Up Payments; Providing for a Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Special Assessments; and Providing for Conflicts, Severability, and an Effective Date

Ms. Cerbone presented Resolution 2019-11.

Ms. Mackie highlighted the following items related to Resolution 2019-11:

- Prior to the validation of the bonds, the District went through the Chapter 170 process of levying assessments to secure the Master Improvement Plan.
- This was a Supplemental Assessment Resolution. The District already held the required public hearings with respect to assessments; this takes the terms of the 2019 bonds and levies an assessment and certifies for a collection and assessment, based on the Methodology just presented.

Ms. Mackie stated that this Resolution accomplishes the following:

- Approves the Supplemental Engineer’s Report and Final First Supplemental Methodology Reports and sets forth the terms to the 2019 bonds. The only substantive change between the Final Report and the Preliminary Report was the interest rates; no other substantive terms of the bonds changed from what was approved in the Delegation Resolution.
- Levies and allocates the assessments that would secure the bonds.
- Addresses true-up payments.

➤ An Assessment Notice would be recorded in the public records, following this meeting, which would cover all the land securing the debt, which, at this time, includes all gross acres within the District.

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, Resolution 2019-11, Approving the Engineer’s Report and Supplemental Assessment Report; Setting Forth the Terms of the Series 2019 Bonds; Confirming the Maximum Assessment Lien Securing the Series 2019 Bonds; Levying and Allocating Assessments Securing Series 2019 Bonds; Addressing Collection of the Same; Providing for the Application of True-Up Payments; Providing for a Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Special Assessments; and Providing for Conflicts, Severability, and an Effective Date, was adopted.

D. Consideration of Agreement Between the District and Willow Lane Holdings, LLC, Regarding the Completion of Certain Improvements Relating to the Series 2019 Project

Ms. Mackie presented the Completion Agreement. As the District was not financing the full cost of the 2019 Project, so this Agreement specifically obligates the Developer, once the bond funds are expended, to complete the remainder of the improvements or provide funds to the District to complete the improvements.

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, the Agreement Between the District and Willow Lane Holdings, LLC, Regarding the Completion of Certain Improvements Relating to the Series 2019 Project, was approved.

E. Consideration of Agreement Between the District and Willow Lane Holdings, LLC Regarding the True-Up and Payment of Series 2019 Assessments

Ms. Mackie presented the True-Up Agreement. This Agreement obligates the Developer to make a true-up payment if less than the identified number of units needed to support the 2019 bonds are developed.

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, the Agreement Between the District and Willow Lane Holdings, LLC Regarding the True-Up and Payment of Series 2019 Assessments, was approved.

F. Consideration of Agreement Between the District and Willow Lane Holdings, LLC, Regarding the Acquisition of Certain Work Product, Infrastructure and Real Property

Ms. Mackie presented the Acquisition Agreement. This Agreement sets forth the pre-conditions that the District will have prior to approving any acquisition of work product, real property or infrastructure. More than likely, the District would take assignment of a current contract that the Developer has with a contractor to perform the work identified in the CIP but, nonetheless, this document would dictate how any other improvements, work product or real property is acquired.

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, the Agreement Between the District and Willow Lane Holdings, LLC, Regarding the Acquisition of Certain Work Product, Infrastructure and Real Property, was approved.

G. Consideration of Collateral Assignment and Assumption of Development and Contract Rights

Ms. Mackie presented the Collateral Assignment and Assumption Agreement. This Agreement protects the District and the bondholders in the event of a default in the payment of the Series 2019 assessments and, in the event that the District acquires, through foreclosure, the land securing those assessments, the District will receive the land subject to a dedication of the real property or through foreclosure and also receive the necessary entitlements that were received by the Developer to develop the property.

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, the Collateral Assignment and Assumption of Development and Contract Rights, was approved.

H. Consideration of Miscellaneous Matters Pertaining to Issuance

Ms. Mackie presented a document entitled Policies and Procedures for Monitoring Post-Issuance Compliant with the Requirements of the Internal Revenue Code. This provides for certain monitoring to occur, such that the District is doing its part in maintaining the tax-exempt nature of the bonds, all of which is incorporated into the District's current Policies and Procedures. This document was essentially a formalization and was a standard document.

On MOTION by Mr. Fischer and seconded by Mr. Cheeks, with all in favor, the Policies and Procedures for Monitoring Post-Issuance Compliant with the Requirements of the Internal Revenue Code, was approved.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2019-12, Approving a Proposed Budget for Fiscal Year 2019/2020; Declaring Special Assessments to Fund the Proposed Budget Pursuant to Chapters 170, 190 and 197, Florida Statutes; Setting Public Hearings; Addressing Publication; Addressing Severability; and Providing an Effective Date

Ms. Cerbone presented Resolution 2019-12 and read the title. She reviewed the proposed Fiscal Year 2020 budget line items, noting increases, decreases or adjustments compared to the Fiscal Year 2019 budget.

Ms. Mackie thought that acres, instead of units, should be used on the Assessment page. Ms. Cerbone would confirm with Management’s Staff regarding whether it should be acres or units.

The following change was made:

Page 2, Supervisors: Delete “The District anticipates six meetings during this fiscal year.”

On MOTION by Mr. Fischer and seconded by Mr. Johnson, with all in favor, Resolution 2019-12, Approving a Proposed Budget for Fiscal Year 2019/2020, amended, if necessary; Declaring Special Assessments to Fund the Proposed Budget Pursuant to Chapters 170, 190 and 197, Florida Statutes; Setting Public Hearings for August 2, 2019 at 10:00 a.m., at ZNS Engineering, 201 5th Ave., Dr. E, Bradenton, Florida 34208; Addressing Publication; Addressing Severability; and Providing an Effective Date, was adopted.

FIFTH ORDER OF BUSINESS

Consideration of Assignment of Master Site Contractor Agreement

Ms. Mackie stated that the District Engineer was still reviewing the Master Site Contractor Agreement in place. The current contract is \$3,601,701, which is not for all the work that would be required, it was just for clearing and not for any of the remainder of the

necessary work, which would be done through a change order. The Agreement would likely be presented at the next meeting with final numbers.

On MOTION by Mr. Fischer and seconded by Mr. Cheeks, with all in favor, the Assignment of Master Site Contractor Agreement, in substantial form, was approved.

SIXTH ORDER OF BUSINESS

Consideration of Responses to RFP for Annual Audit Services

A. Affidavit/Proof of Publication

The affidavit of publication was provided for informational purposes.

B. RFQ Package

The Request for Qualifications (RFQ) was provided for informational purposes.

C. Respondents

- i. Berger, Toombs, Elam, Gaines & Frank**
- ii. Carr, Riggs & Ingram, LLC**
- iii. Grau & Associates**
- iv. McDirmit Davis & Company, LLC**

Ms. Cerbone stated that, of the three respondents to the RFQ, all were quality firms.

D. Ranking

Ms. Cerbone reviewed the responses, fees charged by the respondents, obtaining fee if bonds were issued, etc. Discussion ensued regarding why a Fiscal Year 2018 audit was necessary. Ms. Cerbone stated that, with all qualifications being equivalent for all categories, the recommendation was to allocate the full value of points to each firm for all categories, with the exception of the price category. Staff's recommendation, based on the overall price from each firm, was to allocate a total of 100 points to Grau & Associates (Grau), 99 points to McDirmit Davis and Company, LLC (MDC), 98 points to Berger, Toombs, Elam, Gaines & Frank (BTEGF), and 97 points to Carr, Riggs & Ingram, LLC (CRI). She noted that the fees provided for a Fiscal Year 2018 audit were not considered in making the recommendation; the Fiscal Year 2019 audit fees provided were used. Management's recommendation was Grau.

E. Award of Contract/Authorization to Negotiate with Number-One Ranked Firm

On MOTION by Mr. Basnight and seconded by Mr. Fischer, with all in favor, acceptance of Staff’s recommendation to rank Grau & Associates, as the Number-One ranked respondent, awarding the contract for Annual Audit Services to Grau & Associates and authorization for Staff to negotiate with Grau & Associates and prepare a Continuing Services Agreement for District Engineering Services, including fines and penalties for deviations from the timing of the preparation and submission of the audit, was approved.

SEVENTH ORDER OF BUSINESS

Review/Discussion/Ranking of Response to Request for Qualifications for Engineering Services

A. Affidavit/Proof of Publication

The affidavit of publication was provided for informational purposes.

B. RFQ Package

The Request for Qualifications (RFQ) was provided for informational purposes.

C. Respondent

- **ZNS Engineering, L.C.**

Ms. Cerbone stated that the Interim District Engineer, ZNS Engineering, L.C. (ZNS), was the only respondent to the Request for Qualifications (RFQ) and, in Management’s opinion, ZNS is highly qualified.

D. Ranking

Staff’s recommendation was to allocate the full amount of points available for each category. ZNS received 100 of 100 possible points.

E. Award of Contract/Authorization to Negotiate with Number-One Ranked Firm

On MOTION by Mr. Fischer and seconded by Mr. Basnight, with all in favor, acceptance of Staff’s recommendation to rank ZNS Engineering, L.C., as the Number-One ranked respondent, authorization for District Counsel and Staff to negotiate and prepare a Continuing Services Agreement for District Engineering Services, was approved.

EIGHTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of February 28, 2019

Ms. Cerbone presented the Unaudited Financial Statements as of February 28, 2019

On MOTION by Mr. Fischer and seconded by Mr. Basnight, with all in favor, the Unaudited Financial Statements as of February 28, 2019, were accepted.

NINTH ORDER OF BUSINESS

Approval of March 8, 2019 Regular Meeting Minutes

Ms. Cerbone presented the March 8, 2019 Regular Meeting Minutes.

On MOTION by Mr. Fischer and seconded by Mr. Basnight, with all in favor, the March 8, 2019 Regular Meeting Minutes, as presented, were approved.

TENTH ORDER OF BUSINESS

Staff Reports

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

There being nothing to report, the next item followed.

B. District Engineer: *ZNS Engineering, L.C.*

There being no report, the next item followed.

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

- **NEXT MEETING DATE: May 3, 2019 at 10:00 a.m.**

The next meeting will be held on May 3, 2019 at 10:00 a.m.

ELEVENTH ORDER OF BUSINESS

Board Members' Comments/Requests

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

TWELFTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Johnson and seconded by Mr. Fischer, with all in favor, the meeting adjourned at 11:39 a.m.

Cindy Cebara

Secretary/Assistant Secretary

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Chair/Vice Chair