

**MYRTLE CREEK IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS' MEETING MINUTES**

FIRST ORDER OF BUSINESS

The Board of Supervisors' Meeting for the Myrtle Creek Improvement District was called to order on Thursday, September 18, 2018 at 4:30 p.m. at 6900 Tavistock Lakes Blvd, Suite 200, Orlando, FL 32827. Board Members listed below constituted a quorum.

Jeff Macre	Chair	
Bob Da Silva	Vice-Chair	
Kam Shenai	Assistant Secretary	
Kyle Scholl	Assistant Secretary	
Donald Tubbs	Assistant Secretary	(via phone)

Also present were:

Jeff Newton	Donald W. McIntosh Associates
Larry Kaufmann	Construction Supervisor
Tucker Mackie	Hopping Green & Sams
Jennifer Walden	Fishkind & Associates
Lynne Mullins	Fishkind & Associates
Stephen Flint	Tavistock Development
Scott Thacker	Tavistock Development

SECOND ORDER OF BUSINESS

Public Comment Period

There were no public comments at this time.

THIRD ORDER OF BUSINESS

**Consideration of the
Minutes of the August 23,
2018 Board of Supervisors'
Meeting**

Board Members reviewed the minutes from the August 23, 2018 Board of Supervisors' Meeting. Ms. Mullins noted that the District Engineer provided minor changes which have been incorporated into the minutes.

On Motion by Mr. Da Silva, second by Mr. Scholl, with all in favor, the Board of Supervisors for the Myrtle Creek Improvement District approved the Minutes of the August 23, 2018 Board of Supervisors' Meeting, as presented.

FOURTH ORDER OF BUSINESS

**Ratification of Requisition
Nos. 459 & 511 – 516
Approved in August 2018 in
an amount totaling
\$43,666.96**

Board Members reviewed Requisition Nos. 459 & 511 – 516 approved in August 2018 in an amount totaling \$43,666.96. Ms. Mackie asked if Universal Signs & Accessories were for Wellspring Drive and Performance Drive. Mr. Kaufmann stated it was not. Ms. Walden stated that these have been approved and paid and need to be ratified by the Board.

Ms. Mackie stated that Requisition 512 does have Performance Drive Phase 3. Mr. Newton stated that this was part of the one that was included in his memo. Ms. Mackie stated that she wants to make sure that the District does not requisition this out of Bond Funds. Mr. Kaufmann stated this is to be Developer funded but the \$660.00 is appropriate. Mr. Newton wants to ensure that the District does not double account for these he'll go back and look at his memo but his memo had listed a series of requisitions and the totals of those that were supposed to be reconciled with the Developer. He noted that he thinks that this was one of them and did not want to take it out of this summary if it had already been included in his summary memo. Ms. Mackie asked if this requisition has already gone to the Trustee for payment. Ms. Walden stated that these requisitions have already been approved and paid. Ms. Mackie stated that the Board can ratify them with the understanding that the Developer will be refunding the \$17,225.00 to the District's funds maintained by US Bank under the 2016 Bond Account.

Performance Drive and Wellspring Drive is a District approved construction project but the Developer is funding those costs until such time as the District issues Bonds. Staff is getting some invoices confused and submitting them for requisition to the Trustee of the 2016 Bonds which is incorrect. Ms. Walden asked if the Board was comfortable with ratifying Requisition No. 510 in the amount of \$611.00. Ms. Mackie stated that the others can be approved subject to reimbursement by the Developer.

On Motion by Mr. Scholl, second by Mr. Da Silva, with all in favor, the Board of Supervisors for the Myrtle Creek Improvement District ratified Requisition Nos. 459 & 511 – 516 approved in August 2018 in an amount totaling \$43,666.96 with the understanding that \$17,225.00 of Requisition No. 512 is being reimbursed by the Developer.

FIFTH ORDER OF BUSINESS

**Ratification of Operation
and Maintenance
Expenditures Paid in
August 2018 in an amount
totaling \$131,475.38**

Board Members reviewed the Operation and Maintenance Expenditures paid in August 2018 in an amount totaling \$131,475.38. Mr. Shenai asked what the BrightView invoice included. Mr. Flint stated that it is for Phase 1 of the landscape enhancement as well as the regular maintenance. Mr. Da Silva asked if BrightView was still going to do the irrigation or if they would move to the new irrigation employee. Mr. Flint stated that the new employee will oversee the repair but BrightView will still do the work. The District ran into an issue already in his first month where BrightView had fixed a mainline repair for \$7,000.00 three months ago and then it failed because they didn't do the repair correctly. This time he was able to see when BrightView had the hole open and they were just going to bill the District the same amount of money again to fix the repair that they did wrong in the first place.

On Motion by Mr. Scholl, second by Mr. Macre, with all in favor, the Board of Supervisors for the Myrtle Creek Improvement District ratified the Operation and Maintenance Expenditures paid in August 2018 in an amount totaling \$131,475.38.

SIXTH ORDER OF BUSINESS

**Recommended Work
Authorization/Proposed
Services**

There were no Work Authorizations for this District.

SEVENTH ORDER OF BUSINESS

**Review of District's
Financial Position and
Budget to Actual YTD**

Board Members reviewed the Statement of Financial Position and Budget to Actual through today's date. Ms. Mullins stated that the District's expenses are currently \$651,000.00 vs. a budget of \$719,000.00. The District is currently under budget through August by \$67,000.00. There was no action required.

EIGHTH ORDER OF BUSINESS

Staff Reports

District Counsel –

Ms. Mackie Noted that District staff received an email from the Trustee regarding interest earnings on the 2016 Bond Funds. The Trust Indenture does not provide for an automatic additional redemption of bonds with those interest proceeds. She noted that in this case the Trustee will need direction by the District to go ahead and use the interest earnings which amount to \$4,298.82 to apply those additional funds towards the reduction of Debt Service. If the District did not apply those funds to the Debt Service then at the last Debt Service payment, when the bonds mature, the District could reduce their final Debt Service payment by that amount. She noted that most Districts continue to use the interest to pay additional Debt Service when those monies became available.

Mr. Da Silva asked where the monies sit if it stays in cash. Ms. Mackie responded that it sits in the revenue account and it will continue to earn interest but it is only an additional \$4,200.00 that would earn interest. She noted that where the District earns that money is more on the hundreds of thousands that sit there in between the time the assessments are paid and when the District is making the Debt Service payment. Mr. Da Silva asked the cost of the Bond redemption. Ms. Mackie stated that it is automatic and there is no additional cost to redeem more.

Mr. Scholl asked if the District is able to use the excess money anywhere else in the budget. Ms. Mackie stated that some Trust Indentures do provide that as an option and she will look at it because in some cases there is the ability for the District to draw out that interest. Mr. Da Silva stated that his thought was for the monies

to go into a reserve. He asked if it is earning more interest than the District is paying on the Bonds. Ms. Mackie responded that the District is not going to re-amortize based on this amount but the question is where the Trustee invests and where does the District invest and could they be earning a higher rate of interest based on where the District puts its money in a typical money market account for O&M purposes vs. where the Trustee is putting it. She noted that might be worth investigating. The District will do that when they look at the Trust Indenture. Mr. Da Silva mentioned savings based on redemption or holding on to it and paying interest. Ms. Mackie stated that the answer to that is the cost to get a re-amortization schedule based on that is probably then eating into the interest savings. Ms. Mackie stated that she will get all the answers to these questions if the Board wants to defer this. The Board agreed to defer this item.

District Manager –

Ms. Mullins stated that the next meeting is scheduled for October 16, 2018 at 5:00 p.m.

Ms. Walden stated that the District Manager did an exercise with some of the other Districts and wanted to keep this Board in the loop as well. Ms. Walden presented a cash flow analysis breakdown to the Board (Minutes Exhibit A). She explained that there were some Fiscal Year 2017 expenses that fell into Fiscal Year 2018 and were paid with 2018 money. She noted that this District is a little bit different because it has a money market reserve which is what the District has been pulling from. The District Manager and Accountant have been tracking this. She stated that there was \$43,000.00 spent for Fiscal Year 2017 expenses in Fiscal Year 2018 and she noted that just under \$22,000.00 of that was unbudgeted hurricane expenses. Ms. Walden explained that for Fiscal Year 2019 the District budgeted \$15,000.00 for hurricane expenses. Ms. Walden added that moving forward the District will have to use more of the Money Market funds and it is also built into the budget. In the upcoming fiscal year, the District probably will have to raise assessments.

Ms. Walden stated that as of August 31, 2018 the District has just under \$300,000.00 in the Money Market Account. She noted that according to the budget the District will be using \$260,000.00 of it

to pay all of the expenses for Fiscal Year 2019. District staff will continue to keep an eye on things as we move through the next Fiscal Year.

Mr. Scholl asked Ms. Walden if she is at liberty to share what she suspects the increased rates will be. Ms. Walden responded that she does not know because it depends on the overall expenses and the needs of the District for this coming year. Mr. Scholl asked when the Board will be discussing that. Ms. Walden replied that the budget process typically starts in April or May when District staff, along with the Construction Committee, looks at the expenses and they bring a proposed budget to the Board and then move forward from there. Ms. Walden stated that the budget is not finalized until August or September.

Ms. Mackie stated that for Fiscal Year 2019 the on-roll Assessment is about \$500,000.00 and the District anticipates using \$260,000.00 in Money Market Reserves. If the expenses are kept the same, it is a \$260,000.00 increase that the District will have to absorb into additional assessments.

Ms. Walden mentioned that this is something to keep in mind when they are looking at adding on projects and improvements that will impact the assessments. Ms. Walden explained the budget process to the Board and the timeframes.

Mr. Scholl asked if the assessments will increase by more than what it was before the Bond refinancing or if the Board brings it back up to where it was, if that would give the District enough to start to build up a surplus. Ms. Walden responded that is something District staff can look at to see if the District wants to make sure that the budget has extra padding so the District is not increasing it year after year. She noted that District staff does not like to do that.

Mr. Macre asked if the Cash flow analysis is being brought to the Board's attention now prior to the budget discussion in April because the results of the cash flow analysis indicate that the District will have to increase assessments. Ms. Walden stated that is correct. District staff wanted to keep the Board informed about assessments and the budget and how the District will move forward with that. Ms. Walden explained that the District will have to put the residents

on notice of the increase. Mr. Scholl stated that between now and April, if the Board wanted to add any line items the District should take that into consideration before increasing assessments. Ms. Walden mentioned that when projects are brought to the Board or there are things that the Board wants to add on they must remember that it is being pulled from the Money Market Account which will draw down from what the District has available.

Mr. Shenai asked if the District can have an assessment in January or February to get a pulse of where the District is. Mr. Macre asked if he meant a budget projection. Mr. Shenai responded yes. Ms. Walden replied that the budget projection process can start then.

Ms. Mackie noted that when the District increases assessments they are required to send out a mailed notice and a lot of times it is good PR to put in the letter what the District does provide including enhancements and why assessments are increasing.

District Engineer – No Report

Construction Supervisor – Mr. Kaufmann stated that Mr. Flint is one of the members of the Construction Committee. He would like to entertain adding Mr. Davidson to that committee in place of Mr. Flint. Mr. Kaufmann stated that Mr. Davidson is working for the Developer, is a licensed engineer, and has a lot of experience.

On Motion by Mr. Macre, second by Mr. Scholl, with all in favor, the Board of Supervisors for the Myrtle Creek Improvement District approved Mr. Troy Davidson replacing Mr. Stephen Flint on the Construction Committee.

NINTH ORDER OF BUSINESS

**Supervisor Requests,
Audience Comments
& Adjournment**

Mr. Flint stated that he was not sure if they needed approval but they finished with Phase 1 Landscape enhancements and he asked if they have permission to continue with Phase 2 enhancements. Ms. Mackie stated that the Board previously approved this work so no action is

required. Mr. Kaufmann was asked to update the Board regarding the bid package for Performance Drive. Mr. Kaufmann stated that the package is still in front of him. He was asked if there was a projected timeframe when he is going out to bid and when he might expect the District to execute a contract. Mr. Kaufmann responded that he expects permitting any day now. Mr. Newton stated that he thinks it might go out to bid in the next month or two. Mr. Kaufmann stated that the Developer is now contemplating some revisions to the overall project based on connections to Heintzelman Drive and another buyer, a school site, in that parcel may affect the ultimate design. He stated that even though it is ready to go out for bid in 30 days, it may get pushed again based on the desire of the Developer. Mr. Da Silva asked him about the magnitude of that work. Mr. Newton stated that the magnitude is about \$2,500,000.00. Mr. Kaufmann stated that the Developer received a request from the County for lay down areas for their water main and reclaim main extension in the boulevard. He noted that a few months ago that the County was going to be tearing out two lanes of the boulevard and putting in utility lines and repaving over it. Mr. Kaufmann stated that is moving closer because they asked for areas for lay down for their construction materials. He does not have a date yet but he thinks that is imminent.

Mr. Shenai stated that a couple meetings ago the District talked about rain sensors and that District staff was going to see whether they exist and work. He asked about the progress on that. Mr. Flint responded that Paul, the new irrigation individual, is going systematically through each of the District's controllers and as he finds problems he is getting them replaced. He found that most of the rain sensors have failed and is evaluating which controllers need to be replaced in order for the system to function best.

Mr. Shenai asked about the monument lights not working. Mr. Macre stated that it will be out for a little while due to the construction that is there. Mr. Flint stated that the meter was removed as part of the project and putting the meter back in is paid for as part of that building. He looked at running power from another source but it would require boring under the road which would cost an additional \$10,000.00. He suggested waiting until that project is complete. Mr. Thacker stated that another option that they are looking at with the monument lights is to tie them in to the OUC streetlight system which would eliminate the need to add a meter which could reduce the overall operating cost of those lights as well. He noted that OUC is working on an agreement that the District could consider.

Mr. Shenai asked about the flowers at the median where Narcoossee and Lake Nona Blvd. intersect. He asked if they are going to be periodically changed and how often. Mr. Flint stated they will be changed four times per year. Mr. Da Silva spoke about the \$2,500,000.00 of road construction and asked if those funds are already funded from a Bond sale or if the District is going to be relying solely on the Developer's reimbursement for that \$2,500,000.00. Ms. Mackie stated that item is a Developer reimbursement. Mr. Kaufmann stated that it is actually a direct payment and not a reimbursement. Mr. Da Silva asked if the District is liable if the Developer fails on that

contract and asked if the District is exposing the residents and clients to a liability. Ms. Mackie stated that in the Developer Funding Agreement, the Developer is indemnifying and holding harmless the District from duty to defend in the instance of non-payment under the District's Construction Contract. Mr. Da Silva asked if the District has sufficient confidence that the Developer is backed by enough funding to do that in all instances. He stated that the entity that the District is guaranteeing from is not the Landowner but related to it and he is not sure if the District is doing their proper due diligence in representing the residents if the District agrees to the contract for that work without knowing exactly where the funding guarantee is coming from. Ms. Mackie stated that this has not been an issue in the past. Mr. Da Silva stated that the District has never contracted directly for a piece of work of this size. Ms. Mackie stated that District staff can discuss with the Developer about a guarantee agreement but he will probably still have the same concerns. Mr. Da Silva stated that if there is a guarantee agreement then it is at least tied to the asset that is in the District. He stated that the Landowners of the District should be guaranteeing the funding of this work and backing the Developer on their guarantee. Ms. Mackie asked if he would like a dual obligee situation under the Developer Funding Agreement. He asked for a guarantor for the Developer. Ms. Mackie stated that she can work with the Developer to talk about ways in which the District might be able to change that. Ms. Mackie added that there is an indemnification and hold harmless provision within the existing Developer Funding Agreement. Mr. Da Silva stated that it is backed by the Developer only and it is a private company and the District does not know what assets they have to back that up. Ms. Mackie responded that the District does not currently know. He asked Ms. Mackie to report back to the Board next time.

Mr. Scholl asked why the District is doing it differently this time. Ms. Mackie stated that most Districts do this because the District wants to make sure that instead of acquiring an improvement that it is ultimately going to finance, that the District itself is responsible for construction and oversight. When the District acquires assets, the process that the District must go through is the Engineer has to look at what has been done by a third party to make sure that it has been properly constructed, that the District received all of the warranties from parties that the District did not contract with initially as opposed to the District self-performing that work, and making sure that it has been done in accordance with the contract that the District has executed as opposed to an acquisition. She noted there are two different ways of doing it and there are benefits and costs to both so the direction in the past has been because of the cost associated with the review and acquisition as opposed to self-performing is less. She stated that for Performance Drive and Wellspring Drive, she was not sure if it was anticipated that it would be a District project at the time Phase 1 was initiated, such that the contract had already been executed for construction. She noted that the District was then approached with the possibility of it becoming a District project as Phase 2 had already been underway. She noted that it is not to say that the District couldn't have acquired that regardless and it can still be the direction that the District takes but there are benefits in the other direction.

Mr. Scholl asked if Mr. Da Silva has knowledge that there might be something that would prevent the contract from being completed. He stated that he is just doing his due diligence for a contingency situation. He stated that his point is that there are close to 60 entities that are vested that represent it under the Developer but the District is not guaranteed by every entity. The Board stated that he brought up a valid point and it is something that can be addressed.

Mr. Macre stated that he would like to share a couple of things with the Board. He stated that he promised the Board that he would go out and assess the multi-use trail. He stated that he started on the south side of the District and went along the trail and took photos of large protrusions in the trail and he tried to focus on only issues that went across the whole trail. He noted that there were also bumps to the sides that he is not including. He found 33 issues and he used an app that utilizes GPS to locate each issue on a map and he will share the link with the Board. Mr. Thacker commented on whether the District should fix them as a spot fix or discuss the allocation of funds for the replacement of the trail. Mr. Kaufmann stated that District staff will look at pricing to do this. The roots are the main cause of the problem and he noted that one of the ways to fix this which is to put a bridge over the gap but the roots will keep growing. Mr. Kaufmann asked if the roots are removed would it adversely affect the trees. Mr. Thacker stated that as long as the tree gets a lot of water after the root is cut for a period of a couple weeks it should be fine.

Mr. Shania asked what the cost for something like this would cost. Mr. Macre stated that he will defer to the Construction Committee and the District staff to look into it as he wasn't expecting an immediate fix. Ms. Walden noted that in the Infrastructure Capital Reserve Account there is \$30,000.00 allocated for these types of repairs. Mr. Macre stated that might not even come close to fixing a fraction of the repairs.

Mr. Scholl stated that this almost seems like it should be something where there is a special assessment that the District could assess to the residents of the District but if the District can budget for it and account for it financially the District could just pay to replace it. He asked if this would be something the District could consider for a Special Assessment. Ms. Mackie stated that the District would either budget for it over time or do a special one-time assessment at the time it is determined that the District needs to do that level of replacement. Ms. Mackie suggested that the latter is not the most palatable from an assessment-payor standpoint. The Board agreed that the best option is to proactively budget for something like this.

Mr. Shenai asked who is accountable to bring the information to the Board. Mr. Kaufmann stated that the first task is to see what the City will require from the District and what the price is from the Contractor to facilitate the repairs regardless of temporary crossings. Mr. Da Silva asked if the Construction Committee can look into what it would cost per issue to fix and what it would be for the whole entire trail. The Construction Committee will physically go and inspect some of the areas and give the Board some feedback on what is causing some problems and feedback on if the

issues should be marked and then discuss next month. Mr. Shenai asked if the Construction Committee will report back at the next meeting or the one in November. Mr. Kaufmann stated that the Construction Committee will report at the next meeting.

There was no other business to discuss.

On Motion by Mr. Scholl, second by Mr. Macre, with all in favor, the September 18, 2018 Meeting of the Board of Supervisors for the Myrtle Creek Improvement District was adjourned.


Secretary/Assistant Secretary


Chair/Vice Chair

Myrtle Creek Improvement District
 FY 2018
 Cash Flow Analysis

Exhibit A

	Beg. Cash	FY17 Inflows	FY17 Outflows	FY18 Inflows	FY18 Outflows	End. Cash
10/1/2017	5,000.66	238.08	(18,359.03)	18,358.52	-	5,238.23
11/1/2017	5,238.23	-	(2,434.74)	147,467.08	(146,484.56)	3,786.01
12/1/2017	3,786.01	-	(14,898.32)	937,179.73	(328,256.86)	597,810.56
1/1/2018	597,810.56	-	-	93,779.27	(477,774.54)	213,815.29
2/1/2018	213,815.29	-	-	506,647.11	(49,939.27)	670,523.13
3/1/2018	670,523.13	-	(7,710.00)	82,917.22	(447,614.30)	298,116.05
4/1/2018	298,116.05	-	-	62,324.10	(174,789.38)	185,650.77
5/1/2018	185,650.77	-	-	12,007.24	(54,109.35)	143,548.66
6/1/2018	143,548.66	-	-	6,112.24	(132,037.78)	17,623.12
7/1/2018	17,623.12	-	-	13,939.81	(7,385.74)	24,177.19
8/1/2018	24,177.19	-	-	122,000.60	(142,329.52)	3,848.27
9/1/2018	3,848.27	-	-	13,551.61	(13,551.61)	3,848.27 as of 09/09/2018
		238.08	(43,402.09)	2,016,284.53	(1,974,272.91)	3,848.27