

**MINUTES OF MEETING
LAKE HARRIS
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Lake Harris Community Development District was held on Wednesday, **May 24, 2023** at 9:30 a.m. at Cooper Memorial Library, 2525 Oakley Seaver Drive, Clermont, Florida.

Present and constituting a quorum were:

Jason Lonas	Vice Chairman
Doug Beasley	Assistant Secretary
Rocky Owen	Assistant Secretary

Also, present were:

George Flint	District Manager, GMS
Sarah Sandy	District Counsel, Kutak Rock
Kathy Leo	District Engineer, GAI Consultants
Steve Sanford	Greenberg Traurig

The following is a summary of the discussions and actions taken at the May 24, 2023 Lake Harris Community Development District's Regular Board of Supervisor's Meeting.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order at 9:30 a.m. Three Board members were present constituting a quorum.

SECOND ORDER OF BUSINESS

Public Comment Period

There were only Board members and staff present.

THIRD ORDER OF BUSINESS

**Approval of Minutes of the April 26, 2023
Board of Supervisors Meeting**

Mr. Flint presented the minutes from the April 26, 2023 Board of Supervisors meeting and asked for any comments or corrections from the Board. The Board had no changes to the minutes.

May 24, 2023

Lake Harris CDD

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, the Minutes of the April 26, 2023 Board of Supervisor Meeting, were approved.

FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2023-03
Approving the Fiscal Year 2024 Proposed
Budget and Setting a Public Hearing**

Mr. Flint stated the Board is required each year to approve a proposed budget by June 15th and then set the public hearing. He stated August 23, 2023 at 9:30 a.m. at the Cooper Memorial Library is the recommended date for this public hearing. He noted Exhibit ‘A’ to the resolution is the proposed budget. It contemplates assessments on Phase 1 platted lots and they have allocated the administrative costs based on planned units so a portion of the admin is allocated to Phase 1 and then the remainder to the rest of the project based on the total planned units. He noted there is a developer contribution to bring the assessments down a little bit.

Mr. Flint stated that the anticipates this budget will be adjusted further between now and the public hearing. In order to meet the June 15th requirement, his recommendation would be to get it approved today and then it can be modified as necessary between now or at the public hearing. He stated the per unit assessments are a little higher than they want it to be so they are going to reach out to another landscape maintenance company and have them provide some estimates. He noted that they got some numbers from the install contractor but will need to get some other numbers for comparison. He asked for any questions on the resolution or the proposed budget. The Board had no further questions on the resolution or the proposed budget.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, Resolution 2023-03 Consideration of the Fiscal Year 2024 Proposed Budget and Setting the Public Hearing for August 23, 2023 at 9:30 a.m., was approved.

FIFTH ORDER OF BUSINESS

Financing Matters

A. Consideration of Amended and Restated Master Engineer’s Report

Mr. Flint stated they are hoping today that the Board will approve the Bond Delegation Resolution. The first item under this is the restated Master Engineer’s Report. Ms. Sandy stated that they are considering these next couple of items the delegating authority to market the bonds, the initial issuance of the bonds from the District and this would be in order to finance a portion

May 24, 2023

Lake Harris CDD

of the Master Capital Improvement Plan associated with Phases 1 & 2 of the project. She noted the first item on the agenda is consideration of the amended restated Master Engineer's Report which is the same report that the Board has previously approved. She noted there are some updates in regards to the unit counts and associated with the issuance of primarily Phases 1 & 2. Ms. Leo stated from a broad standpoint this report is itemized into four phases right now as the engineering has been divided. She noted the total lot count number of units is 542. The master infrastructure consists of sanitary sewer, water, stormwater management system, and the other proposed facilities are electric, gas, and landscaping with some roadway infrastructure. She noted the report allocates the acreage for the amount of stormwater management area and exhibit included shows the drafted plans and the overall site layout. Also included in the report is more detail in the utility infrastructure as well as legal description and opinion of probable cost itemized by the four phases. She noted the cost includes the contingency as well, current estimate of probable cost for the total project is slightly over \$25,000,000. She noted she would be happy to take any questions. Mr. Sanford stated the resolution authorizes any further amendments to the report as we get closer so would have a motion to approve the Engineer's Report in substantial form.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, the Amended and Restated Master Engineer's Report in association with the Series 2023 Bonds, was approved in substantial form.
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B. Consideration of Supplemental Assessment Methodology Report

Mr. Flint stated the Board previously sought a Master Assessment Methodology and went through the legal process of levying master assessments over the whole project and now with this first bond issue, the bond issue is really for Phase 1 & 2. He noted a Supplemental Assessment Methodology has been prepared that will initially be included in the preliminary Limited Offering Memorandum. When the underwriter markets the bonds and once the bonds are priced and the final terms are determined then this report will be updated for the actual interest rate in terms of the bond issue and will be approved prior to closing. He stated this Supplemental Methodology has been reviewed by District Counsel and Bond Counsel. Table 1 on page 61 of the PDF is the development plan for Phases 1 & 2. There is a total of 233 units, a combination of 40', 50' and there is one 65' lot. Table 2 reflects the improvement cost from Kathy's Engineer's Report for

May 24, 2023

Lake Harris CDD

Phases 1 & 2 and those total \$14,194,417. Table 3 is the preliminary bond sizing, which uses an assumed interest rate based on the market of 30-year amortization period, six months of capitalized interest, one year of debt service reserve and then a 2% underwriter's fee and based on that and they came up with a bond sizing for a par amount of \$4,530,000 of that about \$3,800,000 is for construction funds. He stated this is for purposes of marketing the bonds and will be revised once the actual interest rate and terms are determined. It is likely there will be a lower reserve requirement and some other adjustments to this. Table 4 shows the allocation of benefit. It shows the improvement cost per unit. Table 5 based on market conditions, the developer requested that the assessments for the 40's, 50's, and 65's the debt assessments be level that they all pay the same and in order to do that a developer contribution has been recognized to level out the par amount. He stated this table demonstrates that there would be a developer contribution of approximately \$625,000 to level out the par amount for those three product types. There is \$14,000,000 in estimated improvement costs and they have \$3,800,000 in the construction funds so there should be at least \$10,000,000 of costs of which we can recognize \$625,000 of that in order to do this. Table 6 shows the target assessment levels. He noted the net target assessment if paid in November would be \$1,350 and then gross is \$1,407 which is what would be on the tax bill with the 6%. He noted without the 6% gross up it is \$1,323 and then if it was paid in November, it would be \$1,350 and if paid in March it will be \$1,407. Table 7 is the preliminary assessment roll and there are some lots that have been sold to Hanover Family Builders, LLC. He noted Phase 1 is platted and Phase 2 is unplatted. Ms. Sandy noted as George indicated, she has worked with GMS on this for review especially in regards to the noted market assessment and required developer contribution and when they go to close on the bonds, they will bring forward additional documents as part of the closing documents that formalize and acknowledge that the developer contribution will be made. She stated unless the Board has any questions in regard to the report, she would ask for a motion to approve the Supplemental Assessment Methodology Report for the 2023 bonds in substantial form for use in connection with the marketing of the bonds.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, the Supplemental Assessment Methodology Report, was approved in substantial form.

May 24, 2023

Lake Harris CDD

Consideration of Resolution 2023-04 Bond Delegation Resolution

- i. Exhibit A: Form of Bond Purchase Contract**
- ii. Exhibit B: Copy of Preliminary Limited Offering Memorandum**
- iii. Exhibit C: Form of Continuing Disclosure Agreement**
- iv. Exhibit D: Form of First Supplemental Trust Indenture**

Mr. Sanford stated he serves as the District's Bond Counsel. He noted this is a delegation resolution and the reason being in the resolution itself certain parameters are set forth in connection with the marketing and sale of the bonds. He noted when it comes time to do so within the parameters set by the Board then the act of signing a bond purchase contract is really an administrative act and they don't have to come back and have a special meeting. He noted the parameters are in section three and they authorize a principal amount of bonds not to exceed \$5,000,000 and as George stated the expectation is a little bit less than that so there is a little bit of a cushion. He stated this does not commit the Board to issue exactly \$5,000,000 but they cannot issue more than that. The principal amortization term is by statute no longer than 30 years and interest rate can't exceed the maximum rate that is set by statute. He stated the last two parameters, one is if the bonds are going to be subject to optional redemption which is usually the case that gets determined at the time the bonds are priced and lastly the compensation to be paid to the underwriter is 98% which means that the underwrite purchases the bonds from the District at a discount of 2% and then turns around and sells the bonds at PAR percent and the difference is the compensation to be paid to the underwrite by that difference in price. This resolution also authorizes any changes to the Engineer's Report or the Methodology Report in connection with the marketing of the bonds again without the need to call a special meeting the authorization is set forth in this resolution.

Mr. Sanford stated the Board is being asked to approve certain exhibits to this resolution. He noted there is a Bond Purchase Contract between the District and FMS who is their underwriter and when the bonds are marketed, that is the agreement that would get executed by both of those parties and would set forth the final terms of the bonds and all of the requirements to get to closing such as opinions and closing certificates. He stated the next exhibit is the Preliminary Limited Offering Memorandum which is the document used by the underwriter to find investors and has a lot of missing information about the bonds until the bonds are sold. Once the bonds are sold that Preliminary Limited Offering Memorandum gets finalized with the final terms of the bonds and then gets delivered to the investors. The third exhibit is a Continuing Disclosure Agreement and

May 24, 2023

Lake Harris CDD

that is an agreement that is required under SEC rules. It requires that there be annual reporting to a public repository where information about the bonds and the project and development are kept up to date. There is also a requirement that if there are certain listed material events they would have to be disclosed and the point of that whole exercise is that if somebody wanted to buy the bonds in the secondary market, they would have the most current information. He noted it is intended to create a level playing field and both the District through GMS and the developer have obligations to provide that information. The last exhibit is the form of First Supplemental Trust Indenture that is between the District and the Trustee and that was already approved but they have made substantial changes to that and it is still in substantial form but he asked the Board to reapprove that document. He noted once the bonds are sold, that document along with a Master Trust Indenture which was previously approved is finalized with the terms of the bonds and delivered at the closing as part of the final Limited Offering Memorandum.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, Resolution 2023-04 Bond Delegation Resolution, was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2023-05 Updating Bank Signatories

Ms. Flint stated this is updating the bank signatories. He noted at the organizational meeting a resolution was adopted authorizing signers and this is just recommending that rather than designating certain individuals they will designate the Treasurer, Assistant Treasurer, and Secretary. If any of those people change, the Board will not need to modify this resolution. The resolution is typically provided to the bank when the account is opened or if the signers are changed on the account. He noted This resolution appoints the Treasurer, Assistant Treasurer and Secretary as signers on the operating account. He stated the only change in actual signers that will result from this is that they are asking the Board to consider appointing Darrin Mossing as an Assistant Treasurer. He is the president of GMS and they are making him a signer on all of the bank accounts that way if there is any turnover in the accounting group, they have a backstop there.

On MOTION by Mr. Beasley, seconded by Mr. Lonas, with all in favor, Resolution 2023-05 Updating Bank Signatories, was approved.

May 24, 2023

Lake Harris CDD

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2023-06
Designating an Assistant Treasurer**

Mr. Flint stated this resolution is appointing Darrin Mossing as Assistant Treasurer which will allow him to be made a signer on the account.

On MOTION by Mr. Beasley, seconded by Mr. Lonas, with all in favor, Resolution 2023-06 Designating Darrin Mossing as Assistant Treasurer, was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Sandy stated they are working on the financing and looking to get that posted soon and potential closing of the bonds is in June. She noted she is also working with District Engineer, Kathy on acquisition of Phase 1 infrastructure that will hopefully line up with the bond issuance so the funds will be available to payout for the improvements acquired in association with that when the bonds are closed.

B. Engineer

Ms. Leo stated they are working through the closeout of Phase 1 and they are working through the clearances.

C. District Manager's Report

i. Check Register

Mr. Flint presented the check register from April 1st through May 16th for checks 26-29. The register is behind the summary indicating the individual checks. Mr. Flint asked for any questions.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, the Check Register, was approved.

ii. Balance Sheet and Income Statement

Mr. Flint presented the unaudited financials through April 30th. If there are any questions, they can be discussed. There is no action required. He stated they are currently operating under a

May 24, 2023

Lake Harris CDD

Developer Funding Agreement. He stated as invoices are received, they submit funding requests and pay those costs.

iii. Ratification of Funding Requests No. 11-12

Mr. Flint presented funding requests 11-12 to be ratified. He noted these were submitted to the developer under the funding agreement. He noted 11 is for District management services for GMS and 12 is for engineering for GAI Consultants.

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, Funding Requests No. 11-12, were ratified.

iv. Presentation of Registered Voters – 0

Mr. Flint stated each year they are required to announce the amount of registered voters as of April 15th. He noted there are zero voters.

v. Reminder of Form 1 Filing Requirement Deadline – July 1, 2023

Mr. Flint noted they should be getting this any time now. The supervisor of elections is required to mail it out by June 1st and it is due by July 1st. He noted only one has to be filed, if on more than one Board, each Board can be listed. It is filed with the county that they live in and not the county that the District is in. He noted that Orange County accepts it electronically. It can be hand delivered or mailed but they need proof that it has been filed. If by September they have not received, Board members can be fined \$25 per day.

NINTH ORDER OF BUSINESS

Other Business

There being no comments, the next item followed.

TENTH ORDER OF BUSINESS

Supervisor’s Requests

There being no comments, the next item followed.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Lonas, seconded by Mr. Beasley, with all in favor, the meeting was adjourned.

May 24, 2023

Lake Harris CDD

George Flint
Secretary/Assistant Secretary

Tony Lorio
Chairman/Vice Chairman