MINUTES OF MEETING
MIDDLE VILLAGE COMMUNITY DEVELOPMENT DISTRICT

The continuation of the Februay 12, 2018 regular meeting of the Board of Supervisors of the Middle Village Community Development District was held Monday, March 5, 2018 at 9:00 a.m. at the Plantation Oaks Amenity Center, 845 Oakleaf Plantation Parkway, Orange Park, Florida 32065.

Present and constituting a quorum were:

Rocky Morris	Chairman
Michael Steiner	Supervisor
Rod Swartz	Supervisor
Shawn Vick	Supervisor
John Jarrett	Supervisor

Also present were:

James Perry	District Manager
Jason Walters	District Counsel (by phone)
Jay Soriano	GMS Operations Director
Bob Gang	Bond Counsel (by phone)
Rhonda Mossing	MBS Capital Markets

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Perry called the meeting to order at 9:00 a.m.

SECOND ORDER OF BUSINESS **Audience Comments**

There being none, the next item followed.

THIRD ORDER OF BUSINESS **Financing Matters**

Ms. Mossing stated we've been talking in the past couple of months about financing through Hancock Bank. As you'll recall, we sent out an RFP in December, they came in January and Hancock Bank had the best proposal because they were willing to take the loan out from the term of the outstanding bonds. After the meeting when the board directed us to proceed with Hancock Bank, Hancock Bank came back and said it's a term sheet, it's not a final commitment because they needed to go up higher in their bank to get a commitment. We've continued to work with them since then and they had a lot of heartburn about the undeveloped property so we put together a senior subordinate structure where they would just buy the senior bonds which represented the developed portion of the district and the percentage that related to, which is about 90%, and then we would do a public offering on the subordinate debt and that would give them coverage because all of the assessments from the assessment area are pledged to the senior bonds first. They get paid and then what falls out pays the subordinate debt so it minimizes the bank's exposure to the undeveloped property. They liked that but they came back because since that time interest rates have gone up and the corporate tax rate has gone down. The tax exempt bonds are less attractive to banks than they were when the taxable rate was higher so they came back with a slightly higher interest rate. At our last meeting you approved us to move forward with Hancock Bank if there were no significant changes in the terms from their draft term sheet. The commitment letter came in and it's all been approved by the bank but the interest rate went from 3.89% to 4.09% so it's gone up a little bit. Not as much as it could have gone up because of the increase in interest rates over the last couple of months but I did bring you a chart that shows the increase in the 30 year MMD which is what we typically price off of when we're in the market pricing for bonds and you can see how it's increased. That and in addition to the change in the corporate tax rate we still feel this is a very good rate for the district and like I said, we'd be doing the private placement for 90% of the debt which is the senior bonds with Hancock and we do the remaining bonds a couple million dollars as a public offering and then blend the two rates together and that would be the overall savings to the residents. This is gobbling up the debt that is currently on the SPE parcel that is eating into your debt service reserve fund so it's reallocating that debt to all of the residents but it's being paid for through the savings and the residents will still get a reduction in their annual assessments. Should that SPE parcel at some point in the future become developable that will be excess revenues coming in to the district based upon whatever it is that they build. They would get a similar assessment to what is being paid now by the residents and that would bring additional funds into the district which the district can use to buy down the bond, reassess and give the residents additional savings.

Mr. Morris asked I know from a single family standpoint we're looking at an estimated $69 savings for assessments and the debt per unit goes up roughly $800 and some odd dollars yet assessments are reduced by that $69 for single family so what happens to the length of the payoff?

Ms. Mossing responded the maturity stays the same and the savings right now is about $69 a unit for the single family but the increase is only about $700.

Mr. Morris stated I just wanted us to be familiar with it in case we're questioned by other residents.

Mr. Jarrett stated I thought when we were looking at the $69 difference that it would decrease the term if people continued to pay the same amount you pay now. I thought that was one of the discussions we had?

Mr. Perry stated the term stays the same.

Mr. Swartz asked but we don't have any early payoff if I remember right?

Mr. Perry responded you can make an early payoff.

Mr. Jarrett stated looking at it from overall 25 or 30 years. If everyone remains paying the same it doesn't decrease the term?

Ms. Mossing responded it would if you did that but that's not the structure that we presented to the bank.

Mr. Swarts stated so there's about 17 years left. The general question we're all contemplating is what would it do if we left things the same and just paid down the debt?

Ms. Mossing responded it would knock off a couple of years but if you sell your house ten years from now, the guy who's here in year 15 would get the benefit.

Mr. Swartz stated there's a lot of people that came long before us that have come and gone that haven't gotten the benefit of that either but obviously all this is what we're doing for those people 15 years out.

Mr. Steiner stated you'll have a bigger chunk if that property down here gets built out. You could take the lump sum that comes out of that community and put it against the bonds and buy off. We're an aging community so to speak so we may need that funding. That gives us a little cushion where we're not really going to be impacting the owners here.

Ms. Mossing stated we see that a lot when we do refundings because typically refundings are in a community that is ten years old and so they'll lower the debt assessment at the same time they inrease the O&M because of the additional payments required on an older community.

Mr. Steiner stated I assume there's still some good news coming out of that property out there?

Ms. Mossing stated Jason will give you an update at the end of the meeting. Today we would be looking for you to approve the commitment letter with Hancock Bank so we can move forward with setting up a public hearing on the assessments which is later on your agenda and starting that assessment process, doing a letter to all of the residents letting them know that they will be having savings even though there will be an increase in par amount and then we will proceed to closing toward the end of April.

On MOTION by Mr. Morris seconded by Mr. Jarrett with all in favor the commitment letter from Hancock Bank was approved.

Mr. Swartz asked what is our total increase? I saw $72,000 in legal fees.

Ms. Mossing responded with the refunding you're actually lowering your debt from $27,440,000 down to $25,705,000 but the reason it's going up per unit is you are reallocating that debt to the residents not including the SPE parcel so it's going up a little bit per unit but in total it's going down.

Mr. Swartz asked including the costs of the refunding?

Ms. Mossing responded yes including the costs. The costs are just estimated right now so I think they're estimated on the high side which means when the total costs come in it will be even better savings for you but right now the total cost of issuance is $370,000 and I think I used a 4% percentage across the board and underwriters discount is 1.5%.

Mr. Perry stated if we didn't have that SPE parcel we'd be in really good shape.

Ms. Mossing stated but it cleans a lot of stuff up and you won't have those audit comments anymore that says your reserve fund is under funded.

A. Consideration of Supplemental Assessment Methodology Report

Mr. Perry stated this report tracks the commitment letter from Hancock and goes through a status update in regards to the 2004 and 2008 bonds and it talks about the 2018 bonds. As Rhonda stated, the bulk of these will be the 2018-1 series which is with Hancock Bank. The other series is for the undeveloped lands and that will be funded by a public offering so it goes through that and talks about the assessment methodology. This is a supplemental report so the two earlier bond issues just kind of flow to this report. There are no changes in allocations. The only thing they did change in regards to this is the SPE debt for this assessment roll will have zero debt on it but we're assuming they're going to pay assessments related to the 55 single family homes which is the latest proposed plan for that parcel. It goes through the land use. Table two shows you what is anticipated for the 2018-1 and 2018-2 series and again you'll see under the uses the amounts that we talked about under cost of issuance, underwriters discount along with the debt reserve funds and there are changes in that. As you can see there was a decrease in the debt reserve fund for Hancock to 20%.

Ms. Mossing stated as an offset to help with the additional interest rate they went from 25% to 28%.

Mr. Perry stated there's an assumption on the undeveloped lands that it will be 50% max annual debt service. There is also an assumption in there about the interest rate for that non-conforming which the 4.09% is basically set in stone in regards to Hancock Bank. Table three shows the allocations and the increase in debt per unit. Again, these are preliminary. We're still working through the assessment roll. There are a lot of properties in this district but these numbers should be pretty accurate. Table four shows what the annual reductions would be in debt service in regards to the single family, multi family and commercial. We will attach a detailed assessment roll which will show every property showing what the current debt is, what the new debt will be and what the current assessments are. This is in draft form and we will be providing an updated one with the assessment roll.

Mr. Swartz asked when you do a refinance in the individual world they pay it off and you don't have a payment until the next month, I presume we're not skipping a month of payments here?

Mr. Perry responded no. It's a little hard when you only bill once a year.

B. Consideration of Resolution 2018-01, Declaring Special Assessments

Mr. Perry stated this resolution will reference the historic perspective of the 2004 and 2008 bonds and it will reference the adopted master methodology and also the methodology that we just talked about. It will talk about the cost of improvements related to the bond debt.

Mr. Walters stated I think Rod was on the Double Branch board when we refinanced those bonds so if you're not too familiar with the assessment process this is what I'll call the starting process so we're not commiting ourselves fully to anything yet in terms of the final numbers. There's a lot of work to do from that perspective until we get the deal done but this is the declaring resolution so we declare that we intend to move forward with this and setting forth the additional perameters and adopting that supplemental assessment report so this is just the first step in the process. There will be a hearing in the future which is dealt with in the next resolution.

On MOTION by Mr. Morris seconded by Mr. Jarrett with all in favor Resolution 2018-01 was approved.

C. Consideration of Resolution 2018-02, Setting a Public Hearing Date

Mr. Perry stated the hearing is scheduled for April 9th at 2:00 at this location. As Jason mentioned we will be sending out mailed notices to everyone and it will reference in there that there is an increase in the debt allocated to your lot and we will try to emphasize as best we can that there is a decrease in your annual debt assessment. We will always get calls no matter how good we try to put non-legal language in it because there's a lot of legalise in the mailed notice but people will get confused and ask why are you increasing my debt. You're going to get questions if you're out but I think you have a good grasp of what we're doing so I expect we will have some residents come and ask some of the questions you've already asked today.

On MOTION by Mr. Morris seconded by Mr. Swartz with all in favor Resolution 2018-02 was approved.

D. Consideration of Engagement Letter with Greenberg Traurig for Bond Counsel Services

Mr. Gang stated we started work on this last June and before I went on summer vacation I sent Jim and engagement letter which the board approved on July 10th and that engagement letter assumed either a public sale or a private placement, one or the other, and gave a range of fees for each. The strucuture of the deal is somewhat of a hybrid because it's senior sub but it's part private placement and part public offering so there is more in it and the fee I quoted is right in between the two fees that I had quoted in July for all public sale or all private placement so this is wordier than the other letter but totally in line with what I had submitted last summer and what the board approved. This one more accurately reflects what we are doing.

Mr. Morris stated I know this is an engagement letter and maybe it's not critical but paragraph five says "As Rhonda Mossing has explained in her most recent bank credit package, approximately 93% of the developable lands have residential or commercial development on them. Approximately 7% are undeveloped". Is that accurate with what we just spoke of?

Mr. Gang responded I looked at Rhonda's numbers and it's not quite that good.

Mr. Mossing stated when I first ran the numbers we were getting the information from Charlie Arnold that he was going to pay off the Jennings Point parcel before closing and that would have made it 93/7 but now he's indicating he's not going to pay it off before closing so it pushed it back to 90/10.

Mr. Morris stated I didn't know if it affected Bob's letter or not.

Mr. Gang stated not at all. I do note that in her February 27th number run, which is in the assessment report, the par to par comparison is no where near 93/7. It doesn't affect it.

Ms. Mossing asked what is the fee that he is quoting?

Mr. Morris responded $72,000.

Ms. Mossing asked including expenses?

Mr. Perry responded there are $3,000 for expenses.

On MOTION by Mr. Morris seconded by Mr. Jarrett with all in favor the engagement letter with Greenberg Traurig was approved.

FOURTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

FIFTH ORDER OF BUSINESS Audience Comments/ Supervisor's Requests

Mr. Steiner asked Jason is there any update on the SPE parcel?

Mr. Walters responded we've been in discussions with the attorney for the certificate holder and we have received some correspondence that we're trying to get some clarification on but it does appear they want to move forward with some development plans there which would include them taking down that parcel through the tax deed and taking ownership of that parcel and they are willing to incorporate a certain number of single family product type there. I think things are moving in a positive direction. Timing is somewhat of an issue as I think we've alluded to in terms of when that occurs and when the collections would start so that's one of the things we're hashing out from a staff level to see how it fits into moving forward with this structure. The good news is no matter what it looks like, it looks better than it looks today so it will only improve the calculus on the debt moving forward we are just trying to mash our brains together and come up with the best solution to incorporate that into everything moving forward. The update is a good one. They are engaged and they are exploring development options so hopefully we can get that incorporated in some positive fashion.

SIXTH ORDER OF BUSINESS Next Scheduled Meeting

Mr. Perry stated our next scheduled meeting is Monday March 12th at 6:00 p.m.

SEVENTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Morris seconded by Mr. Jarrett with all in favor the meeting was adjourned.

Secretary/Assistant Secretary

Rocky Morris
Chairman/Vice Chairman