

**MINUTES OF MEETING
XENTURY CITY
COMMUNITY DEVELOPMENT DISTRICT**

A meeting of the Board of Supervisors of the Xentury City Community Development District was held Tuesday, May 3, 2016 at 11:00 a.m. in the Conferences Services Viewing Room, Gaylord Palms Resort & Convention Center, 6000 West Osceola Parkway, Kissimmee, Florida.

Present and constituting a quorum were:

Steven Ivins	Chairman
Owen Beitsch	Vice Chairman
Todd Persons	Assistant Secretary
Timothy Baker	Assistant Secretary

Also present were:

Gary Moyer	District Manager
Scott Clark	District Counsel
John Florio	District Engineer
Dimitri Toumazos	Xentury City Development Company

FIRST ORDER OF BUSINESS

Roll Call *

Mr. Moyer called the meeting to order. The record will reflect all Supervisors and staff are present.

SECOND ORDER OF BUSINESS

Public Comment

There being no public present, the next order of business followed.

THIRD ORDER OF BUSINESS

Organizational Matters

- A. Appointment of Supervisor to Fill an Unexpired Term of Office (11/2016)**
- B. Oath of Office for Newly Elected Supervisor**
- C. Designation of Officers – Resolution 2016-01**

Mr. Moyer stated we have carried filling of a vacancy on our agenda for a while. I do not know if you gentlemen are in a position to consider it at this meeting or whether we just continue to carry it on the agenda.

Mr. Ivins stated we should continue to carry it on the agenda.

FOURTH ORDER OF BUSINESS

**Approval of the Minutes of the
August 26, 2015 Meeting**

Mr. Moyer stated each Board member received a copy of the Minutes of the August 26, 2015 Meeting and requested any additions, corrections or deletions.

There not being any,

On MOTION by Mr. Baker seconded by Mr. Persons with all in favor, the Minutes of the August 26, 2015 Meeting were approved.

FIFTH ORDER OF BUSINESS

Presentation of Fiscal Year 2017 Budget

A. Fiscal Year 2017 Budget

Mr. Moyer stated this is the primary purpose for this meeting as you all are aware since we do not meet very often. We are required to meet to consider approval of the budget. We will discuss establishing a date later in the year to have a Public Hearing to adopt the budget. This meeting basically is to commence that process for Fiscal Year 2017, which starts on October 1, 2016, and it is the same budget that we have been operating under for a number of years. I will be glad to entertain any questions or comments, and perhaps you can also look at your schedule because we need to choose a date at least 60 days out from today's date, and we need to provide this information to the county 60 days prior to adoption.

Mr. Ivins stated we are not voting on it today.

Mr. Moyer stated today you are approving it and setting the Public Hearing, but you are not adopting the budget.

Mr. Ivins stated I admit that I did not compare the numbers to determine that they seem approximately the same. When we say it is the same, are we speaking literally or figuratively?

Mr. Moyer responded we are speaking literally.

Mr. Beitsch stated it looks like you are projecting an increase in insurance.

Mr. Moyer stated we usually do that, but by the time we adopt this budget we will probably have the quote in and we will certainly know what that amount will be.

Mr. Persons stated we need to establish a time that we are going to hold the public meeting for us to adopt the budget.

Mr. Moyer stated and again, it needs to be after July to give me a couple of days to get this to the paper, so after July 10th, we can accommodate that schedule. We can also push this to August.

After discussion, the Board decided to have the Budget Public Hearing on Tuesday, August 2, 2016 at 11:00 a.m. at this location.

B. Consideration of Resolution 2016-02 Approving the Budget and Setting a Public Hearing

Mr. Moyer stated the Resolution I need you all to consider is 2016-02, which by heading, is a Resolution of the Board of Supervisors of the Xentury City Community Development District approving the Budget for Fiscal Year 2017 and setting a Public Hearing thereon pursuant to Florida law.

There being no comments or questions from the Board,

On MOTION by Mr. Persons seconded by Mr. Ivins with all in favor, Resolution 2016-02 Approving the Budget for Fiscal Year 2017 and Setting a Public Hearing Thereon Pursuant to Florida Law, to be held Tuesday, August 2, 2016 at 11:00 a.m. at the Gaylord Palms Resort & Convention Center, 6000 West Osceola Parkway, Kissimmee, Florida, was adopted.

SIXTH ORDER OF BUSINESS

Manager's Report

A. Financial Statements, Funding Requests and Check Register

Mr. Moyer stated I have the financial statements and check register. The prorated budget through the first six months was \$13,813 and \$9,790 was expended, so we are \$4,023 under budget through the first six months of our Fiscal Year. There are really no extraordinary or unusual expenditures and again, turning back to the insurance issue, last year we budgeted \$4,270 and the premium was \$3,765, so it was a little under budget. I have the check register in your agenda package, which requires a motion for approval.

There being no comments or questions from the Board,

On MOTION by Mr. Persons seconded by Mr. Beitsch with all in favor, the check register was approved.

B. Report on Number of Registered Voters (0)

Mr. Moyer stated we receive from the Supervisor of Elections a report on an annual basis regarding the number of registered voters. The reason we track that is under Chapter 190, when the District is six years old and certainly in our case we are over six years, and we meet the criteria of having 250 registered voters, once both criteria are met, we transition from a landowner vote to

a qualified elector vote in which you have to be a registered voter and resident of the District, and we enter it into the public record every year. This year's report indicates we have zero voters.

SEVENTH ORDER OF BUSINESS

Attorney's Report

There being no report, the next order of business followed.

EIGHTH ORDER OF BUSINESS

Engineer's Report

Mr. Florio stated I know there were some changes in the house which modify what has to be on the web page. Do you need documents from me? I know the CIP and I think the last facility report, among other items, has to be posted. If you need copies of anything, just let me know.

Mr. Ivins asked do we have a website?

Mr. Moyer responded we are now required to have a website and we have had one for some time. I host it and pay \$20 per year.

Mr. Ivins asked does it consist of just names and addresses?

Mr. Florio responded they added a lot more to what has to be posted primarily because of the residential Boards, so we are supposed to have the agenda, budgets, meeting schedules, capital improvement plan and all of your financial outlook, anything which are considered to be "records."

Mr. Ivins asked do all of our conversations get recorded on that website?

Mr. Moyer responded the minutes are included, but they are verbatim for the most part.

Mr. Persons stated the recording is a public document, so if someone wanted to they can put in a public records request and get a digital recording verbatim.

Mr. Ivins asked how long do you have to keep that?

Mr. Moyer responded there is a retention policy which is by the Division of Archives and frankly, I do not recall the details of that policy, but I will check for you.

NINTH ORDER OF BUSINESS

Supervisor Requests

Mr. Beitsch stated I was just wondering how the entire CDD industry is functioning on a state-wide level with different items.

Mr. Moyer stated the IRS review of the Villages transactions are ongoing for the ninth year.

Mr. Beitsch stated we are waiting for guidance.

Mr. Moyer stated that is correct and what they published was not what the preliminary guidance was on the issue of political subdivision. It was met with such negative comments by

the National Association of Bond Lawyers that the IRS probably will not go forward with doing guidance anymore. Basically what it said is that you had to have a dilution of the landowners control of the Board, such that no one entity can have more than 10% of the vote. I believe many bond counsel personnel thought that was unworkable.

Mr. Beitsch stated since we are talking about the CDD generally, I am sure you track this far more than the rest of us would. We had this spate of problems in 2008 and 2009, three or four of which were actually involved in litigation. I am certain this pales by comparison to the issue you are facing. What are the overall circumstances with the performance of those who were so troubled during that period?

Mr. Moyer responded almost all of that either has been worked out in the traditional sense of bondholders either doing forbearance or foreclosing. What usually happened is they set up a special purpose entity under the trustee which took control of the entire process of how the lots were sold, where those funds went, and to the degree there was not enough money through that process the bondholders basically relieved the District of that portion of the bonds. Mr. Clark has dealt with this.

Mr. Clark stated most of those properties have been sold and someone new is there with the bondholders still sitting on it. There have been crazier deals. We are waiting for the market to come around. Most of that has been worked through and there are new deals being done, whereas in 2008, a lot of people declared it will never happen again.

Mr. Beitsch stated I have heard you say it even though we were in trouble, we still had a lot of infrastructure left behind which provided something to start with, maybe there was something that sold and did not do anything.

Mr. Baker stated the most interesting one I was involved in went through a litigation and a foreclosure, and the developer astutely litigated the ownership of all of the plans, specifications and entitlements as his, not the District's and prevailed, so when they sold the property, this was created and they got the property back with absolutely nothing attached to it. He bought it back for a fraction of what he had in the debt because anyone who would have acquired it would have had to acquire all of the entitlements, plans and specifications from him. In our case it was my work product so I had a CDD client and a developer client and we did the plan so we owned the drawings and he owned the permits so it was a pretty interesting piece of litigation.

Mr. Beitsch asked what part of the state was it?

Mr. Baker responded it was in Lake County.

Mr. Florio stated that was a really great case only because it never challenged the precedent of who owns the entitlement and that was pretty telling. The zoning ran through the dirt, but the tangible documents, the permits and everything else, were not attached.

Mr. Clark stated there was another case which came out in the last few months which stated the DRI entitlements do not run with the land. They have to be specifically assigned.

Mr. Baker stated that is kind of a follow-up to ours. With regards to the DRI laws, everyone is re-guessing everything only because it is in the state's hands.

Mr. Persons asked do the DRI entitlements remain with the owner?

Mr. Clark responded yes, that was the essence of the case.

Mr. Beitsch stated the entitlements do not belong to the county. They can only see if they are in compliance.

Mr. Clark stated it is probably fact-specific because if you have entitlements that are defined by parcels specifically, they probably attach or it is just an allocation which said you can have this much single family, this much commercial and this much hotel and they found it was never allocated by the developer, and the developer owned the DO.

Mr. Florio stated in our case, the benefit through our DRI is obviously the traffic and utility entitlements, but if it were not for those, there is no sense in keeping a DRI anymore. If you do not have vesting privilege in the DO, why engage the state every time you want to do something if you can avoid it, but most of them come up with older historic vesting, especially the transportation improvements which are still valuable.

Mr. Beitsch stated I am working with two which are being abandoned and while I will not mention where they are, I just did not think personally they should because I thought they had their entitlement and the other thing they want to do is so inconsistent with the program.

Mr. Baker stated if I am a neighbor and I have got a property close, I am going to buy every bit of the entitlement. The minute you jettison that DO, and you lose that vesting, there is theoretically a whole stack of trips somewhere that someone can go on theoretically, but they are worth something, in today's world. Everyone is moving from transportation fees to mobility fees if they can find more ways to charge you. It is the whole person trip instead of the vehicle trip and that kind of thing which makes some sense, but it is still all getting figured out. They do not quite have it all settled yet in my view.

Mr. Beitsch stated in Florida, you really do not have any state laws which tells you how it has to be done, which is to your benefit. In other states they tell you what the formulas are.

TENTH ORDER OF BUSINESS

Audience Comments


There being no audience members present, the next order of business followed.


ELEVENTH ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by Mr. Ivins seconded by Mr. Baker with all in favor,
the meeting was adjourned at approximately 11:21 a.m.



Gary L. Moyer
Secretary

Steven Ivins
Chairman