MINUTES OF MEETING
VISTA LAKES
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Vista Lakes Community Development District was held Monday, June 19, 2017 at 10:00 a.m. at the Vista Lakes Clubhouse, located at 8841 Lee Vista Boulevard, Orlando, Florida 32829.

Present and constituting a quorum were:

Ronald Cumello	Chairman (Via Telephone)
Frank Sebestyen	Vice Chairman
Gary Schuett	Assistant Secretary
Jason McCright	Assistant Secretary (Via Telephone)
William Pass	Assistant Secretary

Also present were:

Gary Moyer	District Manager
Chuck Walter	District Manager
Scott Clark	District Counsel
Brett Sealy	MBS Capital Markets
Sete Zare	MBS Capital Markets
Mr. Young	BankUnited

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Moyer called the meeting to order.

Mr. Moyer stated the record shall reflect all Supervisors are present. Mr. Cumello and Mr. McCright are attending via telephone. A quorum has been established.

SECOND ORDER OF BUSINESS **Public Comment on Agenda Items**

Hearing no comments from the audience, the next order of business followed.

THIRD ORDER OF BUSINESS **Refinancing of 2007 Refunding Bonds Presentation by MBS Capital Markets**

Mr. Moyer stated the primary purpose of this meeting is to review information which MBS Capital provided for the refinancing of the 2007 Bonds, of which you are generally familiar. We discussed it a couple of months ago. We waited for the market to stabilize after the November election. We are now to a point where MBS has brought forward two bank proposals for the Board's consideration which they would like to go over with us today. Let me ask Mr. Sealy or Ms. Zare to make the presentation, and we will provide Mr. Young the opportunity to discuss BankUnited.

A. Presentation by MBS Capital Markets

Hi, my name is Sete Zare from MBS Capital Markets. If you recall, Mr. Brett Sealy, our partner here, presented to the Board potential refinancing for the Series 2007A-1 and the 2017A-2 Bonds. At the time, there was quite a few savings. However, as Mr. Moyer mentioned, post-election we saw quite a bit of the market fall apart. This is the reason we put the refinancing on hold. The market has since rallied and we have seen breaks in the all-time lows continue, which puts us in a position to revisit the refinance of the 2007 Bonds. As such, we went out to multiple banks, and they have responded with varying costs and attractive terms. I will get into those terms in a moment, but I do want to refresh your memory on the current outstanding Bonds, the 2007A-1 and 2007A-2 Bonds. If you turn to your first page, the District issued the Series 2007A-1 Bonds and 2007A-2 Bonds in June 2007 to refinance its 2000 and 2002 Bonds. That is a testament to the District's creditworthiness and collection history. This is yet again another item in terms of savings for the District, and again a great testament to the credit of the District. The A-1 Bonds were issued at a 2032 maturity, and have held at 4.75%. The A-2 Bonds were issued at an average term with a current average of about 4.937% and have a maturity at 2034. Both bonds are currently callable, which means that it is the discretion of the Board to take your current outstanding bonds with a high interest rate and replace it with low interest rates which creates savings to pass on to the residents. If you turn to the next page, I will read through the terms from BankUnited and Valley National. In those terms in particular, I will go into more detail on the next page . It is more detail about interest costs and callable features. I want to read the other terms within this page because they are equally important. Both Valley National and BankUnited provides a fixed term for the 2007A-1 Bonds. This means they hold the same coupon through maturity. The 2017A-2 Bonds have a fixed rate to 2032 and a rate reset to 2034. We will get into further detail on that. Both provide a rate ceiling. The rate lock feature of this is extremely beneficial in the sense that upon execution of each term, whether you go with Valley National or BankUnited, the terms provided are what they must agree upon, which is beneficial. Last week, the federal government increased their rates and yet, these rates stand still. They will be backed up and they will generate a savings in this issuance. The rate adjustment for determination of taxability is a remote possibility, and I do want to go over it. These bonds are tax exempt, and there are two ways to become taxable. Mr. Moyer has quite a bit of experience with this. The first one is if the District stalls and the second is an IRS dictation. The District originally issued these bonds with moderate proceeds because this is a refund of a refunding, and those proceeds were already spent and have already been dispensed in an appropriate manner. It will be quite difficult for the IRS to deem these taxable on that note alone. The IRS may come back and say this District might be taxable, but it is such a remote possibility and they will not go retroactive. Again, it is of minimal concern if there is any taxability on these bonds. Those banks will see the dates and this is for the working team to review to ensure everything works out. The duration, in its maximum maturity, will not be any greater or less than your current outstanding bonds and for 2017A-2 there will be a 2034 maturity. With the 2017A-1, it will be a 2032 maturity. In the maximum maturity, you will not be seeing variants at all. We will touch on your debt services in just a moment as well as your optional call features. Your assessment prepayment provisions, means residents can prepay the debt on their lot without penalty and will no longer be subject to assessments over the course of the bonds. Both banks require a banking relationship. This impacts Mr. Moyer more so than the residents. His team will be responsible for managing it because they do want a banking deposit relationship. BankUnited requested a minimum of $25,000 which will not be difficult to achieve, considering the size of the District. We can go to the next page and I can highlight the difference between the two term sheets. Feel free to ask any questions along the way. In the Series 2017A-1 Bonds, Valley National provided you with a 3.2% coupon. BankUnited, for the same bonds, provided a 3.1% coupon. Valley National Branch Series 2017A-2 Bonds provided you get it at a 3.2% coupon in the first 15 years. BankUnited provided you a 3.15% coupon for the first 15 years. If you recall, they said there is going to be a rate increase for the last two years. Valley National is providing a 4.5% coupon for those last two years. BankUnited is providing a 4.83% coupon. If you take the note of these percentages whether it is Valley National or BankUnited, you will notice it is less than the coupon of the Series 2017A-2 Bonds which I mentioned was 4.93%. We do that intentionally because at some point in time when this rate reset occurs, it is just a cap. It could be less than this. The ceiling is 4.5% at Valley National and 4.83% for BankUnited. At no point in time will the residents ever pay more than they are currently paying today prior to refunding. In fact, because it is such a nominal amount in the last two years, they will not pay more than $5,000. There is a small variance between each other. I will go over in further detail regarding the refunding maximum annual debt service. Within $5,000 of your refunding maximum annual debt service, it is minimal interest in those back years. Within $5,000, the residents really will not feel the impact of that rate reset. What is the difference between the significant credits from Valley National and BankUnited? It really does come down to the coupon of 3.18% for BankUnited and 3.22% for Valley National ceiling at the rate cap in these last two years. There is a .4% difference in total debt service which is approximately $6,000. They are close in terms of providing savings. I will illustrate that on the next page. There is a $6,000 variance from BankUnited because of this lower initial rate. With regards to your debt service reserve fund, just to give you background of what it is, bonds require that bond funds are for investor protection. It is also put there to fund bond proceeds to protect the bondholders in this case, which will be your bank. For BankUnited as well as Valley National, they require 10% on 2017A-1. BankUnited is requiring the same 10% on the 2017A-1 as well. For residents, Valley National provides 2007A-2 Bonds at 10%, and BankUnited requires 15%. Since it is funded through Bond proceeds, you will see a slightly higher par amount through BankUnited, even though they generate less debt service, a total debt service is because of the small increase in debt service just to start a fund. However, the coupons attached to those bonds are less, so it is helping to offset the increase. There are optional call provisions. This is, as I mentioned before, the second option. It is a call provision which is put in place to protect the investors in the sense that if they invest in something in 10 years, knowing the coupon is set in stone until that10-year provision has lapsed. This was on the public offering side on the 2007 Bonds. For this, Valley National Bank has said that you can call at any time. If we are in a lower interest rate environment again, lower than we are today, you should proceed and take the higher District debt and replace it with the lower District debt, and try to take a third call and get more savings. BankUnited provided a call feature in 2024 to seven years. They are saying for 2024, the District will get another five or seven years down the road in terms of savings. The low commitment fees are similar. BankUnited has provided approximately $28,000. A portion of that is based on the par amount. That is the total if the bonds are issued. The bank counsel could not exceed 17.5% per thousand. Valley National has wrapped that up into one fee at $35,000. What does this really mean? If you look at it, in total par, as I mentioned, your Valley National provider is 210% on the debt reserve funds. The par is slightly less at $8.84 Million. BankUnited has slightly increased the debt service. You are going to see a slightly increased par on their end at $8.85 Million. They have offset it with the coupon they have attached to it, in which we assess the $6,000 favorability. With regards to the debt service reduction basis, if you turn to the next page it will be easier to understand. For example, a homeowner in Pembroke has saved $42 with Valley National and $45 with BankUnited. However, if they want to prepay their debt attached to that, and not have the remainder of the life on the bonds, they pay slightly less than par if they went with Valley National. You are looking at $4,394 with Valley National versus BankUnited at approximately $4,388. These are close in terms of savings. It really comes down to the Board and your discretion of how you proceed.

Mr. Sebestyen asked do the outstanding bonds have no insurance support?

Ms. Zare responded they do and it is accounted for in the numbers. Typically, what you will see is when you have insurance support and it is part of the surety bond, you can liquidate it toward the refinancing. However, the way these are structured, we only have partial surety on the A-2, so only a portion of it can be helped, and it has been accounted for in these numbers.

Mr. Sebestyen asked is the insurance provided by each of these banks or are they going outside?

Ms. Zare responded it was part of the public offering route. Banks have no technical insurance for sureties.

Mr. Sealy stated it has not been required given the credit, or to purchase the bonds in which they are still requiring a credit enhancement to purchase the bonds, whereas before, the bonds were issued on a public offering basis. We took the enhancement to reduce the interest cost to the District.

Mr. Sebestyen stated I believe we had some discussion at the last meeting about what we are doing with the savings. Was it decided we are going to use that to increase the reserves?

Mr. Moyer responded no. I believe Mr. Cumello probably could advise us best. That was an option in 2007. When we refinanced the bonds, we had a meeting and asked the residents, do you want us to put some or all the savings into reserve accounts, or do you want to take the benefit for the lower interest rates? I believe the conclusion of that is the residents wanted to take the lower interest rates and have that reflected in their annual assessment.

Mr. Sebestyen asked what about this one since I think we are going to get savings as well?

Mr. Moyer responded that is right and I believe the assumption has been, we will pass this through to the residents as well. Again, we have been establishing reserves based upon the replacement study we have as a District. We fund it each year on the operation and maintenance side. It is totally up to the Board if we do, they are going to look at how it all plays out in terms of not increasing the principal amount of the debt. Therefore, it is slightly trickier than passing the savings to the residents.

Mr. Sebestyen stated we just discussed Pembroke. It is irrelevant in terms of an individual community. Does a resident have the option at any time to pay out?

Ms. Zare responded they do. You can pay it off right now, as both banks have given that option. You may call the bonds in their entirety and replace them with a lower interest rate. Individuals may do so at any time.

Mr. Cumello stated I understand the liability is with the property and not the residents. Therefore, it makes no sense for the residents to pay it off, because if they sell their home, they have paid it up for the next owner.

Ms. Zare stated there are minimal payments for this District. Only three prepayments have been made thus far for the 2007 bonds. It really is the preference of the individual owner if they want to prepay.

Mr. Cumello asked with regards to landscaping, we are looking to a having savings when I add these two bond together.

Ms. Zare stated that is correct, depending on which one you are looking at.

Mr. Cumello stated over a 15-year period, we are looking at approximately $1.8 Million or more savings in interest.

Ms. Zare stated that is correct.

Mr. Cumello: Going back to the comment before I think Frank said, what do we do with the savings? It is something the Board has to decide as Gary had said. We can do it in the August meeting I assume, Gary is that correct?

Mr. Moyer: What do you guys think?

Mr. Sealy responded for purposes of a decision as to whether or not to proceed with the refinancing and pass the savings on, it certainly needs to be addressed to be able to move forward with the refunding because if there were going to be some other action taken, other than a pass-through of annual debt service reduction to the residents, we will have structure changes and must obviously address it with the two banks. To the extent you are going to financially engineer something with your operation and maintenance assessments in terms of an offset, it would not affect what we are doing, but in terms of whether or not we are passing savings through or trying to raise the money proceeds at the refinancing, this is something we need to understand.

Mr. Clark stated it is cleaner and we just did this in another District in which they took the O&M assessment and added a component which was equal to a savings so it reaches the same result.

Mr. Cumello asked are we going to set $100,000 aside for capital improvements out of this potential $1.8 Million?

Mr. Clark responded if you identify the capital improvements right now, we could put it into the mix and talk to the lenders in doing so, but if you say some future capital improvements, then it really it is just a reserve you are creating which I think is a better in the O&M account with your other reserves.

Mr. Cumello stated the discussion we had back in 2007 was if the residents wanted 100% of the refund, do we take some portion of it and set it aside for capital improvements? And as Mr. Moyer stated, the overwhelming opinion of the residents was that they wanted the money back. That is why I am bringing it up this time.

Ms. Zare stated if I can add to that scenario, right now we have been passing the savings through to each individual resident.

Mr. Sealy stated if you have a new money component, you also have a Public Hearing issue to address because you would be going back to the 170 Assessment Process, thereby requiring notice to each landowner in the District there is going to be an increase in the principal amount of their assessments. Those are the two items for consideration for the Board in trying to identify the capital improvement program, improvements now which will result in the necessity to go to the 170 Hearing, unless the District utilizes its operation and maintenance fund to offset that increase.

Mr. Cumello stated in my opinion, I do not believe we are in a position to identify capital improvements today, so it may or may not be the way to go.

B. Presentation by Valley National Bank

No one was in attendance from Valley National Bank.

C. Presentation by BankUnited

Mr. Moyer stated as I mentioned, we have Mr. Young with us from BankUnited. Mr. Young, do you want to say anything?

Mr. Young responded I just want to thank everyone for the opportunity of presenting our proposal. BankUnited is excited about potentially expanding relationships. You probably know we do have a banking relationship with the Vista Lakes CDD in the form of a repository. One of the items Ms. Zare mentioned is to have deposits in lieu, but currently, I believe we are satisfied. BankUnited has been around since 2009 and prior to that was the first bank in 2007, and what we have now is a public traded company. It is the largest Florida-based bank here in Florida with $28 Million in assets. It is headquartered in Miami Lakes with offices in South Florida, Orlando, Tampa and Jacksonville. We have approximately four branches in Central Florida, two in downtown, one in Winter Park and one over in Altamonte Springs. We are looking further to expand, but like I tell people, instead we are oversized, not a community bank, but again we offer many bells and whistles of the larger banks. My background is up in Central Florida. I have lived in East Orlando since 1995, and reside here.

Mr. Sebestyen asked what would you consider the difference between banks? It is not a credit issue obviously. Is it a service benefit or is there an advantage you have over Valley National Bank?

Mr. Young responded I think since a lot of it is a delivery model, we are locally here in the market and we must make decisions quickly. Essentially you have representatives here who can handle all your questions.

Mr. Sebestyen asked is Valley National Bank in Arizona?

Mr. Young responded I am not sure but I know we are here. Our Market President, Mr. Mike McClanahan is also involved in the community, and I have been here since1995.

Mr. Moyer asked Mr. Clark, do you want to advise the Board on the next steps if they desire to proceed?

Mr. Clark responded we need to determine when we are going to try to do the transaction. We will have a team to work toward a target date. Ms. Zare, do you recall how long the rate locks are good for?

Ms. Zare responded Valley National will need a response by June 30, 2017, and BankUnited requires a response about the same time.

Mr. Clark stated I was trying to determine a time we should get it closed under these rates.

Ms. Zare stated this should be done upon signatures of the term sheets. The banks we work with know we need some flexibility in terms of closing the deal. We have not had a problem with this. July 30, 2017 is for Valley National and I imagine about the same time for BankUnited.

Mr. Clark asked when is our Budget Public Hearing?

Mr. Cumello responded it is on August 10, 2017.

Mr. Clark stated I would have targeted it for that date, but if we need to proceed quicker, we may do so. We need to set a date for the Board to give final consideration. Staff will have items we need to take care of in terms of notice. The banks, lawyers, and other staff all have things to do to get it ready to go.

Mr. Sealy stated since there would be enough time to notice this meeting before July 30, 2017, pending the Board's decision today, we can go back to the respective bank and seek to get a rate lock which would be consistent with being able to close with the August 10, 2017 Board meeting.

Mr. Clark stated it would make sense if we could do it that way.

Ms. Zare stated they are accommodating and understand the process. It will not be a difficult task.

Mr. Clark stated you guys should run an assessment calculation to go with the new program.

Mr. Moyer stated we can do so.

Mr. Clark stated we will see if we can proceed in that direction.

Mr. Moyer stated the only thing we are looking for the Board to do today is to select which proposal you desire to proceed with, after which we will ask the Chairman or Vice Chairman to sign the Commitment Letter which puts into place Mr. Clark preparing Resolutions, and I believe Bond Counsel will get involved if we need a Supplemental Trust Indenture, or whatever is necessary.

There being no further discussion,

> On MOTION by Mr. Pass seconded by Mr. Schuett with all in favor, Refinancing of the 2007A-1 and 2007A-2 Bonds with BankUnited was approved.

Mr. Clark stated since BankUnited is here, perhaps we can pose the question. Our Budget Public Hearing is already set in early August and it would be convenient for us to just do the final approvals, documentation and signatures as of the same day. Does this work for the bank?

Mr. Young stated it should be fine.

Mr. Moyer stated we will get busy.

FOURTH ORDER OF BUSINESS **Supervisors' Requests**

Mr. Moyer stated I believe I have introduced Mr. Chuck Walter to you before. Do you want to discuss planting annuals?

Mr. Walters stated I can do so at the next meeting.

Mr. Moyer stated we are working with Servello. Our contract calls for certain replacement of the annuals, so we will do this at our August meeting as Mr. Walter indicated.

Mr. Clark stated while we are here, I would like to update the Board quickly. We discussed at our last meeting the litigation with Mockingbird. The final judgment was entered at approximately $55,000. They contacted me fairly quickly and asked where to send the check. We calculated and gave them the number, including attorney's fees that we have spent, which they agreed to pay as well. I really expect to be getting about a $60,000 check from them this week.

Mr. Pass stated I thought we were going to delay this and try to do some deal.

Mr. Clark stated it was their choice whether they wanted to pay or talk about it and they clearly do not want to jeopardize their other deal. Therefore, they said they will send a check.

Mr. Cumello asked does this mean we continue to maintain it since we did not sign any agreement?

Mr. Clark stated yes. Nothing has changed. I think they are going to quarrel with us about the cost of the maintenance going forward, but we will deal with it after we get their check.

Mr. McCright asked are they going to continue to be on the hook for the maintenance of it?

Mr. Clark responded yes. The agreement remains in place. We will continue to bill them. We will make sure we have adequately documented and justified what we are charging them for maintenance. If they want to squabble, we will squabble.

Mr. Cumello asked do you have any feeling on why they gave up so quickly?

Mr. Clark responded they do not want a judgment of record against them. I think they understand the importance of the access to the value of the property. They just cannot play around with it.

Mr. Cumello stated that is good.

FIFTH ORDER OF BUSINESS **Audience Comments**

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

SIXTH ORDER OF BUSINESS **Adjournment**

There being no further business,

On MOTION by Mr. McCright seconded by Mr. Pass with all in favor, the meeting was adjourned at approximately 11:45 a.m.

~~Gary~~ Moyer
Secretary

Ronald Cumello
~~Frank Sebestyen~~ RONALD CUMELLO
~~Vice~~ Chairman