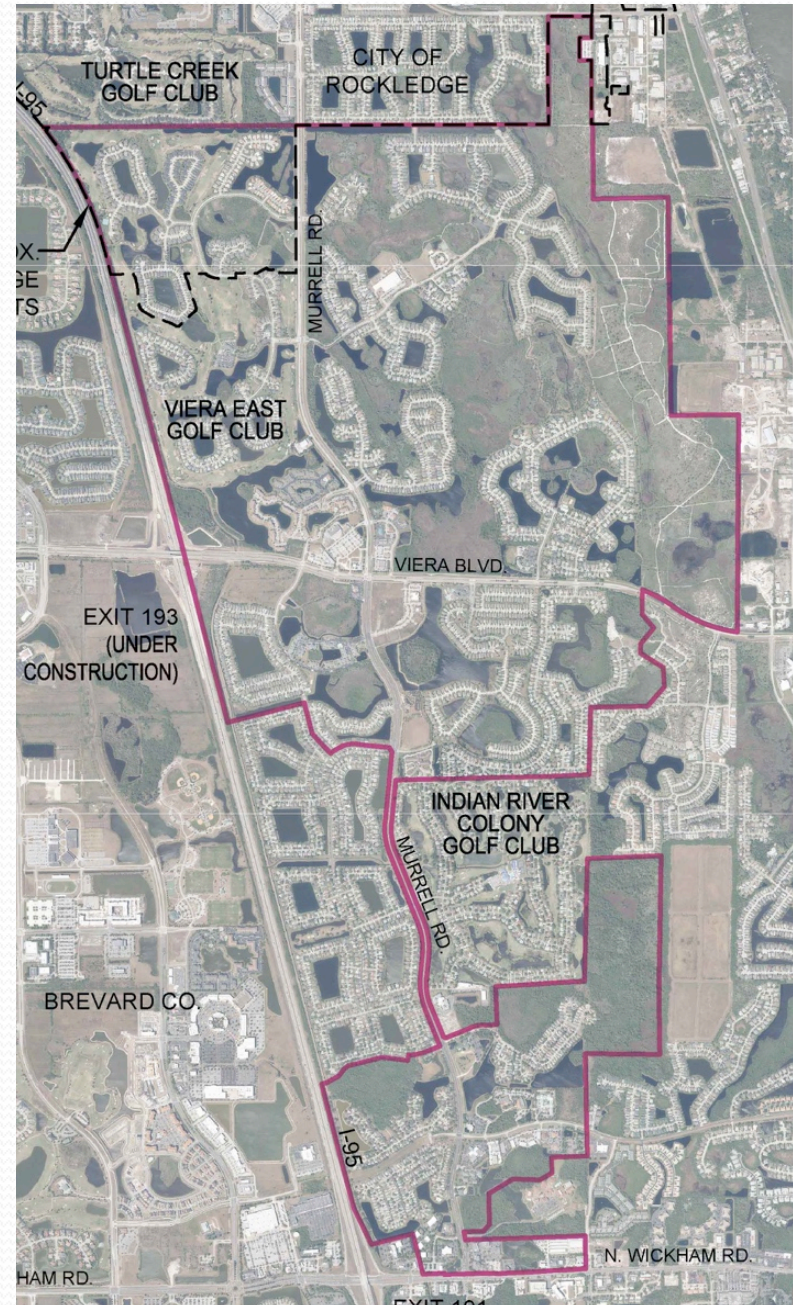




Public Hearing
Benefit Special Assessments and Recreation
Bonds - Series 2019
November 21, 2019

Viera East Community Development District Boundaries





VIERA EAST COMMUNITY DEVELOPMENT DISTRICT COMPONENTS

- 31 SUBDIVISIONS/COMMUNITIES
- APPROXIMATELY 4,200 HOMES
- APPROXIMATELY 205 ACRES OF COMMERCIAL PROPERTIES
- OVER 1,000 ACRES OF WETLANDS & CONSERVATION AREAS
- SCRUB JAY HABITAT
- 84 CDD MAINTAINED RETENTION PONDS
- 5+ MILES OF SIDEWALKS AND BIKE PATHS
- RESTAURANT – LEASED TO THIRD PARTY
- WOODSIDE PARK
- VARIOUS INFRASTRUCTURE MAINTENANCE AREAS THROUGHOUT CDD
- NATURAL AREA TRAILS
- 18 HOLE CHAMPIONSHIP GOLF COURSE AND PRACTICE RANGE
- CDD EMPLOYS 50 STAFF MEMBERS (Including Golf Course)

VISIT THE CDD WEBSITE: WWW.VIERAEASTCDD.COM



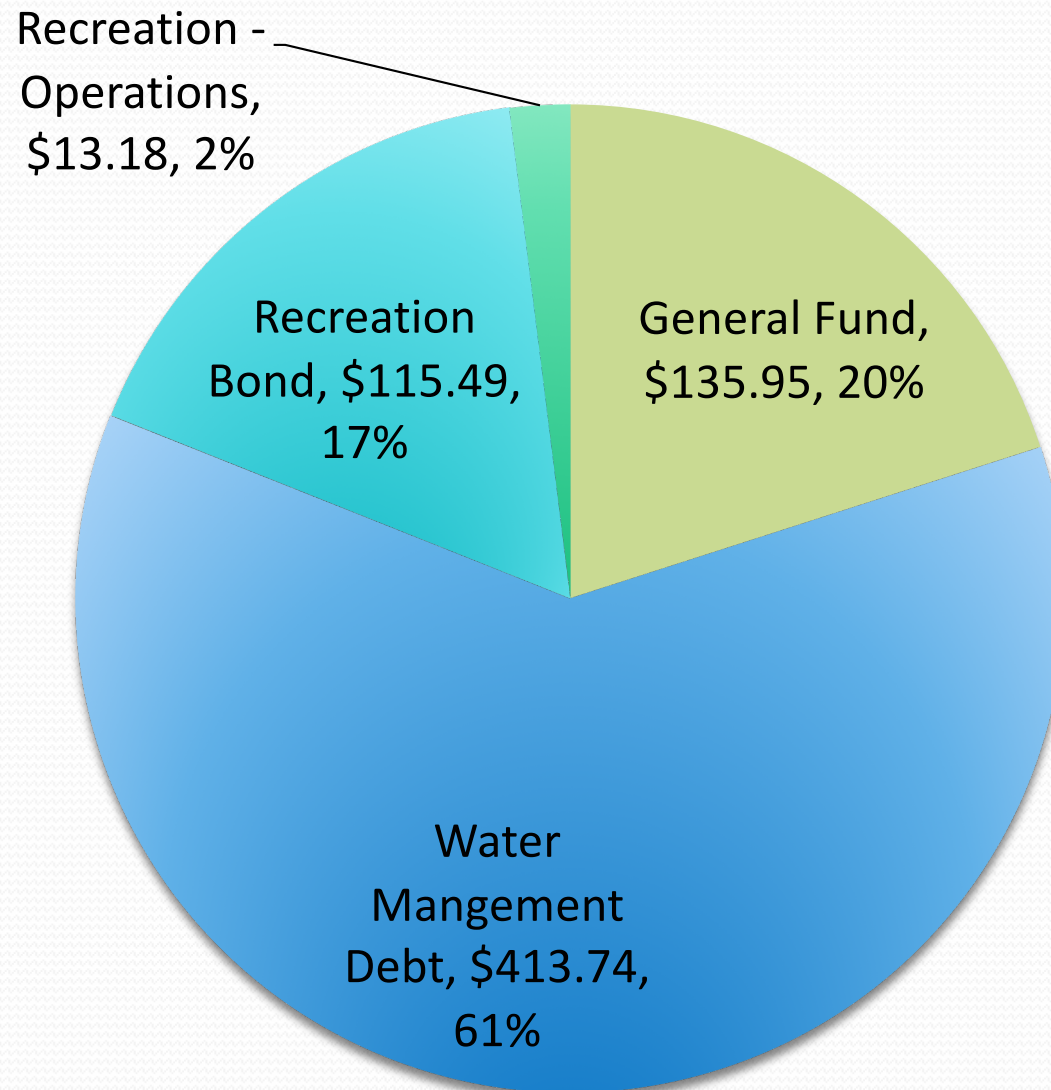
CDD Accomplishments

- Lake Bank Restoration – CDD Owns 33.1 miles of lake banks
 - Restores 2,000 linear feet per year
 - 10k LF since 2015
- Fire Line Maintenance
 - Over 51k linear feet per year – 1/3 per year
- TifEagle Greens and Putting Surfaces Added – 2016 – Improved play on the course, increased play since installation
- EZ Links Software and Tee Time System – 2017 – Improved ability to sell rounds of golf
- New Rainbird Pump Station – 2018 – Improved reliability and reduced downtime. Will be compatible with any future upgrades.
- Mike Hogan Golf School for Youth Since 2014 – Approx. 100 students per Summer

Current FY 2020 Assessment Rates

	<u>FY 2020</u>
Water Management Debt Service Fund	\$413.74
Operation and Maintenance (General Fund)	\$135.95
Recreation Fund (Recreation Debt and Operations)	<u>\$128.67</u>
Total Per Unit	\$678.35

Current Assessment Breakdown





Water Management Debt Fund (Series 2006 Bond)

- Assessments Fund Principal and Interest
- Remaining Debt at Start of FY 2020: \$6,425,000
- Fully Paid Off on 5/1/2022
- FY 2020 Adopted Budget (Series 2006 Bond):
 - Beginning Fund Balance: \$179,548
 - Assessments: \$2,423,170
 - Interest Income: \$1,500
 - Bond Interest: (\$369,438)
 - Bond Principal: (\$2,020,000)
 - Other Debt Service Costs: (\$46,873)
 - Ending Fund Balance: \$167,908 (Projected remaining at end of FY 2020)
 - Remaining Debt at End of 2020: \$4,405,000



General Fund

- General CDD Administration
- Park Maintenance
- Lake Maintenance
- Fire Line Maintenance
- Conservation Area Maintenance
- FY 2020 Budget Summary
 - Assessments and Other Revenues - \$864,536
 - Expenses – (\$864,536)



Recreation Fund Assessment

- Assessment (\$128.67 per unit) - \$622,056 (net)
- Expenses
 - Recreation Operations – \$51,777
 - Recreation Debt (Series 2012 Bond) – \$558,355
- Remaining Debt at start of FY 2020: \$3,305,000
- Series 2012 Bond Fully Paid Off on 5/1/2026
- Bond Interest – (\$156,825)
- Bond Principal – (\$410,000)
- Interest Income – (\$1,000)
- Ending Debt - \$2,895,000

Recreation Revenues and Golf Rounds

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Recreation Revenue	\$1,764,662	\$1,769,952	\$1,631,399	\$1,243,463	\$1,282,146	\$1,349,661
Expenses (Net of Transfer)	\$1,741,079	\$1,714,841	\$1,597,625	\$1,407,736	\$1,272,534	\$1,291,992
Effective Income	\$23,583**	\$55,111	\$33,774	(\$164,273)*	\$9,612	\$57,669
Rounds of Golf	52,632	52,534	52,709	41,968	42,209	40,626

*FY 2016 – Installation of new grass on 20 greens, putting green, and irrigation heads

**FY 2019 – Loss of 15 days of play more than FY 18 due to weather, reduction of approx. \$68k



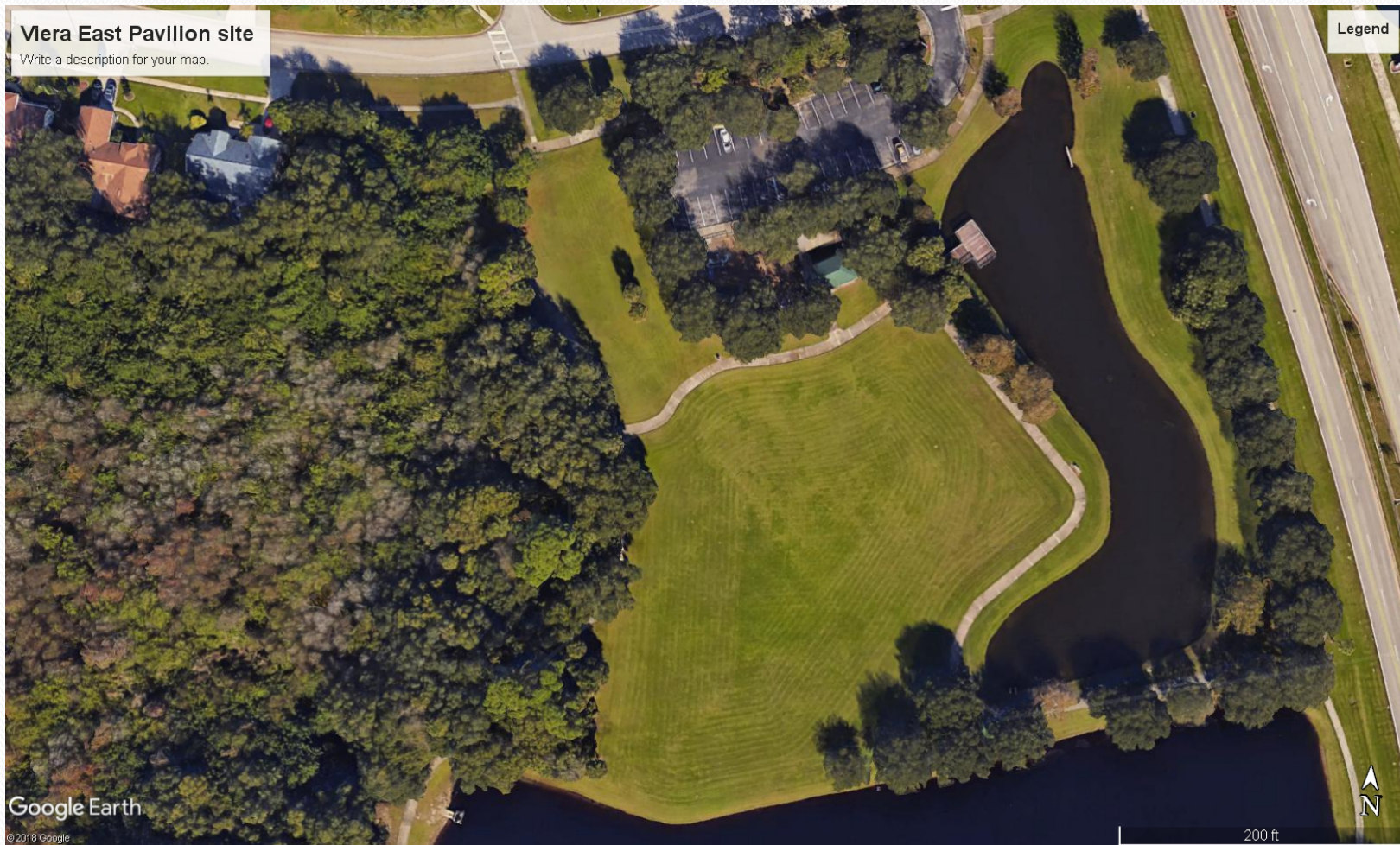
Series 2019 Bond Projects



Woodside Park Improvements

- Restroom Improvements
- Dog Park
- Replacement Playground
- Rentable Pavilion – For Individuals or Businesses

Dog Park & Picnic Pavilion





District Wide Sidewalks

Sidewalk Repairs throughout the CDD Maintained Sidewalks
1,280 square feet



Golf Course Irrigation System

- Using state-of-the-art computerized control systems, portable hand-held controllers, and variable frequency drive pumping systems to apply water in the most efficient means to reduce water and energy consumption
- Improved irrigation uniformity through careful evaluation of sprinkler head design, nozzle selection, head spacing, pipe size and pressure selection
- The use of sophisticated on-site weather stations will help determine accurate daily irrigation replacement needs, thus reduce over-irrigation
- Current system is original, and is over 25 years old
- New system reduces downtime, increases watering efficiency, and improves playability and playtimes available

Golf Course Irrigation System





Golf Course Club House

- Current clubhouse is original and over 25 years old
- New kitchen, dining room, and covered outside seating
 - Revenue to be generated from potential facility lease
 - Facilities can be used by anyone, not just golfers
- Renovate the CDD offices and a new conference room
 - Conference Room available for community and business group rentals
- Renovate and enlarge the golf pro shop
- Renovate and enlarge men's and women's restrooms



VIERA EAST GOLF CLUB

PROPOSED RENOVATION ILLUSTRATION

5-6-2019





Bunker Renovation

- Capillary concrete bunker liners and new drainage pipe
- 66 bunkers
- One of the major architectural features of the course
- New Bunkers will have a 20-25 year life
- Reduction in Maintenance Needed by Staff

Bunker Renovation



Replace Golf Course Bulkheads





Replace Golf Course Bulk Heads

- Current Bulkheads Require Replacement, over 25 years old and deteriorate as they age
- 1,000 LF of structural bulk heads supporting 5 greens complexes
- Major architectural features of the course
- Addresses Health Safety/ Potential Liability Concerns



Other Major Improvements

- Tee Box Renovation
- Cart Path Extension and Renew & Repair
- Maintenance Building Renew & Repair
- Lake Bank Restoration – 9,100 LF
- Regrassing Fairways



Options for Financing Projects

- O & M Increase
 - One Time – Approx. \$1,800/home/ERU
 - Over Several Fiscal Years – Multiple Phases
- Debt Options
 - Issue Debt – Pay Now - Minimum Capitalized Interest
 - Wait to Issue Debt Until WM Paid Off (2022)
 - Issue Debt – Capitalize Interest until 2023



Benefits of Recommended Plan

- Complete Projects Now
- Lock In Historically Low Interest Rates
- Assessments Remain at Current Levels Until Water Management Bond Paid Off
- Assessment Costs Spread Over Property Benefitting from Improvements for Next 20 Years



Important Notes

- Any project funds not spent for projects listed in ER would be **refunded** against outstanding Bonds
- Projects will be bid in accordance with Florida Statutes before completed – **current projects costs estimated using best engineering and industry standards**



Bond Approval History

- 1992 – CDD Went Through Bond Validation Process and Received A Final Judgment Authorizing the Issuance of Bonds in the Total Principal Amount of \$19MM to be spent in a series of projects for recreational improvements
- CDD issued \$7,730,000 in total Principal for First Series of Projects in 1992
- There is \$11,270,000 in Principal Remaining Under Original Validation to be Used in this Series of Projects



Series 2019 Bonds



Series 2019 Bonds

– Estimated Sources & Uses

2019 Project Funds	\$9,092,913
Debt Service Reserve	\$284,550
Capitalized Interest	\$1,024,281
Underwriter Discount	\$169,050
Bond Insurance	\$321,068
Cost of issuance	\$200,000
Surety Bond	\$9,959
Issue Discount	\$168,179
	\$11,270,000
Average Coupon Rate	3.01%
Amortization	20 years
Capitalized Interest	Through 11/1/2022
Max Annual Payment	\$1,138,200

Series 2019 – Estimated Project Costs

Golf Course	
Irrigation System	\$2,080,000
Bunker Renovations & Liners	\$1,100,000
Bulkhead Replacement	\$375,000
Tee Box Renovations	\$250,000
Cart Path Extensions	\$175,000
Regrass Fairways and Slopes	\$150,000
Maintenance Building Repair	\$40,000
Driving Range Tee - Level and Enlarge	\$35,000
Golf Course Lake Bank Repair	\$275,000
Rebuild #7 Green	\$65,000
Drainage #6 Left Rough	\$30,000
#11 Canal Side - Rough Regrade	\$25,000
Fountain Aerators	\$27,500
Drinking Water/Ice Stations	\$32,000
Irrigation Pump Filter	\$35,000
Culvert Repair	\$37,500
Maintenance Equipment	\$395,000
Lost Revenue	\$287,395
Irrigation Pump Station Lease	\$163,190



Series 2019 – Estimated Project Costs

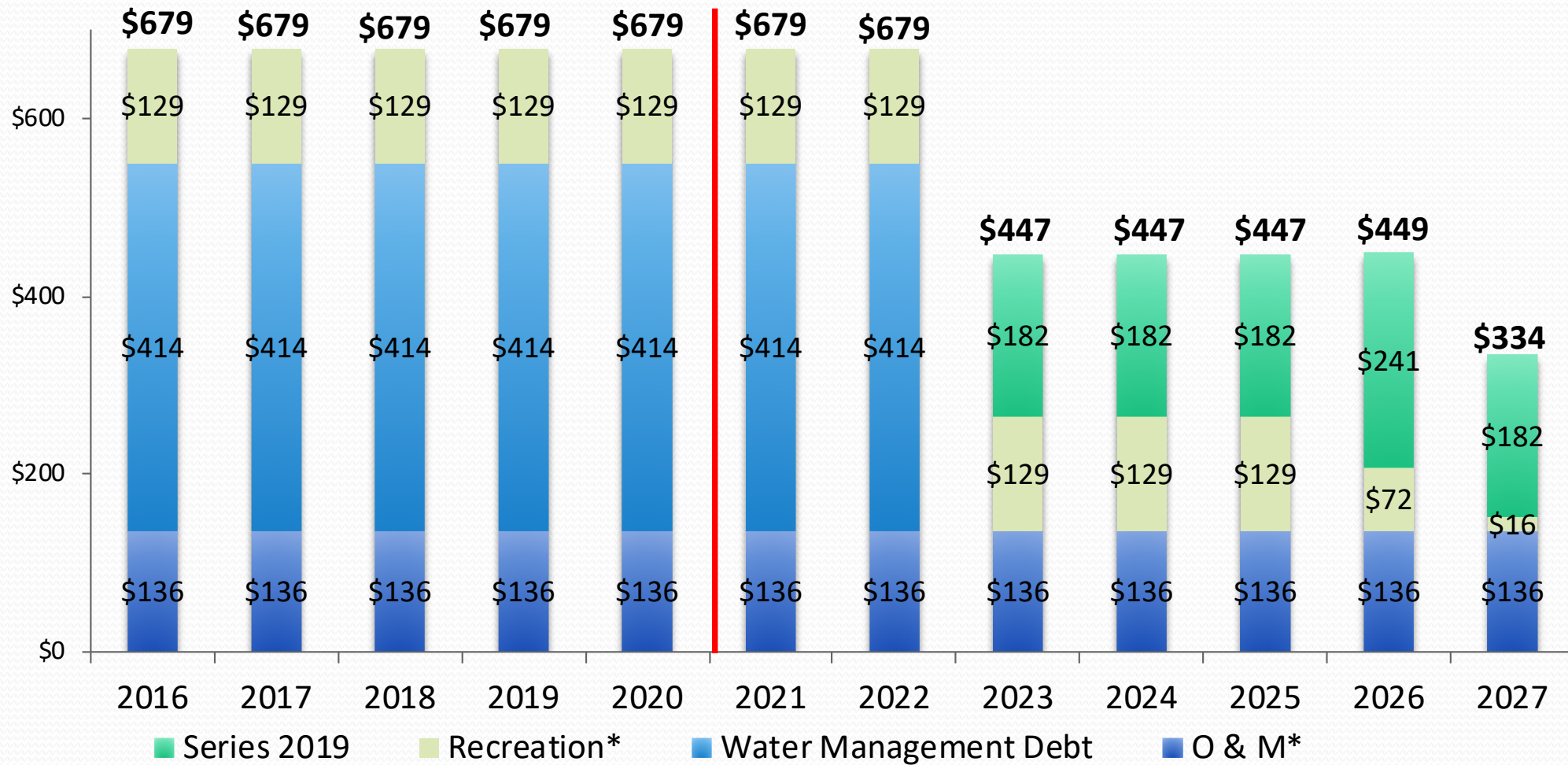
	Clubhouse Renovations	\$2,900,000
Recreation Facilities		
	Woodside Park - Restroom	\$25,000
	Woodside Park - Dog Park	\$55,000
	Woodside Park - Playground	\$45,000
	Sidewalk Repairs	\$75,000
	Pavilions	\$95,000
	Contingency	\$250,000
	Total All Projects	\$9,022,585



Series 2019 Bonds

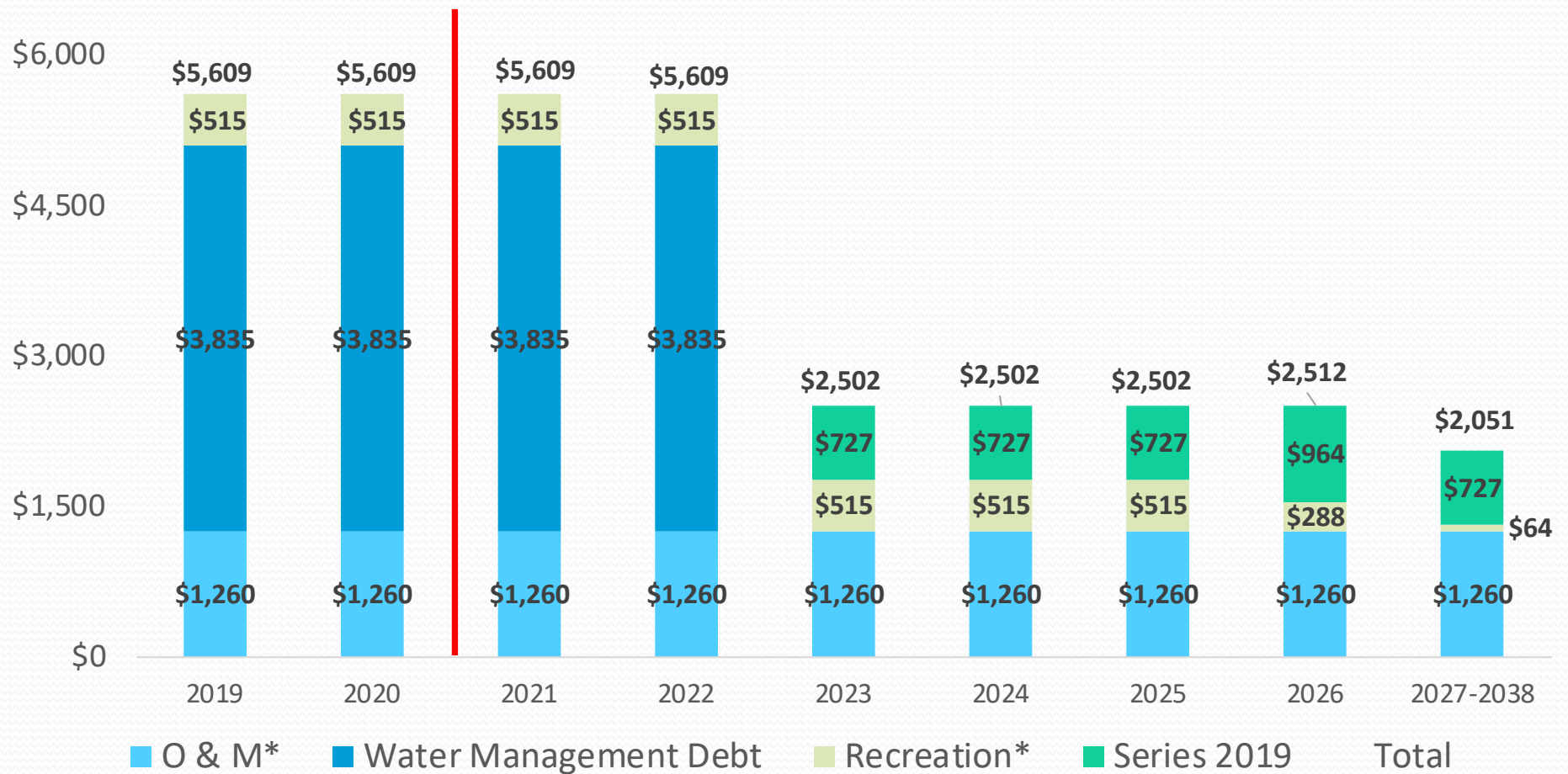
- Projected Average Coupon Rate – 3.014%
- 20 year Bond Repayment Schedule
- Capitalized Interest through 11/1/2022
 - First Principal Payment in 2023
 - Paid Off in 2038
 - Per House
 - Par Debt: \$2,244.48
 - Total Bond Gross Assessments Through Amortization: \$2,967.55

Projected Residential Assessments with 2019 Project



* - Assessments can fluctuate based on annual budget process

Projected Commercial Assessments with 2019 Project, for 1 acre



* - Assessments can fluctuate based on annual budget process



Total CDD Bond Assessments

	2020 - Current	2027 - with Series 2019
Residential Unit	\$529	\$182
Commercial Acre	\$4,297	\$727



Resolution 2020-04

- To be considered by Board tonight:
 - Finds and Determines to undertake the Project and issue the Bonds
 - Authorizes the Project as described in the Engineer's Report
 - Identifies the total estimated costs of the Project
 - Equalizes, confirms and approves of the Benefit Special Assessments contained in the Assessment Report
 - Provides for finalizing the Benefit Special Assessments when the Project is complete, allowing for credits if the cost is less than estimated



Resolution 2020-04

- To be considered by Board tonight:
 - Provides for the Payment Terms and Method of Collection of the Benefits Special Assessments
 - Confirms the intention to issue District Bonds
 - Provides for a requirement that Benefit Special Assessment be prepaid prior to a transfer of assessed real property to the government
 - Provides that a Notice of Assessment be recorded in the official records of Brevard County
 - Repeals and Replaces Resolution 2019-04



Questions from the CDD Board?

Viera East Community Development District

November 21, 2019
Public Hearing

Presented by
MBS Capital Markets, LLC

MBS Capital Markets, LLC
152 Lincoln Avenue
Orlando, FL 32789
(407) 622-0130

MBS Capital Markets, LLC
4890 West Kennedy Boulevard
Suite 940
Tampa, FL 33609
(813) 281-2700

MBS Capital Markets, LLC
1005 Bradford Way
Kingston, TN 37763
(865) 717-0303



Selection of an Underwriter

- The partners of MBS have been the underwriters of record for VECDD since 2002 with history with the District dating back to 1996.
- There are two major firms with familiarity with the specialized nature of CDD Bonds, MBS and FMS. CDD Bonds are specialized and require a story for the marketing and sale to potential investors/bondholders. Due to the history of MBS with the District since 1996 MBS is in the best position to tell the story for not only the sale of the bonds but for the ratings and bond insurance providers in order to achieve the best interest rates possible.
- Of the two firms in this business, the average fee charged by FMS from 2017 to date for new money transactions is 2.042%. The average fee charged by MBS is 2.0. By contract with VECDD, MBS has agreed to charge 1.5%. This lower fee is due to our knowledge and experience with the District since 1996.



Interest Rate Environment

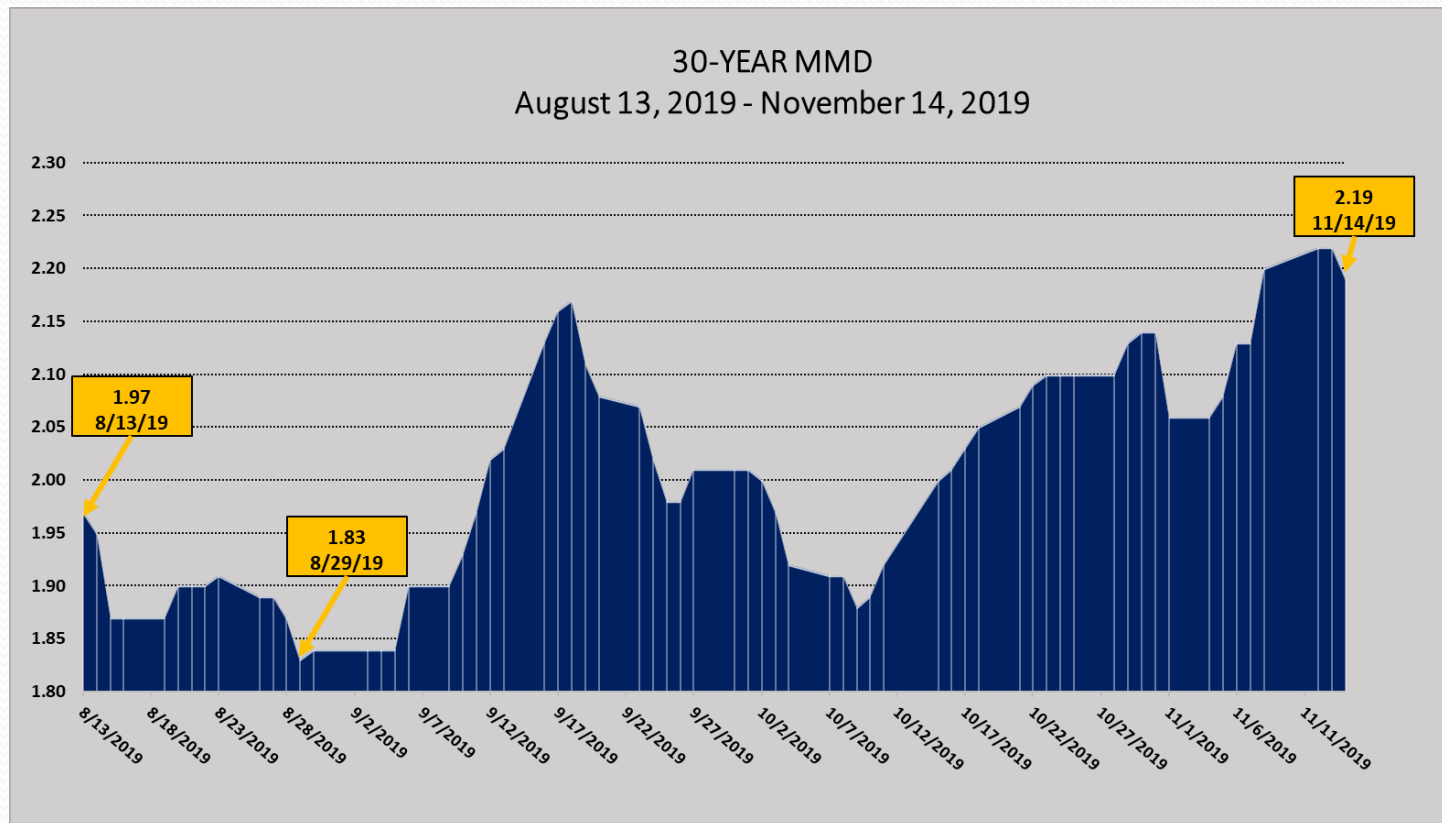
- The Board determined the issuance of the long-term bonds during their meetings held between February and July of 2019 based upon 2 factors:
 1. The historical low interest rate market;
 2. The need for certain improvements for the health and safety of the community.

A Comparison of Interest Rates from August 2019 to Present (November 13, 2019)

Interest Rates	August 2019	November 2019	Variance
MMD Rates (2038 maturity)	1.64	2.01	+ 0.37

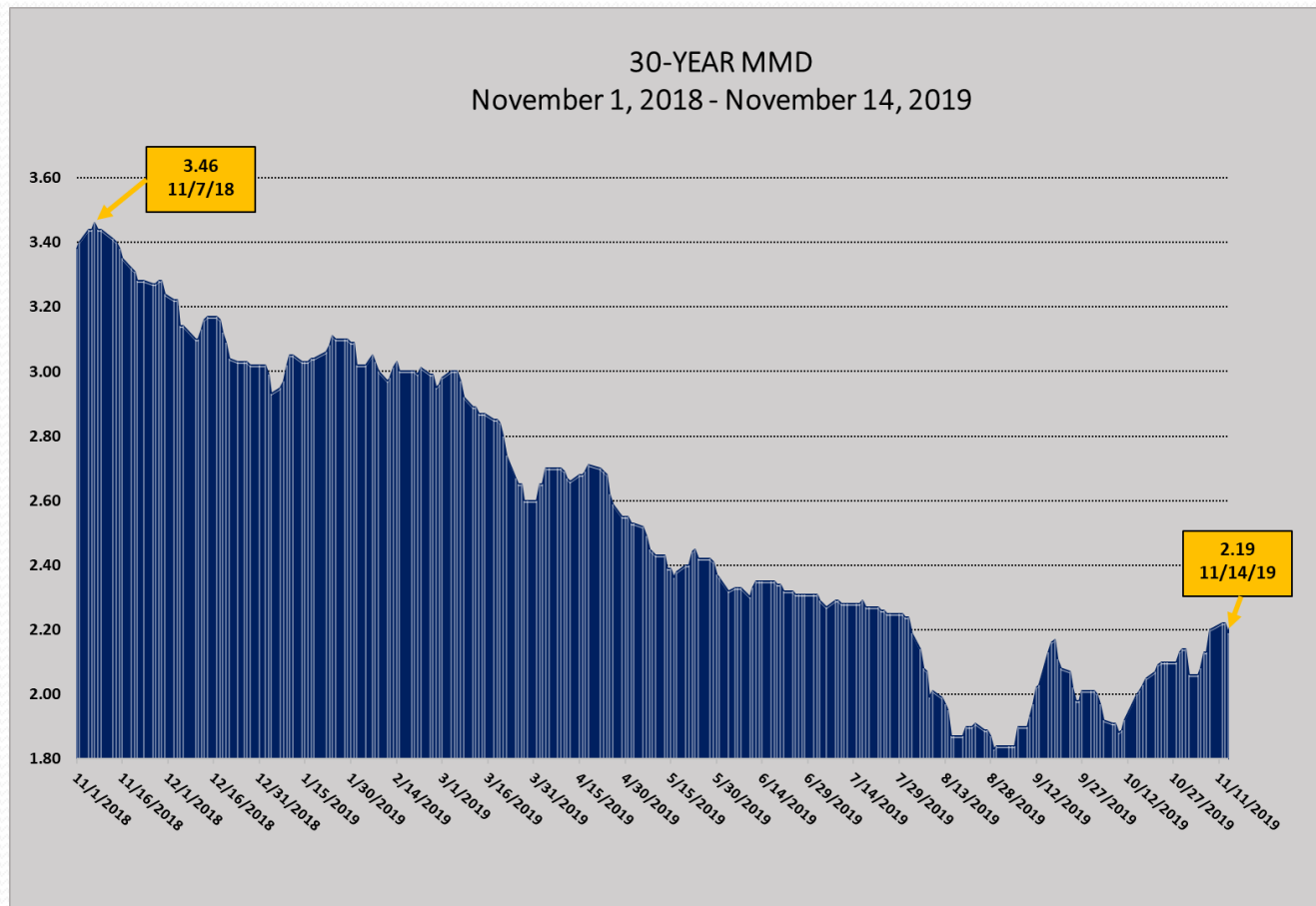
- Municipal bonds for credits such as Viera East will typically trade at 145 to 150 bps above the AAA Municipal Bond Buyer Index.
- An investment grade rating and insurance will provide an additional 30 to 50 bps savings on interest rate.
- MBS was able to obtain an investment grade rating on the proposed bonds of BBB+ from Standard and Poors.
- MBS was able to obtain a bond insurance commitment from AGM which would have decreased the interest rate approximately 35 bps. (Due to the litigation, the insurance commitment was rescinded).
- Interest rates, based on the table above, have increased 37 basis points as of November 13, 2019.
- It is unknown where interest rates will be in 2020 after the resolution of the litigation or whether the District will be able to re-secure the bond insurance commitment. With interest rates being at an historical low in mid-2019, it is projected they can only go up from there.

The 30-Year MMD - Snapshot



30 Year MMD means as of any particular date, an interest rate equal to the Municipal Market Data Index for general obligation bonds having an “Aaa”, “AAA” or “AAA” credit rating from Moody’s, Standard and Poor’s or Fitch, respectively, having a term equal to 30 years.

The 30-Year MMD - Snapshot



30 Year MMD means as of any particular date, an interest rate equal to the Municipal Market Data Index for general obligation bonds having an "Aaa", "AAA" or "AAA" credit rating from Moody's, Standard and Poor's or Fitch, respectively, having a term equal to 30 years.



The Proposed Series 2019 Bonds

- MBS prepared two additional financing scenarios for this public hearing. These scenarios assume a closing in 2020.
- The first 2020 scenario reflects funds to be included in the bond proceeds that would pay the interest on the bonds until 11/1/2022 thereby eliminating any impact on the property owner's total assessments until 2023 when the current Series 2006 Water Management Bonds are paid in full.
 - This scenario resulted in total debt service paid per unit, including principal and interest, of \$2,655.41.
 - This equates to average annual debt service per unit of \$165.96 (including principal and interest) over **16 years**.
- The second 2020 scenario reflects funds to be included in the bond proceeds that would pay the interest on the bonds until 11/1/2020, the minimum period prior to when the new assessments could be levied for collection. This scenario would reflect the new assessment to the property owners beginning in November 2020.
 - This scenario resulted in total debt service paid per unit of \$2,619.94.
 - This equates to average annual debt service per unit of \$145.55 (including principal and interest) over **18 years**.
- The difference between the two 2020 scenarios is \$35.47 per unit for the life of the bonds (\$2,655.41 - \$2,619.94). This equates to an average of \$1.97 per unit per year. **This means that keeping the total annual assessments level and waiting until 2023 to start the new assessments only costs each individual unit, on average, a \$1.97 per year.**

The Projected Annual Assessments

Bond Pricing Scenarios	Pricing for Issuance in 2020, CAPI to 2023	Pricing for Issuance in 2020, Minimum CAPI, to 11/1/2020	Variance
Total Principal	\$11,075,000	\$10,330,000	-\$745,000.00
Total Net Interest*	<u>\$2,258,320</u>	<u>\$2,825,262</u>	<u>\$566,941.27</u>
Total Debt Service	\$13,333,320	\$13,155,262	-\$178,058.73
# Years of Assessments	16	18	
Annual Debt Service Assessments (Gross):			
2020	\$0.00	\$0.00	\$0.00
2021	\$0.00	\$65.54	\$65.54
2022	\$0.00	\$65.54	\$65.54
2023	\$226.45	\$198.18	-\$28.27
2024	\$227.08	\$199.60	-\$27.48
2025	\$226.52	\$198.79	-\$27.73
2026**	\$286.50	\$258.55	-\$27.95
2027	\$226.54	\$198.42	-\$28.12
2028***	\$227.33	\$198.94	-\$28.39
2029-2038 (MADS)	\$140.93	\$140.87	-\$0.06
Total Principal per Unit	\$2,205.65	\$2,057.28	-\$148.37
Total Debt Service Per Unit	\$2,655.41	\$2,619.94	-\$35.46

*Net of Reserve Fund Credits and Bond Funded Interest Expense (CAPI).

**Debt Service Reserve Fund to be released for Series 2012 Bonds maturing in 2026.

***Taxable Bonds mature in 2028 (10 year term bond).

CAPI = Equals Bond Funded Interest Expense