

MINUTES OF MEETING
SAMPSON CREEK COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Sampson Creek Community Development District was held on Thursday, March 10, 2016 at 6:00 p.m. at the St. Johns Golf & Country Club, Swim Club Meeting Room, 219 St. Johns Golf Drive, St. Augustine, Florida.

Present and constituting a quorum were:

Tracy Hayes	Chairman
Pamela Watt	Vice Chairman
Steve Sharpe	Supervisor
Shawn Murray	Supervisor
Paul Armstrong	Supervisor

Also present were:

Jim Oliver	District Manager
Wes Haber	District Counsel
Mike Yuro	District Engineer
Jill Flores	Amenities and Recreation Manager

The following is a summary of the actions taken at the March 10, 2016 meeting except for the Public Hearings portions, which will have expanded minutes. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 6:00 p.m.

SECOND ORDER OF BUSINESS

Public Comment

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

Mr. Oliver stated in your agenda package an Affidavit of Publication for two notices that were published in the *St. Augustine Record* on February 18 and February 24. We also sent mailed notices to the property owners based on the roll received from the property appraiser.

FOURTH ORDER OF BUSINESS**Public Hearings for Assessments/Project Finance**

Mr. Oliver stated I want to give an overview of where we are. On January 28, we went through the process of briefing the board on the two assessment methodologies, and those were for the refunding bonds, the 2016-01 bonds, and the new money bonds, which are the 2016-2 bonds. We also reviewed the Engineer's Report prepared by Yuro and Associates. These are the proposed projects that would be completed with the proceeds from the 2016-02 bonds. Those same documents that you reviewed at the January 28th meeting are in your agenda package. The mailed notice and published notice were based on those documents, and those documents have not changed. We will still go through those documents as Wes walks us through the two resolutions that are in the agenda package, but as a lead-off to that, those are the absolute caps. Those are the high water marks, and the numbers will not go higher than that. This is based on the amended letter received from Hancock Bank, a private placement of the bonds at 3.7%. This was the recommendation of the underwriters as we approached the end of calendar year 2015. During the first quarter of 2016, the economy kind of slipped after that first rate increase that the Fed had in the middle of December. That suddenly caused the bond market to take a second look at these municipal or tax-exempt type bonds, and now they are offering more attractive interest rates. As I informed you today in an email, S&P is going to give this District an A-stable rating, which would lower the interest rates, but also the underwriters are suggesting that we get an insured public offering rating, which would likely bring us to AA rating, which would lower that interest rate even more. We don't have those numbers yet. As soon as we have those numbers, we will share them with the board. I suspect that we will bring those numbers to a March 31 meeting, if that works with the board's schedule. If you recall, our next meeting is scheduled for March 24, but that conflicts with the spring break you are having, and a lot of you will not be available. If we can meet on March 31, we can bring those numbers included in a commitment letter from the insurance company that we use. I put in front of you a timetable. I suggest we talk a little bit about where we are and where we are going on the money side of

things. You will see that Thursday, January 28, there were a lot of approvals that we did that night including a term sheet from Hancock Bank, the Engineer's Report, the assessment methodologies, and resolutions to determine the benefit of these improvements. We also set the public hearings we are having tonight. The next week we put out the mailed notices as well published notice in the *St. Augustine Record*. We had a workshop in the month of February to talk largely about the potential capital projects and what those five categories are that are shown in the Engineer's report. At tonight's board meeting, we are going to have the public hearings for the two resolutions – one for the refunding bonds and one for the new money bonds. We have on there consideration of delegated award resolution, and that will not be happening tonight because these numbers are going to change based on going to the public offering. Based on the information that we have, we will start drafting bond documents. We will ask for board approval tonight to give direction to staff to pursue the insured public offering, which will give us the best interest rate. We will receive a commitment letter from AGM for bond insurance hopefully the week of March 22, cancel the March 24 meeting, and reschedule that meeting for March 31 if we can get a quorum. If that goes through, the next week (the first week of April) we would prepare and mail the Preliminary Limited Offering Memorandum (PLOM) to get it out to the market so we can get some response to that. The next week we would price the bonds, and then on the 19th we would have a meeting to adopt the supplemental assessment report with the all final numbers, and then have a closing on Thursday, April 21 so we can actually issue the bonds. Those dates can be moved around a little bit depending on the board's schedule. That is the process going forward. We are continuing to pursue better numbers, and we are asking the board for direction to pursue an insured public offering rather than going with the private offering through a bank.

Mr. Armstrong stated Rhonda was basically through the private placement with two banks, that is who she solicited through.

Mr. Oliver stated she is your underwriter and investment banker. Now what has happened is the banks had the better rates, they were tied to the LIBOR rates rather than some other market rates, but now the economy has shifted, and now bond rates are more attractive than the private placement.

Mr. Armstrong asked so they are saying prime is at 3.5% and now they are up to 3.7%, which is what they want for interest rate so we are just going to private market on this one?

Mr. Oliver responded we are actually going way from private market and go out to the bond market, the public offering market. We will have a subsequent meeting when we need to have all the approvals for this as we approach the closing, and we will have the underwriter, bond counsel, and several other professionals will be here. They can answer questions regarding the specifics of the best deal we can find.

On MOTION by Mr. Hayes seconded by Mr. Murray with all in favor for staff to pursue the insured public rating was approved.

A. Consideration of Resolution 2016-06 for 2016-1 Refunding Bonds

Mr. Haber stated the primary purpose of this evening's meeting is to actually hold the public hearings that will result in the levy of the assessments. The idea is that the District is required under Florida law to impose the liens that would secure the proposed bonds, both the 2016-1, which are the refunding bonds, and 2016-02, which are the new money bonds. We are required to take the steps we have already taken, which is the publication of the notice and the mailing of the notice to all the homeowners. We will be holding two public hearings tonight. The first is going to be for the refunding bonds, and the second is going to be for the new money bonds. The District is looking at different options as it relates to private placement. Right now it looks like the underwriters are more focused on the insured public offering. Under either circumstance, what we are doing tonight is to set the maximum assessment that the District would levy against all the properties within the boundaries of the District to secure those bonds. Once we have a better idea of what the terms of the bonds will be, we will come back before the board with a Supplemental Assessment Resolution that will specify the terms of the bonds and identify what the actual amounts will be levied against each home, both on a principal amount. What I would like to do is go through each assessment resolution, and have Jim go into a little detail regarding the methodologies. This first assessment resolution, you will note that we have only an assessment methodology attached as an exhibit. There is no Engineer's report. That is because you are refunding bonds that were already used to pay for the improvements that are already here. So you are not approving a project as it relates to the first assessment resolution. You are just approving the refinance of the bonds that already funded that project. We are going to open the public hearing, have that discussion, adopt the resolution, and close that public hearing. Then we are going to open the second public hearing, which will look at levying the

lien that will secure the new money bonds. At that public hearing we will consider the resolution, the Engineer's report, and the methodology. For both public hearings there will be an opportunity for public input with comments and questions. We look for a motion to open the public hearing to consider the assessment resolution related to the refunding bonds, 2016-01

On MOTION by Mr. Hayes seconded by Ms. Watt with all in favor the Public Hearing is Open.

Mr. Haber stated the only exhibit in this resolution is the methodology. It is the same methodology that the board had a brief explanation about previously. To walk you through the assessment resolution, it goes through historically what this board has already done starting with the Series 2000 and 2002A Bonds, which were refunded in 2006. What we are looking at doing today or sometimes in the future is refunding those 2006 bonds. The resolution makes certain findings of what we just discussed – that we adopted the resolution declaring assessments, which was Resolution 2016-1, that we adopted the resolution setting the public hearing, that we published the notice, and that we did the mailed notice. Then it makes certain findings as it relates to the benefit of doing what we are doing. It makes sense to do this because it is going to result in the lowering of the assessment lien and make it feasible for the District to be able to also issue that second series of bonds to obtain the new money for the additional improvements. It indicates you will be meeting as the Equalization Board. All that means is right now you are sitting as an Equalization Board in addition to the Board of Supervisors. That is the term used to levy these assessments. You are equalizing the assessment across all the property based on the allocation methodology described in the exhibit. That bring us to you are making certain findings as it relates to the benefit that the project that was constructed with the prior bonds is a benefit and remains a benefit to the property, and that that benefit exceeds the burden related to the debt that would be allocated to the bonds. That takes us up to Section 6 of this resolution. You are confirming the assessment lien on the lots at maximum levels. Section 7 sets forth what the payment terms are and the number of years in which the assessments will be paid. Section 8 talks about the allocation, and it makes specific reference to Exhibit A, which I will have Jim walk through. Collection in Section 9 talks specifically about using the uniform method of collection, which essentially means once the District adopts its budgets, both O&M and debt, it certifies those assessments for collection by St. Johns County. We rely on St. Johns County to

collect those assessments for us. It talks about governmental property and the fact that any property that is owned by a unit of government within the boundaries of the District is not subject to these assessments. The biggest example of that is the CDD owned property, which is not subject to assessments. It talks about the assessment notice that the District will record in the public records of St. Johns County. Importantly, Section 15, the last section, is the effective date, and that talks about the fact that it is effective upon its adoption and the issuance of the actual bonds. The reason that is important is because we still have 2006 bonds outstanding, and we need to make sure that the assessments securing those 2006 bonds remain in place unless and until we issue new bonds. The new bonds will take out the 2006 bonds. This assessment lien will ultimately replace your 2006 assessment lien, but that won't occur until you issue your new bonds, so that 2006 assessment lien will remain in place. Jim will talk about the methodology.

Mr. Oliver stated in the back of that resolution is the assessment methodology for the 2016-01 bonds. It is dated January 28. It is the same report that you saw before. After the Table of Contents, you will see the Executive Summary. That talks a little bit about the District and gives some history including the refunding bonds in 2006 that were issued at a rate of 4.74%. It talk a little bit about the use of these refunded bonds, which essentially you are issuing bonds at a lower rate to pay off Series 2006 bonds. By doing that, you are going to lower what the assessment is. At the bottom of Page 2, number 2.0, the very first sentence of that paragraph says, " In the event the refinancing by the District is accomplished through a private placement," which is what we originally contemplated, "it will be to a single banking institution purchaser." That would be Hancock Bank if that were to occur. If you go further into that, you will see that one of the terms of the commitment letter, which the board approved in substantial form, but it is not executed because we still want to negotiate a letter if you go private placement. It says if the bonds were to lose their tax exempt status, the rate would no longer be at 3.7%, it would go to 5.62%. We won't have that issue by going with a public offering. That language will not be in the bonds, which is another benefit to going with a public offering. It talks a little bit more about the different tables that you have in back of the narrative in the report. I will flip to the tables right now. Table #1 is the Development Program. That shows Phases 1 and 2, and it shows there are 799 single family homes and also the golf course, which pays CDD assessments. That remains unchanged. Table #2 is the Sources and Uses for the bond issue. The sources at par amount of the bond issue would be \$6.205 million and then liquidation of the revenue account

that we have on hand of \$551,000. The uses would be from escrow deposits, the interest payment for November 1, 2016, the reserve fund at 40% of max annual debt, and then the cost of issuance. On the table below, you will see that there will be 15 principal payments. The final maturity date remains at May 1, 2031. The estimated rate is 3.7%. All of these numbers are subject to change. Table #3 shows all the product types from the 55' product type to the 100' product type. For example, the 55' product in Phase 1, originally the debt was \$7,725. Currently that balance is \$5,855. Just remember when you have a loan like a home mortgage or a car loan, in the early years most of the payment is going to interest payment until you slowly reduce down that principal and interest on the loan is smaller. The current balance on that debt is \$5,855. On these numbers, the new debt would be \$5,951. That would be a debt increase of \$96. The debt will be going up while the assessments go down. Again, this is based on the private placement. Table #4, look along the same line of the single family 55', you will see the assessments currently are \$529.37, and the new would be \$518.34 for a net reduction of \$11.03. You see that going down for each of the product types. Table #5 is not in there. That would be the actual assessment roll. You have seen a previous version of that. It has every property with folio number and what the assessment is.

Mr. Haber stated for the record there are two criteria that are required in the law to have a valid assessment. I will ask Jim to confirm them on the record, and that is (1) that the benefit the properties receive from the project exceed or be equal to the debt that the District is looking to levy against the property; and (2) that the debt as set forth in the methodology is fairly and reasonably allocated. Can you confirm their criteria for the record that is the case? Mr. Oliver provided such confirmation. Great. So with those confirmations and that explanation, we are happy to answer any questions and otherwise we need to open it up to the public as well.

Mr. Armstrong stated with Obama proposing that new PS3 muni bonds for infrastructure public and private basically improvements, would we fall under that new proposal getting the lower tax rate since we are improving our infrastructure here.

Mr. Haber responded I don't know the answer to that. I would assume your underwriter is aware of what the best options are for getting the District the best rates for the bonds, but I am not familiar enough with the program, and we can ask the underwriter and see if that is also an option. They are monitoring it closely enough to say we can get a better deal if we went to the public market. Presumably they can research whether it is something we can qualify for and get

a better deal. The good thing is with these assessments, we are levying amounts of assessment based on projects, which really has nothing to do with the actual funding mechanism that we are using for the projects, so fortunately as long as we fit under these numbers that we are looking at levying tonight as your ceiling, whether it's the Obama proposal or the public market with the insured, or the private placement, those are options we can look at and still the steps we are taking tonight are just going to set the ceiling on what the amounts are we are going to need to collect on assessments to fund those various options. We can run that by your underwriter to see if it is an option, but I don't know the answer today on whether that is a valid option or not.

Mr. Hayes stated let's open it up to the floor. At this point we are just talking about the refunding of the existing bonds. We are going to have another public hearing as we talk about the new money bonds. Does anybody have any comments as we are talking about the refunding of the current bonds as Jim and Wes have described here?

An audience member asked what year does the current bond mature?

Mr. Oliver responded May, 2031.

The audience member stated so obviously the refund to get the interest rates lower is a good thing. The money that is there now through 2031 should this be refunded to the same date, how far out will that take us with roads and all the retention areas?

Mr. Oliver stated there is no money in the construction funds. There is no money left from the Series 2006 issue.

The audience member stated wow, so potholes and roads...

Mr. Oliver stated that will be funded through the Capital Reserve R&R, it is a different funding source.

Mr. Hayes stated each year, somewhere between \$80,000 and \$90,000 is put away for Capital Reserve. Obviously we dipped into it to expand the gym a few years ago. As you are paying and all the things are going on, \$80,000 to \$90,000 is going into this Capital Reserve budget each year. We are not broke. We are very well funded. That money is there to handle those projects.

Ms. Watt stated these bonds were actually issued in 2006 to consolidate and refund previous bonds that were already issued.

Mr. Haber stated I think the best way to look at it is there were originally two series of bonds that were issued, Series 2000 and 2002. All the money that the District got from those

bonds to pay for construction has been spent and was used to build such things as the roadways that exist today, the stormwater ponds that exist today, the amenity facilities that exist today. All that money is gone. Then in 2006 we went through a process very similar to what we are discussing tonight to just refinance those outstanding bonds. There was no new money. Any money that came from the 2006 bonds went to pay off the 2000 and 2002 bonds and lowered assessments. Any money you are going to be getting from the 2016-1 bonds will be used to pay off the 2006 bonds and lower assessments, which will free up some space to talk about the next series of bonds at the next public hearing.

The audience member stated without doing the next series of bonds, just refinancing this series, we cannot do anything?

Ms. Watt responded we have our normal capital reserve money. We would be taking away from other money, which we don't want to do.

Mr. Armstrong stated the roads are already budgeted for 2017 and 2018 to start?

Mr. Yuro stated I would have to double check.

Mr. Armstrong stated we have budgeted money per year to do roads, so that fund does not get touched. We don't dip into that, but we have what we call the Capital Improvement Fund, which is what we are doing now, which is basically fix things that need to be fixed.

Mr. Hayes asked if there were any other comments.

Mr. Oliver stated we will be looking for a motion to adopt Resolution 2016-06.

On MOTION by Mr. Armstrong seconded by Ms. Watt with all in favor to adopt Resolution 2016-06 for 2016-1 refunding bonds was approved.

On MOTION by Ms. Watt seconded by Mr. Armstrong with all in favor the Public Hearing is Closed.

B. Consideration of Resolution 2016-07 for 2016-2 New Money Bonds

Mr. Oliver stated this is the second step in the process.

On MOTION by Mr. Armstrong seconded by Ms. Watt with all in favor the Public Hearing is Open.

Mr. Haber stated I won't spend as much time because a lot of the provisions in 2016-07 are the same I went through in 2016-06 with respect to all the steps we have taken to get here and the fact that you are sitting as an equalization board. The biggest difference is by virtue of your adoption of this resolution, you are now approving a new project, and that is the project identified in the Engineer's report that is attached as Exhibit A. Exhibit B is the methodology. The Engineer's report is a supplement to your Engineer's report that was approved previously identifying new categories of improvements. The expectation is that you will fund those improvements with the approximately \$1.2 million we are expecting to get from the issuance of these bonds. One point we have made in a number of meetings, and it is important to make again is that the \$1.2 million that you will be getting is to be used on these improvements based on additional meetings you will be having with your architect, surveys that you may have outstanding, and ultimately this is to identify broad categories of improvements on which you may use those funds and not to specifically identify the exact project at this point. I am happy to answer any questions regarding the resolution, but I am not going into the same level of detail. I would ask Mike to walk the board through your Engineer's report, and then I will ask Jim to walk through the methodology. We will then open it up for board questions and open it up for public input. Then we can consider the resolution and consider closing the public hearing.

Mr. Yuro stated this report should be considered a draft at this point. My understanding is we hadn't finalized it.

Mr. Haber stated I think after tonight, it will be final. The reason why you didn't sign and seal this is because we still were subject to this public hearing, which we have opened it up for the board for public comment. Once we are through the public hearing, it is going to be formally adopted by virtue of the adoption of this resolution.

Mr. Yuro stated the categories for the potential capital expenses are five different categories. We kept them broad deliberately so the board would have some flexibility in the improvements and the potential capital expenses considered so far. These have been considered after a series of meetings and have been revised and fine-tuned based on input from the public and direction of the board. We have pool area improvements, which currently has an estimated cost of \$580,000; general community lighting improvements with a cost of \$125,000; sport court

improvements for \$285,000; security improvements for \$60,000; and common area enhancements for \$150,000, all of which equals the amount of \$1.2 million, which is the target number the board has. Those costs are estimated based on available information and preliminary research. The costs are subject to change when the final engineering, design, and construction prices come in. Nothing has been bid out yet, so there are no final prices, but these are the categories and budget numbers that we are working with at this time.

Mr. Haber stated I think that is sufficient. I would note that to follow-up on your question, once adopted, those are the parameters from which we are then going to work as we fine-tune what the project is going to look like.

Mr. Oliver stated one thing we did discuss January 28 was removing in your final version the word cameras.

Mr. Yuro stated that is correct.

Mr. Haber stated if there aren't any questions on the Engineer's report, we will go to the methodology.

Mr. Oliver stated this is the report that is dated January 28 and was reviewed at that particular meeting. This is for the new money bonds. These are interest only bonds that will be issued through 2031, and then for the last three years there will be principal payments associated with that. In the middle of the first page Executive Summary, you will see the District anticipates issuing up to \$1,420,000 of Series 2016-2 Bonds in order to finance the capital improvements detailed in the District's Supplemental Engineer's Report for Series 2016 Capital Improvements prepared by Yuro & Associates, LLC dated January 28, 2016. Going to the bottom of that paragraph, you will see the Series 2016-2 Bonds are structured in such a manner that when the Series 2016-1 Bonds mature on May 1, 2031, the Series 2016-2 Assessments securing the Series 2016-2 Bonds increase for the remaining three years. So when your 2016-1 bonds mature, that payment goes away and then we will no longer be in the interest only phase for 2016-2 bonds. Until the 2016-1 bonds reach their final maturity date on May 1, 2031, the Series 2016-02 bonds will be interest only with annual principal payments beginning on May 1, 2032 and ending at the final maturity date of May 1, 2034, aka "wrap-around bonds," wrapping those interest-only bonds around the refunded bonds, 2016-1 bonds. The rest of the Executive Summary talks a little bit about the product mix. It talks about the sources and uses of the funds that will be shown in the tables you will see later. Section 2.0 talks a little bit about private

placement. If you were to go private placement and lose the tax-exempt status of the bonds, which is very unlikely, you would see that that rate would go from 3.7% to a higher rate. Again that goes away if we go through the public option. It talks about the purpose of this particular report is to determine that the particular property being assessed has a special benefit, which it does, and that these are allocated on a reasonable basis, which they are. Going to the tables, Table 1 shows the product mix again. There is a slight difference in this in that the golf course is allocated 10 units rather than 1. That is actually favorable to the property owners. It shows the allocation of the ERUs. The capital improvement plan that comes off Mike's report, you will see the five categories total \$1.2 million. Sources of uses – there is no existing revenue fund to pull funds from. All of the revenues will come from the bond issue, and that is \$1.42 million. Most of that will fund the construction fund of \$1.2 million, interest payment for November 1, 2016, funding the reserve account at 40% of the max annual debt and then the cost of issuance. You will see in the table below three principal amortization installments. Those begin in 2032. You will see the maturity of these bonds is May 1, 2034. Table 4 shows what the debt will be from these bonds. The previous table you say for the dash 1 bonds showed the original debt, the current debt, and the new debt. This table shows the new debt only. The single-family debt for the 55-foot lot would be \$1, 323. If someone, after the bonds were issued, wanted to pay off their debt, they would pay that amount plus a processing fee. These numbers are going to change because you are likely going to public market now. On the next page, Table 5 shows the assessment per unit. As you look in the first column, it shows all the different product types. You will see the assessments per unit for 2017 through 2031. You will see what appeared to be low numbers for assessments, and just going down the first column, you will see a single family \$49.00 but recall that is during the interest only period. Then you will see that the assessments per unit will be \$468 for those last three payments in 2032, 2033, and 2034. I did want to tell you that just combining these assessments, and this was in the notice letter. If you recall, the reduction in assessments for Table 1, for the single family 55 rentals, the reduction was \$11.03. The assessment would go up \$49 for the dash-2 bonds. That would be a net increase of \$37.97. The increases range from a low of \$36.79 for the other 55' product to a higher \$71.02 with a 100' product, however, we expect those numbers to reduce going to the public offering having lower interest rates. Those amounts are per year and not monthly. Table #6 would be the assessment roll.

Mr. Haber stated Jim, can you confirm for the record that the benefits from the project exceed the burden that would be allocated as a result of the assessment.

Mr. Oliver responded yes.

Mr. Haber stated and that the assessments are fairly and reasonably allocated.

Mr. Oliver responded yes.

Mr. Haber stated okay, we will open up to the board and to members of the public.

An audience member stated I didn't understand the \$1,000 per single family.

Mr. Oliver stated what will happen is when these new money bonds are issued, there is a debt associated with that, and if you said I don't feel like paying these debt service assessments, you could actually pay that off just like you could pay your car off or home off. But just like those two products, you are still going to have to operate and maintain those, so there will always be that operating and maintenance components of the assessment, but you can pay off your debt.

An audience member asked what is the analysis of doing interest only until 2030 or something and then paying the principal off at the last?

Mr. Oliver responded it was the board's direction that they wanted to have as little impact on annual assessments for the residents as possible.

Mr. Haber stated basically we are just extending the debt three years. What you are asking, saying we are getting out at 2030, the lowest impact that we are putting on the residents by extending it three years, we are keeping their assessments as low as possible.

An audience member asked the 2006 bond, is it going to be paid off as soon as the 2016 goes into effect?

Mr. Oliver responded yes.

The audience member questioned the previous interest rate.

Mr. Oliver stated the 2006 rate was at 4.74%. It was higher.

The audience member stated so we are talking about less than a point.

Mr. Oliver responded less than a point under this scenario, but we are going to the public offering to the bond market, and we will likely bring that down some from the 3.7%.

The audience member asked how was the allocation done with the percentages with each of the project areas?

Mr. Oliver responded that is a good question, but let me say those numbers that are on the Engineer's report, nothing is locked in stone with those numbers. That money can move within

those categories. Nothing is prioritized on the list. That will occur with everyone in this room and the board. The money amounts are not guaranteed to any particular project. They can move up and down.

The audience member stated understood. Under security there was \$60,000. Under something else there was \$500,000.

Mr. Haber stated I think those amounts, if the question is from where were they derived, the board has been looking at a number of options. I think probably the option they have been focusing on the most as the board is the pool improvements. So the highest number in the Engineer's report has been pool improvements. The numbers have not been drawn out of thin air. They have been based on the various meetings and surveys the board has had, but as Jim notes, that is just to identify something for the board to adopt to get that financing, and that would be a fluid decision-making process that this board will make once it gets those funds and how to spend it in the various categories.

The audience member stated just to make sure I am hearing you right, are you saying that money can flow between the five different fund categories.

Mr. Armstrong responded correct.

The audience member stated so if we decide as the community that we want to allocate more money toward security and less towards something else, we can change category.

Mr. Haber responded I don't want to say that you as a community can. This board has the authority to make that decision. You as a community can come to meetings and give the board what you think may be the best way to do it. This board has the sole decision-making authority to decide how the money is spent.

Mr. Armstrong stated we have \$580,000 in pool improvements. Let's say we only spend \$560,000. We have \$20,000 left over. We can take that \$20,000 and just for sake of money here, we can put it in to common area improvements and put \$170,000. Security cameras or security improvements, we have \$60,000 there. Let's say we only spend \$40,000 there. We can take \$20,000 there and put it somewhere else.

The audience member stated I guess the one thing that really got my attention was on the survey for the community, wasn't the number one issue security?

Ms. Watt responded yes, and we have been looking at options, and Steve has brought a quote to us on security, and actually I have spoken with your neighbor about other options as well.

Mr. Hayes stated you have to realize these are structural changes. It is not like we are going to hire 100 guards, so we needed the extra money. We can't do that with this money. This money is for structural stuff, not for operations. So when you say the emphasis is on security, which we have no issues on, it is not like we can hire two guards with this money. We can't use it for that.

The audience member stated I just want to make sure those five categories are permeable.

Ms. Watt stated these were quotes gathered together to get a total amount of money so we would know what we need to put into the community. It is all flexible.

An audience member asked about paying off the fee early and could that be discussed again.

Mr. Oliver responded there is a fee, and you would pay off that fee. You would pay off that debt, whatever that debt is at the time of payoff. It can happen at any time. Once the debt is issued, you can pay it off immediately, you can pay it off five years down the road, or whenever you decide to do that. You would mail it in to the assessment roll administrator. She would process that and update the lien.

An audience member asked could you explain the assessment of \$2,000 +/- that each homeowner pays. A portion goes to debt service, and a portion goes to the community maintenance, and if you pay off your assessment for the debt, you are still going to be liable of paying the maintenance and operations.

Mr. Oliver stated exactly, that is correct.

An audience member stated without getting into the specific projects we might work on, we have five ideas on the table, and we have to stay within those. Is that a function of some kind of state or federal regulation, or is that a function of some committee?

Mr. Haber responded Florida law requires that the District identify a project from which the landowners are benefiting to have these assessments be valid. So essentially what we are saying is those categories are public improvements, and regardless of how that money is spent, all of that benefits the properties in the manner in which it is provided in the methodology, and those benefits will exceed the burden that will be levied against the property by virtue of the levy

of the assessments. So it is to serve the state law function of identifying a project for the benefit to have the valid assessments. I think there is also a requirement that the bond market is going to want to have some idea of what that money is going to be spent on.

An audience member asked could the board come up with a sixth category if it was a legitimate structural improvement that benefited the community

Mr. Haber responded that would be problematic. What we did here today is we identified our project, and we gave the entire community notice of what that project may be. We have held this public hearing and discussed in a great amount of detail how that money is going to be spent. I don't know what that sixth category may be, but if it were to come up, I think it may be problematic to add to it given everything we have done. This is the project on which these funds will need to be spent once we adopt this report.

Mr. Oliver stated do we have a motion to adopt Resolution 2016-07?

On MOTION by Mr. Hayes seconded by Mr. Murray with all in favor to adopt Resolution 2016-07 for 2016-2 new money bonds was approved.

On MOTION by Mr. Armstrong seconded by Ms. Watt with all in favor the Public Hearing is Closed.

Mr. Oliver stated the board is going to be having several meetings and workshops over the next several months to further define what the projects are, get input on the projects, and design the projects. The "heavy lifting" starts after you get the money.

An audience member asked what methods do you use to define whether the money is a help to the community?

Mr. Haber responded the methodology makes certain findings. It looks at the engineer's report and based on the experience of the methodology consultant who drafted the methodology report, looking at other projects in the past and the types of improvements that historically have been approved as benefiting a community of this sort, the board is relying on those recommendations from staff that these types of improvements have been found under the law to

sufficiently benefit a community of this sort to support the debt that would be allocated against the property.

Mr. Oliver stated the next phase in all of this is providing input of what the projects can be. You can reach out to any of the supervisors between meetings by email or phone calls. It is a lot of work, and there will be a lot of give and take.

Ms. Watt stated anytime you question things, feel free to jump in and bring stuff to us.

FIFTH ORDER OF BUSINESS

Consideration of Evaluation Criteria for Engineering RFQ

Mr. Haber stated at your last meeting, you passed a motion for staff to submit an RFQ publication for engineering services. My firm in the past has done those advertisements, and what you see in your agenda package are seven criteria that the board, by law, is required to use to evaluate any proposals that you receive. Without assigning points to the various criteria, the board would be required to use the same number of points to each of those criteria. At other Districts, it has been our experience that being able to assign differing amounts of points to certain criteria over others gives the board a little more flexibility to rank and then ultimately put in order the various proposals that you receive. The point distribution you see on this document is the same point distribution that my firm has been using at the various number of Districts we represent for engineering RFQs. Based on that experience, I thought it made sense to have the board adopt some form of weighting, and this is just the points we have assigned at other Districts. You are not required to use this weight, but we do think there is some benefit for the board to be able to attribute points to the criteria rather than just saying 1 through 5. I am happy to answer questions. Some of the higher weighted categories such as ability and adequacy and past performance, are more subjective. That gives you the ability to look at the qualifications that are submitted and give you a better idea of how you want to attribute points to those things versus some of the things that you either have or you don't. You are located where you are located, so you are going to get that certain number of points. You are able to attribute more points to such things as qualifications versus some of the things that are just objective. It gives you the ability to rate the proposals you receive with these weighted categories. If you are comfortable with the way they are, we would want you to adopt them by motion. When we get the proposals, it would be using these seven categories with these weighted points. It has been

our experience in other Districts that not having the weighted categories at times pigeonholed boards to making certain awards because of the more objective categories. Because they were objective, if one proposer has it and another doesn't, that person is going to get 5, the other person is going to get 0, and there is an advantage as a result of that disparity. When you weight it on the more subjective things you can look at, it gives you a little more leeway to rank the proposals.

On MOTION by Ms. Watt seconded by Mr. Murray with all in favor the weighting of evaluation criteria for ranking of engineer qualifications was approved.

SIXTH ORDER OF BUSINESS

Discussion of Pool Furniture

Mr. Hayes discussed the various types of pool furniture. She recommends using strap furniture for the seating. She met with a resident interior decorator, Donna Hailey, who gave her opinion on color schemes. The furniture will have more a resort look over an athletic look. Pool furniture samples were brought in for the board to view. Regarding tables, recycled plastic is preferred over aluminum because aluminum scratches easily. Recycled plastic chaises are not comfortable, stackable, or movable. We are locked in with a strapped chaise, and in coordination with that, we have strapped dining chairs, and matching tables and side tables. The vinyl straps have a three-year warranty, and the structure has a five-year warranty. The bidder stated in the bid they will continue to service it, replace it, and help us with it for 15 years. Another piece of furniture being considered is a chair for the gate attendant that would be higher and more eye level with the person being greeted. A presentation was made regarding the trashcans – green ones for the fields and tan ones for the amenity center. It was suggested they be painted or engraved so someone does not take them. Mr. Hayes suggested getting two giant trashcans one of which would be for the basketball area and the other one for the picnic area. Florida Backyard came in with a price of \$52,000 for the pool deck furniture, and they will assemble it, inspect it, handle all our customer service issues, and not charge freight. They also provided two pages of references. There was a question if furniture was being purchased for the swim team's use because they are hard on the furniture. The swim team will fundraise to help

buy some benches or pay toward the benches. The amount bid does not include trash cans. The pool deck furniture will be paid for out of the Capital Reserve Funds.

On MOTION by Ms. Watt seconded by Mr. Murray with all in favor to purchase pool deck furniture from Florida Backyard was approved.

There was discussion concerning the trashcans. The board decided to table this item until the next meeting in order to receive proposals for the purchase of commercial trash containers.

SEVENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisors' Request

Mr. Hayes stated Mr. Zawacki from the swim team contacted him several times. Our policies changed a couple of years ago, but we had a few people on the swim team who did not live in the community grandfathered in. The swim team needs to have between 125 and 150 members because no more than 150 kids can practice at the same time. We currently have 96 on the team. Mr. Zawacki has asked us to reconsider and allow some families from outside the community to participate in the swim team. Mr. Armstrong stated 100 are more than enough to make a swim team. The board decided to keep the policy the same and not allow non-residents for the swim team. Regarding the traffic situation, Mr. Hayes reached out to Bob Sevestre who is a resident and St. Johns Sheriff's Advisory Committee member. Mr. Sevestre addressed the board regarding his discussions with Commander Worley. One recommendation is a data recorder, which is a device that is put in the road and documents the number of cars and how fast they are going. If it is determined there is a problem, enforcement can be brought in to give out tickets. Something that is better, based on history, is a message board that informs people as they are driving what their speed is. Data can be collected, and if it is necessary, enforcement can be brought in to give out tickets. Mr. Sevestre is working with SJSO to install equipment for traffic counts and speed information at no cost to the CDD.

On MOTION by Mr. Armstrong seconded by Mr. Hayes with all in favor to have Bob Sevestre continue to work with St Johns Sheriff's Office to install equipment for traffic counts and speed information at no cost to the CDD was approved.

NINTH ORDER OF BUSINESS

Audience Comments

An audience member stated I have been emailing for a year and a half about the entrance to the neighborhood. Construction is coming on, and everyone in the neighborhood has been patient, and it is still not back to where it was. We paid for landscaping that didn't get done there for probably a year and a half. When are we going to get our neighborhood back to where it should be?

Mr. Yuro stated Duvall Landscape is working on proposals to enhance what was done by their contractor, who restores what was up there with the flowers and sod and felt like he was done.

The audience member stated before construction was started, it should have been agreed upon, contracted, and signed that when construction was done, the county and contractors should have known what their responsibility was. I feel that was a huge mistake made by the operations manager. I feel like it was never agreed upon what areas they were going to fix.

Mr. Yuro stated it is the county and contractor's responsibility to make us whole. They completed what they thought was correct. Steve Sharpe and I met with them and said this isn't acceptable. At that point they asked us to get our current vendor involved to come up with a plan to enhance the area, bring it back to the board, and agree what is acceptable. The county and contractors will then pay for those improvements. I expect to have those for our next meeting.

Ms. Watt stated when I look back on the reports for February 11, it says we are going to coordinate with Duvall Landscape to get a proposal for the front entrance. On February 25, it says working on proposals. Today it is still waiting on proposals.

Mr. Yuro stated I am reaching out to them and telling them we need the proposal, but keep in mind today was not a meeting where this was going to be on the agenda. The board can't do anything until the next regularly scheduled meeting, so there is no sense of urgency to have it today.

Ms. Watt stated but if we had it, we could have put it on the agenda.

Mr. Armstrong asked why do we have to use Duvall? Why can't we pick three other people?

Mr. Yuro stated I got involved because it wasn't acceptable. I am stepping in trying to help out. I don't understand why I am being accused.

The audience member stated I have been emailing you for a year and a half asking why are we not caring for the front of the neighborhood. Why does it look like it looks? Your response has always been the county will take care of that at the completion of construction. Completion of construction has come and gone, and it has not been taken care of. I always get excuses when we get to this point, and I have a problem with that. We pay quality fees, we are a high-end neighborhood, and I don't feel like we are getting high-end service.

Mr. Hayes stated this has been going on since the beginning of the project. From Day 1, you didn't go out there, as we expect as an Operations Manager, to take the pictures so they could honor the agreement of bringing us back to where we were. Luckily the county took a video of the area. We have gone through a couple of landscaping companies over the last few years, and you are not holding them to the toe. On February 12, you should have had that bid and if not, February 13, and we should have been discussing it weeks ago when we met. Now we have gone two months. I am totally with her, and I have been letting you fry in the frying pan. That is exactly as the whole community feels. You have got to hold these people to the line. We have fired enough of the staff, and we might be looking at the manager.

There were several raised voices speaking at the same time.

Mr. Armstrong stated whether this is politics or popularity contest, I couldn't care less about either one of it. I am here for what is going to be done for the best of our community.

Mr. Hayes stated I want the bid Monday morning for what we need to do out front. He says he wants to work so hard for us, well let him work this weekend and get it by Monday morning because he has had over six weeks to get it. Mike is not holding him to the line. It is not my job, it is his job, and it is what he is paid to do.

Mr. Sharpe stated we weren't supposed to discuss this tonight anyway.

Mr. Murray stated a resident brought it up in Audience Comments.

Mr. Sharpe stated he couldn't have done anything before the next meeting anyway.

Mr. Yuro stated the timeline was we met with Duvall on February 11, so you had an update from me the very next day. They started working on it. They didn't have it ready to get

into the agenda package on our last meeting, which I think was the 25th. They didn't have it together, so I told them we needed it for the next regularly scheduled meeting so it can be put on the agenda. What else did you want me to do?

Ms. Watt stated in my opinion we are in spring season, and landscaping is very important, and the flowers are beautiful, all those flowerbeds look great. We haven't spoken about mulch, but I think something like that should be created from you and brought to us. Anything to enhance this community. Did your area ever get finished?

The audience member responded no, and I came to a meeting seven months ago about this, and I emailed pictures to all of you. I tried my best to deal with Mike and Steve, and nothing has been done. They came and trimmed down the decorative grass, killed a bunch of it and now there are more weeds growing in their place. There is no mulch anywhere in this community. We pay very good fees, and we are not getting. If I drove into this neighborhood looking for a house, and I saw that front I would turn around and leave. We need to have someone who is going to look out for the best interest of our community. It shouldn't be we wait until a resident goes around taking a bunch of pictures.

Ms. Flores stated I was at the November and October meetings, and I remember that was one of the things we were holding Valley Crest as a checklist item. They owed us mulch for all the main areas, and we were withholding their payments so that they needed to mulch. At the January meeting, they said they completed their checklist, and we released payment.

Mr. Armstrong stated released some of the payment.

Mr. Yuro stated mulch is only applied once a year per the contract, and it is in the spring. It will be the end of March or beginning of April.

Ms. Watt asked at the next meeting, will you tell us all the things they are going to be doing for spring? I understand it is the end of March or beginning of April, but spring is here, and the grounds are not looking good.

Mr. Armstrong stated if we are not getting anywhere with Duvall, let's call another landscaper.

The audience member stated we have hired so many landscaping companies. At some point you have to realize it is the management of it. Obviously if they are directed the right way and documentation is kept and they are held to the contract, then they are going to do their job.

Mr. Yuro stated I do a once-a-month drive through with their property manager per the contract. We go over all the elements that they are doing well and what they need to step up on and making sure they are meeting the terms of their contract.

Mr. Armstrong questioned timelines and when projects will be completed.

Mr. Yuro responded as far as I know, there have not been any projects that Duvall has not followed through on. They haven't gotten the proposal together. They didn't have a chance to get the proposal together and get the exhibit prepared within the week-and-a-half or whatever it was before the last meeting, and so they are going to have that to me at the next regularly scheduled meeting.

An audience member asked about doing fund raising for a shade structure, and the board did not have a problem with it.

An audience member asked a question about street lighting invoices for Leo Maguire. He was informed the bill covers all the lights in the community for all the different side streets. Mr. Yuro will review the street lighting invoices to confirm billing accuracy.

TENTH ORDER OF BUSINESS

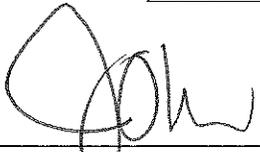
Next Schedule Meeting (To be determined)

The next regular meeting will be March 31, 2016 at 6:00 p.m. at this location.

ELEVENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Armstrong seconded by Mr. Sharpe with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman