

ABERDEEN
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Aberdeen Community Development District was held Tuesday, April 24, 2018 at 4:00 p.m. at the Aberdeen Amenity Center, 110 Flower of Scotland Avenue, St. Johns, Florida 32259.

Present and constituting a quorum were:

Angela Andrews	Vice Chairperson
Dennis M. Clarke	Supervisor
Hillary (Beth) Fore	Supervisor
Gary Davis	Supervisor by (telephone)

Also present were:

Jim Oliver	District Manager
Carl Eldred	Hopping Green & Sams
Brian Stephens	Riverside Management
Ernesto Torres	GMS, LLC
Lauren Egleston	Vesta/Amenity Services Group
Dan Fagen	Vesta/Amenity Services Group
Brett Sealy	MBS Capital Markets, LLC

The following is a summary of the actions taken at the April 24, 2018 meeting. 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 4:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the March 27, 2018 Meeting

On MOTION by Ms. Fore seconded by Ms. Andrews with all in favor the minutes of the March 27, 2018 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Consideration of Agreement with MBS Capital Markets, LLC for Underwriting Services

Mr. Oliver stated Brett Sealy has been involved with this district since it was just dirt, he has been involved in all the bond issues for the district and he will talk about the agreement as well as financing options for the board to consider as we go through this project to build additional amenities.

Mr. Sealy stated my firm specializes in community development districts. I have served as the banker in my predecessor firm, Prager Sealy & Co., for both Aberdeen and Durbin Crossing bond issues. I started working with that back in 2004, issued multiple series of bonds in 2005 and 2006. In addition, myself and the other partners in my firm have served as banker for the vast majority of community development districts in St. Johns County as well Northeast Florida. Jim asked me to talk to you today about potential financing options as it relates to a proposed amenity. In your agenda package is an agreement that in order to meet certain exemptions to serve in the capacity of underwriter that I am required to provide as well as certain disclosures. That agreement in your package provides for us to get paid nothing unless you decide to move forward with the financing and we successfully deliver that financing. We are asking the board to engage us and there is a standard termination provision, which I'm happy to waive in situations like this where we have small bond issues, uncertainty as to whether or not the board is going to elect to proceed. The board is going to engage us today and to the extent you don't like what you hear or you don't like me and decide not to proceed the board will have no fee obligation to my firm.

Mr. Eldred stated there are statutory reasons why Brett needs to get this signed and get engaged prior to giving the board the information. In order for him to give you what you need you need to enter into this agreement with Brett's firm.

On MOTION by Mr. Clarke seconded by Ms. Andrews with all in favor the agreement with MBS Capital Markets, LLC was approved as amended, waiving the termination provision.

Mr. Sealy stated our role in being engaged as the underwriter is to structure, market and sell bonds to meet the district's goals. What we have been presented with is the possibility of

construction of a recreational facility, at this point in time we haven't been given specifics as I don't think some of those decisions have been made with the size, scope and what the cost of that project may be.

We made an assumption on construction cost estimate of \$1.5 million in order to be able to have any meaningful dialog. Most districts access the traditional bond financing market, refinancing with investment grade rating or credit enhancement or go to one or more banks that would be willing to do a fixed rate refinancing or financing and in this case the district could use some combination of cash and special assessment capabilities so rather than borrowing it would use cash on hand with special assessment.

As it relates to this district there are planned 1,947 units and about 90,000 square feet of mixed use space. That 1,947 is made up of 1,533 single-family units and the remaining 414 in multi-family units. As of today there are roughly 1,200 units that have been vertically constructed within the district leaving the remaining roughly 750 to be constructed. Because of the underlying credit dynamics that exist here today the district isn't 100% vertical it still has roughly 700 or so houses left to construct. It would be very difficult to obtain an investment grade rating or credit enhancement from one of the rating agencies or insurers. From the traditional bond financing perspective our expectation based on the number of deals we are pricing on a monthly basis the district could access that traditional bond financing market on a non-rated basis. We believe that is the district's best financing option today. From a bank perspective we do think the district hasn't quite achieved the level of buildout to attract one or more banks that provide financing, it doesn't mean that they will not but to the extent the district was going to use its special assessment powers to levy assessments to secure a loan the percentage of buildout in our experience it would be very difficult to attract a bank to do that financing.

Mr. Sealy reviewed the three bond financing scenarios using \$1.5 million in construction proceeds and 10, 20 and 30 year duration and stated as to the timeline of the transaction, the two biggest items that need to be accomplished is statutory assessment process the district has to go through as a result of a new project intended to be financed with bond proceeds and the other is preparing an offering document and doing all the due diligence work and we can do those things simultaneously so it is about a 90 day process from the time the district makes a decision as to what they want to do and the engineer's report is prepared and then about 90 days to complete

the statutory process the district needs to go through and for all the professionals to prepare the documentation for an offering document or a negotiated deal.

Mr. Oliver stated we are in a time of rising interest rates so there is no advantage to waiting to get the process started but informally in discussion and I see the timeline would it be something we would want to schedule a public hearing for June or July? I know we still have to get an engineer's report, we need to get an architect onboard also but we can get the funding taken care of and put it in the bank so we can lock in the interest rate. Then you have a little more latitude working through the planning and construction project so you can get all your ducks in a row and make all your selections and start construction. What would be a reasonable goal for starting the assessment process if the board wants to move forward with the financing.

Mr. Eldred stated if the board wants to move forward the engineer's report is the critical component to identify what it is that we want to include. We can't throw everything in there that is not realistic, but we have to have a good idea what we want to include in the engineer's report. There are benefits of moving forward quickly but we need to do it in a very deliberate fashion and June or July is not unreasonable.

Ms. Andrews asked this is a competitive rate if we went to another company?

Mr. Oliver stated this is competitive and the districts that my company works with there is one other group that does it, but they are consistently higher than this. This company is easier to work with in addition to the pricing.

As we look at the timeline going forward there are two other key players in this process, one is the district engineer, George Katsaras, and he would be required to prepare an engineer's report and that engineer's report would outline the different projects the board is pursuing and estimating costs and that would be part of the package so that the investors would know this is what the money is to be used for. Once you did have those funds any expenditure would be in the form of a requisition and the engineer would have to certify that this is in the engineer's report and is qualified to use those bond proceeds for. We couldn't just bring forward and say this is for a project that has nothing to do with the engineer's report. He is part of the process and we need that to be done. Also we are going to have to formally hire an architect. We had Basham & Lucas here about a year ago and they came on an hourly basis to get some ideas and start the discussion. Now this is getting into reality we have to hire an architect and they would be considered but there is the consultants competitive negotiations act and for certain

professionals in Florida that applies and engineers and architects are an example of that. You have to go out with a request for qualifications, any architects that are interested in the project could respond to us, provide their qualifications then the board would rank those qualifications at a public meeting and we would negotiate with the top ranked or most qualified company. The qualifications would not include pricing that would be something that we would discuss after that. That will be the process we will go through. Carl and I talked today about the timeline from issuing the RFQ to getting proposals and it needs to be out there for 14 days.

Mr. Eldred stated we need to publish notice then give 14 days for response. It is something we can fit in before the next meeting.

Mr. Oliver stated our next meeting is May 22nd and I can't be here but someone from my firm will be here. At that meeting you will see the qualifications and make a selection. At the same time we could look at a draft engineer's report and then I suggest we can continue that meeting to a week or two down the road so we can continue to keep the ball rolling and keep it moving. At the next meeting you could finalize your engineer's report, engage the architect we could have those negotiations and enter into a contract at some meeting in early June and then start the assessment process perhaps in early June. I think that would put us in line with our regular June meeting in late June, we would still have a meeting in July but it could be that we would be in a position depending on noticing requirements to have a public hearing in late July. I want to keep it moving, we are not going to rush it, but we are going to move at deliberate speed because if we take a slow approach we may encounter a needless interest rate increase along the way.

Mr. Eldred stated to get it started and start moving forward is a good strategy and allows us the flexibility to adjust as we need to.

Mr. Oliver stated one of the biggest components because this is a new assessment is that 30 days mailed notice and that mailed notice is such that it needs to be not only 30 days from date of mailing to date of public hearing we need some lead time to prepare that because it is a very complicated notice. At the very least when you talk about finetuning that and getting the numbers right and legal review I think that process is at least a week. This is a large district so we would outsource the physical mailing.

Mr. Clarke asked how much input does the engineer and architect need to do their report or does one precede the other?

Ms. Andrews stated I think their concern was also kids were driving.

Mr. Clarke stated if they do the only recourse is to call the sheriff.

Ms. Eggleston stated the only thing we can do is if they are on CDD property. If you don't have a problem with it we can call and consider it a trespass because they are not supposed to have golf carts up here. I think 15 and under they are not allowed to drive a golf cart you have to be 16 or older and have a driver's license.

Mr. Eldred stated just because we are a unit of local government it doesn't mean that we have authority over everything that is within the boundaries of the district.

EIGHTH ORDER OF BUSINESS

Discussion of Aberdeen CDD Newsletter

Mr. Oliver stated the other item in the email was regarding the newsletter for the community.

Ms. Eggleston stated we pulled everything off the website to put it on a pdf and I have not gotten to it yet. It will be up tonight.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Eldred stated before you is a proposed agreement with the Aberdeen Rays Swim Team, which is similar to the agreement we entered into before with the swim team. This tracks the language we put in there last year that both residents and non-residents could be part of the swim team. If there is any change the board wants to implement this is a good time to talk about that as is the fee issue that has been raised in the past. If the district were to charge a fee to non-residents to be members of the team we can do so, however, because that would be considered a rate we would have to go through a rate process, which requires notice and a hearing, etc. in order to do that. I raise that because that is an additional cost and the cost may be more than the fees collected from non-residents. Other than that it would be a continuation of the agreement we had in place and one of the things that has been a concern to the board in years past and is

reflected in this agreement is the fact that there will be at least one of the lanes available for residents to use.

Ms. Andrews asked is this pretty much the same schedule? I don't remember it taking up so many days.

Ms. Egleston stated it is the same schedule as the last two years.

Ms. Andrews stated I am hearing complaints already about the swim team and how it limits the lanes for residents.

Ms. Egleston stated some people don't like to share a lane.

Ms. Andrews stated they are residents and they do pay for it so they do want to be able to have their own lane when they come up here and they only swim 20 or 30 minutes or whatever.

Ms. Egleston stated we are usually able to pick out who needs to have an extra lane we will try to adjust for them.

Mr. Eldred stated since this wasn't included in the agenda we need to open it up for any public comments.

Hearing none, the board took the following action.

<p>On MOTION by Mr. Clarke seconded by Ms. Fore with all in favor the swim team agreement with the Aberdeen Rays Swim Team was approved.</p>
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Mr. Eldred stated the only other thing I have is an update on the acquisition of the one-acre parcel. It is still moving forward, unfortunately it is moving a little slower than anticipated. Everything is lining up it is taking just a little bit longer to coordinate. We are still on track to achieve it within a reasonable timeframe.

B. Engineer

There being none, the next item followed.

C. Manager

Mr. Oliver stated we will start the budget process at the next meeting. We will bring a proposed budget to the board and you have to approve the proposed budget by June 15th of each year and over the summer we will refine that before we have the public hearing. I am meeting

with Lauren and Dan later this week to go over the FY19 budget. One thing we will look at is any impact these improvements will have once they are completed and right now we are looking at completion of those in August or September 2019 so it may not have a huge impact on the FY19 budget.

D. Operation Manager - Report

Mr. Stephens reviewed the items outlined in the monthly memorandum and received approval to move forward with the pool deck lights and was directed to hold off on the fitness center and was authorized to seek lake maintenance proposals.

E. Amenity Center Manager

Ms. Andrews asked can you tell us about the furniture decision?

Ms. Egleston stated the furniture decision was not to get picnic tables. We are not going to purchase lounge chairs we are going to put tables and chairs on the deck that are seating appropriate that we can stack.

ELEVENTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet as of March 31, 2018 and Statement of Revenues and Expenses for the Period Ending March 31, 2018

A copy of the financials was included in the agenda package.

B. Assessment Receipt Schedule

A copy of the assessment receipt schedule was included in the agenda package.

C. Impact Fee Summary Report

A copy of the impact fee summary report was included in the agenda package.

D. Approval of Check Register

On MOTION by Ms. Fore seconded by Mr. Clarke with all in favor the check register was approved.

TWELFTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

A resident stated at the last meeting you talked about sod and people are parking in that area and it is all weeds.

Mr. Oliver stated that is why the board decided not to sod that area.

A resident stated it is supposed to be a green area.

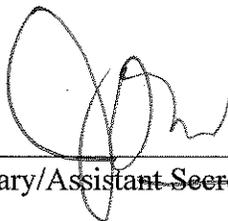
Ms. Andrews stated but people are parking on it.

ELEVENTH ORDER OF BUSINESS

Next Scheduled Meeting – 05/22/18 @ 6:30 p.m. @ Aberdeen Amenity Center

Mr. Oliver stated the next meeting is scheduled to be held May 22, 2018 at 6:30 p.m.

On MOTION by Ms. Andrews seconded by Ms. Fore with all in favor the meeting adjourned at 5:05 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman