

ABERDEEN
COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Aberdeen Community Development District was held Wednesday, August 8, 2018 at 6:00 p.m. at the Aberdeen Amenity Center, 110 Flower of Scotland Avenue, St. Johns, Florida 32259.

Present and constituting a quorum were:

Rhonda Lovett	Chairperson
Angela Andrews	Vice Chairperson
Dennis M. Clarke	Supervisor
Hillary (Beth) Fore	Supervisor

Also present were:

Jim Oliver	District Manager
Carl Eldred	District Counsel by telephone
George Katsaras	District Engineer
Ernesto Torres	GMS, LLC
Lauren Eggleston	Vesta / Amenity Services Group

The following is a summary of the actions taken at the August 8, 2018 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver stated the continued meeting was to have taken place yesterday but due to a scheduling conflict we called a special meeting and advertised it to be held tonight.

Ms. Lovett called the special meeting to order and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Discussion of Financing of Capital Improvements

A. Revised Engineer's Report

Mr. Oliver stated this is an item that we did not complete at our last meeting because some of these documents were not yet complete. The purpose tonight is to get certain documents approved so that we can set a public hearing for the latter part of September. We are here tonight to discuss the financing of the capital improvements not the capital improvements themselves. After we discuss the engineer's report and assessment methodology those two reports will be approved as part of Resolution 2018-05 then we will go to 2018-06 to set the public hearing.

You have seen several versions of the engineer's report and this one is dated July 31, 2018 and the most important thing to note in this is that we clarified a few things that are on the list of 17 projects. For instance, where we have fitness center before we had fitness center and associated site work. Where we had splash pad we changed that to pool improvements that gives you a little flexibility on how to execute these dollars. That most important thing as you look at this is that there are not 17 budgets on this document, there is one budget with \$1.7 million and you can use those funds for anything that is generally covered in the 17 items. I will also point out that if an item is not covered by this engineer's report you can't use those bond proceeds for those projects.

Ms. Lovett stated these are estimated costs and not a budget, we do not have prices, we do not have bids, we do not have approval for anything on this list.

Mr. Oliver stated absolutely and in accordance with the district's rules of procedure, we will go through the public bidding process so you can get competitive bids back and then you will consider those bids. If you are unhappy with the bids you can reject all bids and start the process over with a change in scope if you need to reduce the scope.

B. Consideration of Assessment Methodology

Mr. Oliver stated the assessment methodology tells you how to allocate the assessments. After the table of contents and narrative there is a series of tables and it talks about the scope and this scope is basically tied to the engineer's report and is organized in five sections, scope and benefits of the capital improvement program, development program and the ERUs, summary of the 18 project and section four talks about the financing and how that is allocated over the different product types.

It talks about the fact that Aberdeen CDD was expected to consist of 1,947 residential units and of that number 394 were multi-family, commercial square footage as well as office

space allocated here. All of those will be included in this assessment methodology report.

There is a narrative about the engineer's report that you have already discussed and then the capital improvement program would be those items listed on the report. You will see in bold in that first paragraph under 3.2, certain individual projects may not be constructed due to availability of funding by the district. You won't be into deficit funding or a requirement to complete all the projects. You are going to have to prioritize all your projects as these costs come in.

The overview talks about the fact that the district is considering issuing bonds to finance the 2018 project and this would be bonds in the amount of \$2.2 million. The bonds will be repaid with 30 principal installments and the first payment would be due May 1, 2020 and you would make semi-annual interest payments each year in November and May. We anticipate that we will receive a rate of 5.5%, the fed expects to have two more rate increases this year but investors realize there are going to be increases so they are not blind to that. This is something you go out in the market with and get competitive pricing.

The assessments are allocated in such a way that each of the landowners receive benefit for the payments we talked about. We are going to show you two different allocations of assessments, one based on the current established by the Series 2005 methodology and an alternate in which all the single-family homes are assessed the same and we will talk about that. When you issue bonds there is debt put on every one of the lots and privately owned lands within the district.

Mr. Oliver reviewed in detail the assessment methodology report along with each of the tables, proposed assessments and form of assessment roll and the alternative method of assessment.

Mr. Oliver stated the assessment consultant, Jim Perry of GMS, wanted me to stress two things to make sure you understand because ultimately this is your decision whether you want to go with the flat rate or go with the rate in the assessment methodology. The assessment methodology he used in the assessment methodology report from the Series 2005 Report he followed that same assessment methodology, that is a report that was prepared by Fishkind & Associates when the district was originally established. He also wanted to point out if you follow that report it is very difficult for the district to be challenged in case someone took exception of the fact that they think they should be paying a different assessment. Having said

that this is where we need to have board discussion and you need to give staff what you want to do.

Ms. Lovett asked flat rate or consistent with the current bond assessment?

Mr. Clarke stated I like the same method we used, I think it is less risky.

Ms. Andrews stated I think people might respect property if they know they are paying more they will know that it is not, it is just running the amenities it is not taking care of the property outside the amenities. Everybody is using it the same, everybody has the same and it is accessible for everybody the same and everybody has the same say so I think everybody should pay the same.

Ms. Lovett stated I think in the spirit of consistency, I like the non-flat rate and when I look at the comparison it is really \$26 max difference between the two and because it is consistent and is levied consistent as we have levied every single assessment here I think it does reduce risk for any challenge at any point in the future. If we were talking about a couple hundred dollars difference I may have changed my mind and I would have been happier with the flat rate.

Ms. Fore stated I kind of agree with you. It is going to be less challenge and more consistent if we keep it the way it is.

Ms. Andrews asked what are the issues that would typically come up?

Mr. Oliver stated typically, what happens is one landowner could say, wait a second why are we paying the same assessments when our previous assessment methodology was based on ERUs, what has changed to cause that?

Ms. Andrews stated what has changed is the board members are residents. That is easy to explain.

Mr. Oliver stated when I say challenge I'm not talking about having a discussion about it I'm talking about explaining to a judge.

Mr. Eldred stated I think you are right, Jim, at the end of the day we have a methodology in place that we have followed for a number of years and clearly that is a defensible methodology. To the extent that we divert from that or deviate from that we have to have a reason for doing so. At this stage I have not heard a compelling argument to deviate so from my perspective those are the things that I look at when advising a board on whether or not to pursue a particular option. Again, we have a methodology that has been in place for a number of years

and it is certainly defensible and any time you change or deviate from that then you are opening yourselves up to potential challenges that Jim mentioned and at that point we would need a good defensible basis for making the change.

Ms. Andrews asked adding amenities that everybody is going to use is not enough? I would think that would be enough.

Mr. Eldred stated that is certainly an argument. I think when you look at the methodology and the way that the methodology is calculated and it is not as fully set out in this report as it is an update report but there is a lengthy discussion as to how the ERUs are calculated. What we would need to do if we were to change and go with the alternate approach we would then need to revise and change that ERU calculation and say how that has been changed. While we have the table that Jim's group has provided to give examples to what is the price difference, which then really brings the question to the board, is this something that you really want us to go forward and revise the methodology to allow for this allocation shift. We would need to work with the methodology consultant to beef that up in order for it to be a fully defensible methodology.

Ms. Andrews stated then it would cost more money to change it.

Mr. Eldred stated yes. You would need to prepare another assessment methodology and go through that evaluation and when I say prepare another one, you would change that section within this existing report, which also would bring with it delays in being able to move forward with this financing process. We would need to come back in another two weeks to adopt a resolution and the resolutions that are before us today.

Ms. Lovett stated we are in agreement and we will keep the current method of assessment, which is not a flat rate.

Mr. Oliver stated those two reports will be exhibits to the first resolution that Carl will describe.

C. Consideration of Resolution 2018-05 Declaring Special Assessments for New Project

Mr. Eldred stated before you are two resolutions, the first one is 2018-05, which is the resolution declaring special assessments. It establishes that the board has decided to move forward with certain infrastructure improvements that are set forth in the engineer's report, which is attached as Exhibit A to the resolution. There is also a finding that benefits will accrue

to the property and that special assessments will be made in proportion to the benefits received and that those are set forth in the supplemental special assessment methodology report, which is attached as Exhibit B to the resolution. It establishes that assessments are going to be levied to defray the cost of the improvements. It sets forth that the total estimated cost of the improvements is \$1,712,000 and that the assessments will actually defray \$2,210,000, which as Jim explained when going through the methodology includes not only the estimated construction costs, but also the cost of issuance, capitalized interest and debt service reserve requirements. The resolution finds that the assessments will be apportioned and paid consistent with the methodology set out in Exhibit B and that the assessments will be levied on all lots and lands within the district that are benefiting from the improvements. It also notes that the assessments will be paid in not more than 30 annual installments and also notes that the board will adopt a subsequent resolution that sets the public hearing allowing the public the opportunity to comment on the proposed assessments and also directs the district manager to publish this resolution twice, once a week for two weeks in the newspaper.

As noted it does attach the engineer's report and the assessment methodology and in approving this resolution you will also be approving those two documents as well.

Ms. Lovett stated this is the resolution that declares but it doesn't mean we are tied to this because we still have to get public comments and that could change.

Mr. Eldred stated correct. It kicks off the process so we then have the public hearing at which point the board will take comments from the public and will evaluate those comments before levying assessments.

Ms. Lovett asked in addition to the public notice, is it possible to work with the HOA to make sure we get this out to people that live here?

Mr. Oliver stated absolutely, we also send mailed noticed to every landowner.

On MOTION by Ms. Lovett seconded by Ms. Fore with all in favor the Resolution 2018-05 approved.

D. Consideration of Resolution 2018-06 Setting a Public Hearing on Special Assessments for New Project

Mr. Eldred stated next is the resolution setting the public hearing, which we are required to have. We intend to have the public hearing September 25th at 6:30 p.m. We will complete the resolution with that date in the resolution. This resolution notes that the board has previously

some people but will negatively impact more people. That is why the board decided to go that way.

Ms. Andrews stated it will also postpone the time that we can get this done.

A resident asked has there ever been any special assessments before?

Mr. Oliver responded although we use the words “special assessment” it is a legal term, these are assessments, the assessment is what you pay on your property tax bill every year, it is the debt service assessments from the bond issued in 2005 as well as the operating and maintenance.

A resident stated what you are considering right now is an increase to your current assessment, not a special assessment but an increase to your current assessment.

Mr. Oliver stated yes, it is a new assessment and is called a special assessment but it is a new assessment for the Series 2018 Bonds.

A resident asked of the 17 projects we would like to do and we are getting a bond for how are they put in order of priority or does it come to money or does it come to the community that votes on it?

Ms. Andrews stated it was originally the residents when you filled out the survey and the fitness center was no. 1.

Ms. Lovett stated we have space constraints so a lot of it once we get the site plan are going to be eliminated by constraints of our space. We have had public forums and I think we still have opportunity for input.

Mr. Oliver stated right now you are just trying to lock in the money because the interest rates are rising.

FIFTH ORDER OF BUSINESS

**Next Scheduled Meeting – August 28, 2018 @
6:30 p.m. @ Aberdeen Amenity Center**

Ms. Lovett stated our next scheduled meeting is August 28, 2018 at 6:30 p.m. here at the amenity center.

On MOTION by Ms. Andrews seconded by Ms. Fore with all in favor the meeting adjourned at 6:52 p.m.

August 8, 2018

Aberdeen Community Development District



Secretary/Assistant Secretary



Chairman/Vice-Chairman