

ABERDEEN  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Aberdeen Community Development District was held Tuesday, October 16, 2018 at 6:30 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 (by telephone)
Hillary (Beth) Fore	Supervisor
Gary Davis	Supervisor

Also present were:

Jim Oliver	District Manager
Carl Eldred	District Counsel
George Katsaras	District Engineer
Brian Stephens	Operations Manager
Ernesto Torres	Governmental Management Services
Lauren Egleston	Amenity Center Manager
Dan Fagen	Vesta/Amenity Services Group
Sete Zare	MBS Capital Markets, LLC
Camille Evans	Greenberg Traurig (by telephone)
Several Residents	

The following is a summary of the actions taken at the October 16, 2018 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

**FIRST ORDER OF BUSINESS**

**Roll Call**

Ms. Lovett called the meeting to order at 6:30 p.m. and called the roll.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

A resident asked what is a true up agreement?

Mr. Eldred responded it is related to the bond financing and it is an agreement between the district and the developer dealing with the allocation of assessments and that is not going to be considered tonight; that will be continued to the next meeting.

**THIRD ORDER OF BUSINESS**

**Affidavit of Publication**

A copy of the affidavit of publication of the public hearing was included in your agenda package.

**FOURTH ORDER OF BUSINESS**

**Approval of the Minutes of the September 25, 2018 Meeting**

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor the minutes of the September 25, 2018 meeting were approved as presented.

**FIFTH ORDER OF BUSINESS**

**Public Hearing Regarding Assessments for the Series 2018 Capital Improvements**

**A. Overview of Project**

Mr. Oliver stated originally Aberdeen was started by three developers: SouthStar Development, Wood Development and DR Horton. The CDD was established in November 2003 The CDD issued bonds in 2005 to fund construction of the existing amenities, roads, storm water management facilities and system, entry features and other improvements throughout the district. Over time as communities move toward buildout, many districts determine that their amenity center may be too small and overcrowded to meet resident demands. Eventually you are going to have over 1,900 single family and multi-family residences in Aberdeen. It is going to be a very large community and the board has been looking at expanding the footprint of this amenity center and a funding source for new construction. Your fitness room is relatively small, not based only for the number of residents that you have currently or will have at buildout, but also compared to other CDDs as well as other non-CDD communities. There has been a lot of board discussion on the subject at monthly public meetings over the last couple of years. Additional, to gather resident input, a series of surveys were sent to residents., Resident responses informed the board of what type of improvements residents preferred. We put together a list of those improvements for funding consideration: a fitness center, fitness center equipment, pool and pool deck lighting enhancements for certification of night swimming, more shade structures on the pool and other areas, a splash pad for toddlers to use in the pool area, playground expansion, pocket park enhancements throughout the community, outdoor fitness circuit training, bocce ball court,

shuffleboard court, pond fountains or aeration systems to help combat algae growth and for the aesthetics, entry feature upgrades at main entries and neighborhood entries basketball court improvements, , remodel of the existing fitness room, and , a dog park, and water drinking fountains.

These have price estimates attached to them and they total \$1.7 million worth of projects. This is not a budget, these are cost estimates. Through board interaction with the residents over the next six months or so, you will decide what will be built, priority of potential projects, design the projects, prepare a construction scope and go out to competitive bid for pricing. It is not until you receive actual proposals that you will know what the actual costs are going to be. Construction costs have spiked over the last 18 months. It is typical for resident-controlled Boards for districts that are 10 or 15 years old, to start considering capital improvements. The CDD is acquiring a one-acre parcel adjacent to the current amenity center, so you have room for expansion. That brings us to how we got this this point in the process. There is still much planning to be done in terms of architectural and engineering design and document preparation. The board will to continue to seek feedback from residents for project priorities and design.

On MOTION by Ms. Fore seconded by Mr. Davis with all in favor the public hearing was opened.

Mr. Eldred stated there are a couple of things I would like to go through before we get to the public comment. We are going to be looking to adopt the assessment resolution tonight and essentially this public hearing is to consider public comment on the imposition of the special assessments that will be used to pay for the improvements that Jim just mentioned. Those assessments are obviously going to be consistent with the issuance of the Series 2018 Bonds. For purposes of the minutes I would like to make sure that my comments are set forth in detail in the minutes of this meeting. Attached to the assessment resolution there are two documents, one is the engineer's report that you have seen previously and also the assessment methodology. We have George, the district engineer here and Jim outlined the projects, but I would like George to give an overview of the projects and the cost estimates attributed to those projects.

Mr. Katsaras stated we have the fitness center and associated site work and what we used for the cost estimate for that was comparable projects we have done recently, primarily at Bartram Springs. All these estimates were based on what we had. Fitness equipment we assigned a number

knowing there were going to be fees for additional equipment for the new building. The night swim lighting is to improve the lighting on the pool deck to get the pool adequately lit for night swimming to meet health department standards. Shade structures for the pool deck, pool improvements that could be a couple things, one being a splash pad, two lighted tennis courts, budget estimate to expand the playground, improvements to the pocket parks spread throughout the community with shade structures. Outdoor fitness circuit training, estimate for bocce ball court, estimate for a shuffleboard court, estimate for pond fountains and diffusers. These would be determined by the board as to which ponds receives fountains or diffuser. Upgrades to entry features, basketball court fencing and a line item for repurpose existing fitness center. When the new fitness center gets constructed we would retool what is in the existing area. An estimate for a dog park and an estimate for new drinking water fountains at the amenity center and pocket parks.

Mr. Eldred stated this is the wish list these are the things that by including them in the engineer's report are things we can use the bond proceeds to pay for. However, depending on the actual cost, the costs may be higher or lower, we don't know but it is up to the board's discretion based upon actual costs as to which of these items will get constructed. There will be a process by which the board works with the residents to go through that process and determine what gets funded.

Ms. Lovett stated the items on this list came from surveys, a series of meet and greets with the board members with the residents and it was all resident driven feedback and input.

Mr. Eldred stated there are a couple questions that I need to ask George. Based upon your professional experience are the cost estimates in your report reasonable and proper?

Mr. Katsaras responded yes.

Mr. Eldred asked are you aware of any reason to believe the project cannot be carried out by the district?

Mr. Katsaras stated no.

Mr. Eldred stated next, we will discuss the attachments to the resolution and that is the supplemental special assessment methodology report for the special assessment revenue bonds series 2018. This report is dated October 16<sup>th</sup> and it has been revised slightly since the last time it was presented to the board. I will note that the engineer's report has not changed since it was last presented to the board. The methodology report was slightly changed to accommodate and account

for some adjustments in the units and at this point I will ask Jim to give an overview of the assessment methodology.

Mr. Oliver stated the original bonds were issued in 2005 based on an assessment methodology report that was prepared by Fishkind & Associates. The Series 2018 assessment report follows the same methodology and allocates the assessments in the same manner as the 2005 report. There are some undeveloped areas owned by D.R. Horton and they have slightly reduced the number of units to be built in those areas. That reduced the unit count for the total assessments. The one-acre parcel I mentioned earlier was originally assessed in 2005 to have multi-family homes built there. The one-acre recreational parcel was taken from that parcel and not eligible for assessments as it will be owned by the CDD. The unit count has changed since we sent mailed notice based on the assessment methodology that you approved at your September 11<sup>th</sup> meeting. Despite unit count changes the actual assessment projection based on market conditions has gone down slightly from what was noticed in the mailed notice and published twice in the newspaper. The underwriter hasn't gone out to market yet to price the bonds.

The assessment methodology report is broken down into two sections: the executive summary section and a series of tables which serve as report exhibits. The executive summary has the introduction, which includes the scope of the report, the special and general benefits in the report and we talk about special and general benefits. The residents of this community get the special benefit because they have access to the improvements to be constructed with bond proceeds. The general public does not have access to these improvements unless they are willing to pay a non-resident fee to use them, which seldom happens because the fee is around \$2,000 per year.

Section 2 is an overview about the development. It mentions Aberdeen CDD is anticipated to consist of 1,918 residential units, of which 390 are multi-family. There are also be office and commercial parcels and they are currently assessed. The report outlines the different types of single family lots ranging from the 53-foot units to the 80s, and the multi-family units. The capital improvement program is included in the engineer's report. This includes a list of potential projects and anticipated costs. Highlighted at the bottom of the engineer's report is a statement that reads "certain individual projects may not be constructed due to availability of funding by the district". The list of eligible projects must be prioritized in such a way that if there is not enough money to fund everything, those items at the bottom of the list won't be funded by bond proceeds. That is

not to say that you can't fund them through other sources. You may have to tap into your capital reserves if you still want to proceed with those lower priority projects. The overview talks about issuing the Series 2018 Bonds, the issue would be for an amount of \$2.2 million and that will generate \$1.7 million for the projects. The assessments will layer onto the existing debt for the Series 2005 Bonds.

Table 1 is the different product types, Table 2 is all the projects that are eligible to be funded with these proceeds, Table 3 is sources and uses of the bond proceeds. The uses would be the construction funds of \$1.7 million, \$70,285 to establish a debt service reserve fund, which is 50% of the max annual debt service, cost of issuance is \$134,036, underwriters discount is \$50,000, capitalized interest is \$103,678 to make the interest payments until the new assessments are collected for FY20. At the bottom of the page it projects the issue date would be November 19<sup>th</sup>, an average coupon rate of 5.33%, a term 30 years and capitalized interest will be for one year of interest payments. Table 4 shows the different product types, the number of units for those product types, the per unit par debt and per unit annual assessment. For the largest product type, the annual assessment would be approximately \$109.41 and new debt would be \$1,515. Smaller product types would be assessed a lower amount, consistent with the 2005 assessment methodology report. For single-family 53 lots the par debt would be \$1,003 and annual assessments would be \$72.46. For multi-family units, the debt is projected to be \$502 and annual assessment of \$36.23.

Mr. Eldred stated there are two criteria that a special assessment would need to be valid and those are, the lands subject to the special assessment must receive some special benefit and the other is the special assessment must be reasonably apportioned amongst those units' subject to the special assessment.

Jim, in your professional opinion do the lands subject to the assessments receive special benefit from the district's improvement plan?

Mr. Oliver responded yes.

Mr. Eldred asked is it your opinion that the special benefits the lands will receive as set forth on the final assessment roll will be equal to or in excess of the special assessments that are allocated as set forth in the methodology?

Mr. Oliver responded yes.

Mr. Eldred asked in our professional opinion are the special assessments reasonably apportioned among the lands subject to the special assessments?

Mr. Oliver responded yes.

Mr. Eldred asked is it your opinion that it is reasonable, proper and just to assess the cost of the project against the lands in the district in accordance with your methodology, which results in the special assessments set forth on the final assessment roll?

Mr. Oliver responded yes.

Mr. Eldred asked is it your opinion that is in the best interests of the district that the special assessments be paid and collected in accordance with the methodology and the district's assessment resolution?

Mr. Oliver responded yes.

**B. Public Comment**

Residents asked how would the ponds be selected to have fountains or aerators and commented that fountains were cosmetic and didn't really help with the algae issue,

Mr. Oliver stated it is a potential project list. As a rule of thumb, the construction funds are to be fully executed three years after bond issue. The board will likely focus on the bigger projects first, then pivot to smaller projects as funding allows. The board will be judicious in making those decisions.

Other resident comments and discussion included process for design of fitness amenity, pare down the wish list to a needs list, use reserves instead of issuing bonds, flat assessments rates for all products types rather than tiered assessments so that everyone shares equally, do another survey to prioritize projects, stocking ponds with fish to fight algae, minimum number of proposals to be considered for construction projects, basis of cost estimates, soft costs for engineering, architecture and legal, amount of ongoing maintenance, make sure everybody receives a survey.

Mr. Eldred stated you have heard from the residents and it is up to the board as to whether or not they want to make any adjustments to the proposed special assessments. One thing I would like to clarify is that the numbers that Jim read from the updated assessment methodology are current and that is our best as to where we are and our financing team has addressed this and those are the numbers we think we are going to come in at. I want to clarify that we publicly noticed numbers that were slightly higher recognizing that the numbers that were published would be the maximum assessments that would be assessed. I would like to read them into the record, single-family 80-foot would be \$117.28, single-family 73-foot \$107.49, single-family 63-foot lot \$92.69,

single-family 53-foot lot \$77.89 and multi-family would be \$38.95, commercial would be \$77.89 per square foot and the office would also be \$77.89 per square foot. That is the max, the cap that has been established. Does the board wish to make any changes to the assessments as has been noticed and been provided to the residents?

There being none, Resolution 2019-02 was considered.

**C. Consideration of Resolution 2019-02 Assessment Resolution**

Mr. Eldred stated Resolution 2019-02 imposes the special assessments. I will read the title of the resolution into the record. A resolution of the Aberdeen Community Development District authorizing district projections for construction and/or acquisition of infrastructure improvements; equalizing, approving, confirming and levying special assessments on property specially benefited by such projects to pay the cost thereof; providing for the payment and the collection of such special assessments by the methods provided for by Chapters 170, 190 and 197, Florida Statutes; confirming the district’s intention to issue special assessment revenue bonds; providing for the application of true-up payments; making provisions for the transfers of real property to homeowners associations, property owners associations and/or governmental entities; providing for the recording of an assessment notice; providing for severability, conflicts and an effective date.

I will briefly discuss the sections of the resolution, section 1 sets forth the board’s authority to adopt the resolution, section 2 makes certain findings on the steps taken to date as well as the evidence presented at today’s hearing, section 3 authorizes the district project, section 4 identifies the estimated cost of the improvements, section 5 equalizes, approves, confirms and levies the special assessments, section 6 provides for the finalization of the special assessments, section 7 provides for the payment of special assessments and method of collection, section 8 provides for the application of true-up payments, which there will be a subsequent agreement with the developer, section 9 provides for property owned by HOAs, POA, or governmental entities, section 10 provides for the recording of the notice of the assessments, and sections 11 and 12 are administrative in nature.

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor Resolution 2019-02 was approved.

On MOTION by Ms. Fore seconded by Ms. Andrews with all in favor the public hearing was closed.

**SIXTH ORDER OF BUSINESS**

**Consideration of Resolution 2019-01  
Delegated Award Resolution**

Mr. Eldred stated Resolution 2019-01 is the delegated award resolution. Camille Evans is your bond counsel and she prepared this document.

Ms. Evans stated Resolution 2019-01 presents the authorization for the district to issue special assessment backed bonds for the purpose of providing financing for the amenity project you have been discussing. Specifically, these are to be financed within the parameters of the bonds that would finance the cost of that project would be paid with the assessments that will be levied on the land within the district. The resolution provides for a negotiated sale of the bonds appointing MBS Capital Markets as the underwriter for the bonds. They would facilitate the district's access to the capital market, provide the initial offering, the proceeds that would fund the project and also facilitate the ability for the bonds that are issued to then be traded on the open market. In section 7 are the parameters for the sale of the bonds, specifically those parameters provide that the bond would be issued in an amount not to exceed \$2,210,000. Two notes about the parameters, what we tried to do with the underwriter is that we set parameters that were not too broad so that they are not in a position where the district is issuing debt. One of the benefits of having a negotiated sale is that it allows the district to get into the market and work with the underwriter to find the best interest that is available. There will also be funding for capitalized interest the cost of issuance, and the costs of the professionals. Attached to the resolution are a number of exhibits, specifically you have a preliminary limited offering memorandum, which is the offering documents that the district creates and the underwriters use to market the bonds to the public. You also have the continuing disclosure agreement, which is an agreement that is required by counsel to provide annual updates. You have a bond purchase agreement that governs the sale of the bonds to the underwriter. Deemed final, which is another required document from the SEC where underwriters deem the preliminary offering memorandum final before they go into the market before closing on the sale of the bonds. We will ultimately close on a later date based upon specific schedule and financing for the project.

Ms. Zare stated I just realized one of the parameters, underwriters discount, is the greater of 2% of par and the investment banking agreement is actually the greater, 2% of par or \$50,000

and given the size of this transaction it is actually going to be \$50,000 so I wanted the parameter to state that.

Mr. Eldred stated it is an investment banking rule, in essence we would look to approve the resolution with the understanding that revision would be made and in addition what this is doing is this resolution allows the district to go out to market and start that process of marketing the bonds, selling the bonds and the actual final numbers that will be achieved, interest rates, etc. that is what Sete does, she will try to get you the best deal that she can to bring down the assessments the cost of actually borrowing this money. The numbers are going to change and we have the draft documents that essentially acknowledge that these are initial documents and as we go out to market we will fill in some of those blanks but we have gone through the process of establishing the outer bounds, which began with the noticed assessment levels. This allows us to go to market then we will have another meeting, a pre-closing meeting and I will bring to you another assessment resolution that will have all these final numbers set.

On MOTION by Ms. Andrews seconded by Ms. Fore with all in favor Resolution 2019-01 was approved as revised to reflect the underwriter fee of not less than the greater of \$50,000 or 2% of the aggregate face amount of the Series 2018 Bonds exclusive of the original issue discount.

**SEVENTH ORDER OF BUSINESS**

**Consideration of True-Up Agreement**

This item tabled.

**EIGHTH ORDER OF BUSINESS**

**Consideration of Resolution 2019-03 Amending the Fiscal Year 2018 Budget**

Mr. Oliver stated as a governmental entity in Florida we are required prior to the FY18 audit to bring all the line items into balance. The exhibit to this resolution includes all the general fund line with the FY18 adopted budget amounts and a second column showing amounts of increase or decrease those line items so we bring the budget into balance.

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor Resolution 2019-03 was approved.

**NINTH ORDER OF BUSINESS**

**Consideration of Resolution 2019-04 Surplus Fitness Equipment**

Mr. Eldred stated it has come to our attention through Lauren that there are two treadmills that are broken and we need to replace them. Since they were bought with district funds we need to dispose of them appropriately. Lauren has found a local church that would take them. She spoke with the company we bought the current treadmills from and they saw no value in the old ones. There is a formal process we have to go through, which is presented in Resolution 2019-04, which makes the findings necessary to donate surplus property.

Ms. Lovett stated I have heard that it is manufacturers malfunction and I know we have had some issues with it. If we donate this to a church does that hold us liable or is it absolved?

Mr. Eldred stated we have used a bill of sale in the past, which essentially will recognize that and will be a release of any claims and I can prepare that for this transaction.

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor Resolution 2019-04 declaring surplus fitness equipment to donate two treadmills to a non-profit organization was approved.

**TENTH ORDER OF BUSINESS**

**Consideration of Proposals**

There being none, the next item followed.

**ELEVENTH ORDER OF BUSINESS**

**Consideration of Options to Repair Pond Bank**

This item tabled to allow staff to communicate with D.R. Horton and research the development of the area where the pond is located. The board delegated Supervisor Andrews to coordinate this effort with staff.

**TWELFTH ORDER OF BUSINESS**

**Ratification of Audit Engagement Letter with Berger Toombs Elam Gaines & Frank for Fiscal Year 2018**

On MOTION by Mr. Andrews seconded by Ms. Fore with all in favor the engagement letter with Berger Toombs to perform the fiscal year 2018 audit was ratified.

**THIRTEENTH ORDER OF BUSINESS**

**Discussion of Capital Projects**

There being none, the next item followed.

**FOURTEENTH ORDER OF BUSINESS      Other Business**

There being none, the next item followed.

**FIFTEENTH ORDER OF BUSINESS      Staff Reports**

**A.    Attorney**

There being none, the next item followed.

**B.    Engineer**

There being one, the next item followed.

**C.    Manager**

Mr. Oliver stated Sete Zare of MBS Capital Market mentioned we are going to need another meeting for approval of 1 bond issue related documents and to have a pre-closing for execution of documents. We are looking at November 13<sup>th</sup> at 4:00 p.m. for a brief meeting to approve required documents and execution of documents by the chair. We still have a regular meeting scheduled for November 27, two weeks later.

**D.    Operation Manager - Report**

Mr. Stephens reviewed the items outlined in the monthly memorandum, which was included in the agenda package.

**E.    Amenity Center Manager**

There being none, the next item followed.

**SIXTHEENTH ORDER OF BUSINESS      Financial Reports**

**A.    Balance Sheet as of September 30, 2018 and Statement of Revenues and Expenses for the Period Ending September 30, 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. Approval of Check Register**

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor the check register was approved in substantial form and Vesta to credit the district \$85 invoice #347013 dated August 31, 2018.

**SEVENTEENTH ORDER OF BUSINESS Supervisors Requests and Audience Comments**

Ms. Andrews stated we all work together and I have heard from some residents when I talk or say something faces are being made. I would appreciate no faces being made. I appreciate everybody giving their time being on the board but residents are saying I'm being disrespected.

Ms. Lovett stated I think we all need to respect each other. I did get a code of conduct from Jim and it might behoove us all to take a look at that and we can alter it for our district and it would hold us all accountable for how we represent the district. I will have it ready for the next meeting.

Mr. Davis stated Lauren and I will be meeting with folks to discuss Christmas decorations and how we are going to move forward with them. We had some concerns from last year that will be addressed and we need to figure out if we are going to continue to go that direction or a different direction in terms of the group that was contracted. We are trying to do it for the least amount of money possible and we weren't super impressed with what we got last year.

Ms. Egleston stated I don't plan to buy anything this year. I think what we had last year works and I would like to add more lights but I don't feel that we need to find more greenery. I don't feel the need to have that expense I would rather put money into additional lights.

A resident stated my wife contacted Brian a couple times and you have not responded about the pond guys. You had a guy take care of the pond and he put ruts into my grass with a four-wheeler.

Mr. Stephens stated I brought it up to two different people.

A resident stated I don't know when you talked to them but as of Thursday it was still an issue. He was driving too fast.

Ms. Andrews stated he has to post when he sprays because some people have invisible fences and the dog has access to get all the way back there so they have to know when it is sprayed.

A resident stated I would like to make sure that we get quotes for the fish because the midges are ridiculous behind my house and I can't get anyone to treat them. Everybody says we should put catfish in the pond. When is the appropriate time to get quotes?

Mr. Stephens stated the target install would be the end of March first of April. I would say February because they told me 60 days out.

A resident asked do we know the approximate cost?

Mr. Stephens stated it depends on how many ponds that we do.

A resident stated I want Angela to stay on the pond issue because that should be at D.R. Horton's expense. Regarding the medians I am going to watch that closely because it was a great idea of extending that from Durbin Crossing, but it has become a complete eyesore and if it can't be improved maybe we need to go back to the drawing board and look at other ideas or get some money back. You have grasses out there and weeds stand taller than the grass and if you spray herbicide there is a possibility that all that grass will die off.

Mr. Stephens stated there is a selective herbicide that will kill hardy species.

Ms. Andrews stated we also changed landscape maintenance companies and that should make a difference.

**EIGHTEENTH ORDER OF BUSINESS      Next Scheduled Meeting – 11/13/18 @ 4:00 p.m. @ Aberdeen Amenity Center**

Ms. Lovett stated our next meeting is scheduled for November 13<sup>th</sup> at 4:00 p.m. and we will cancel the October 25<sup>th</sup> meeting.

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor the meeting adjourned at 8:30 p.m.

  
Secretary/Assistant Secretary

  
Chairman/Vice Chairman