

ABERDEEN  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Aberdeen Community Development District was held Tuesday, May 24, 2016 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:

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

Also present were:

Jim Oliver	District Manager
Carl Eldred	District Counsel (by telephone)
Louis Cowling	GMS, LLC
Jackie Krabill	Vesta/Amenity Services Group
Dan Fagen	Vesta/Amenity Services Group

The following is a summary of the actions taken at the May 24, 2016 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 4:00 p.m.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

There being none, the next item followed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the April 25, 2016 Meeting**

On MOTION by Mr. Hogan seconded by Ms. Andrews with all in favor the minutes of the April 25, 2016 meeting were approved.
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**FOURTH ORDER OF BUSINESS**

**Acceptance of the Minutes of the April 25,  
2016 Audit Committee Meeting**

On MOTION by Mr. Hogan seconded by Mr. Clarke with all in favor the minutes of the April 25, 2016 audit committee meeting were accepted.

**FIFTH ORDER OF BUSINESS**

**Acceptance of the Fiscal Year 2015 Audit  
Report**

Mr. Oliver stated you have in your agenda packet the audit report. It is a clean audit and once you accept the audit report we will put it in final form and provide it to the auditor general and post it on the website EMMA so that investors can look at this for the strength of the bonds that they have invested in or wish to invest in. On page 2 of the opinion letter you will see that it says in our opinion the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities in each major fund of the Aberdeen CDD as of September 30, 2015. This is in conformity with accounting principles generally accepted in the United States of America. The next several pages are management discussions and analysis and those are followed by the year-end financial statements followed by notes to the financial statements. On page 29 it talks about the litigation and settlement agreement and Note J is the bond restructuring agreement, both things in which the board was heavily involved in bringing this district back to financial health. Beginning on page 30 is the independent auditor's report on internal control over financial reporting and you will see it talks about identifying deficiencies and it says during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. Beginning on page 32 is the management letter and you will see that one of the findings in the 2013 audit talks about the reserve requirement. As we were going through the financial difficulty we were actually keeping afloat by the bondholders providing additional operation and maintenance funds to make up for the assessments we were not collecting and they were tapping the reserve fund to do that and we did not meet the reserve requirements because the bondholders were tapping the reserves. We should not have that problem going forward. That is also referred to when it talks about the deficit fund balance on page 33 but again it was because we had been tapping the reserve fund, you went through the process to restructure the bonds and I don't see that problem going forward. On page 33 under financial condition you will see that the last sentence in the first paragraph says, the CDD did not

meet any of the conditions described in section 218.503(1) Florida Statutes. Those conditions would merit emergency financial conditions so we are no longer in that situation. On page 35 you will see the report regarding compliance with Section 218.415 and the last sentence says, in our opinion the CDD complied in all material respects with the aforementioned requirements during the year ended September 30, 2015. We are in good shape and it is good news for the district and the bondholders.

On MOTION by Mr. Hogan seconded by Ms. Andrews with all in favor the fiscal year 2015 audit report was accepted and staff authorized to transmit the final document to the State of Florida.

**SIXTH ORDER OF BUSINESS**

**Consideration of Resolution 2016-04  
Approving the Proposed Fiscal Year 2017  
Budget and Setting a Public Hearing Date for  
Adoption**

Mr. Oliver stated this is the actual start of the budget process. Once you approve the proposed budget we have a public hearing no sooner than 60 days and during that period we will refine the budget, hold a public hearing and then you would adopt a budget. I suggest that you take the entire summer to review this and set the public hearing for our August meeting, which is a 4:00 p.m. meeting and I suggest that we have the public hearing at 6:00 p.m. so that residents can come if they want to. We will approve a proposed budget today knowing that it is subject to change because there will be a lot of input over the next 90 days and set that public hearing. The budget that we are starting with is a continuation budget, pretty much what we had for fiscal year 2016. The assessment levels stay exactly the same and there is no increase in assessments.

Mr. Oliver reviewed the changes in the proposed general fund, debt service fund and capital reserve fund budgets and Mr. Fagen reviewed the changes in the amenity center budget.

Mr. Oliver stated we will have the budget on the agenda for both the June and July meetings for discussion.

On MOTION by Ms. Andrews seconded by Mr. Hogan with all in favor Resolution 2016-04 approving the proposed fiscal year 2017 budget and setting August 23, 2016 at 6:00 p.m. at the same location for the public hearing was approved.

**SEVENTH ORDER OF BUSINESS****Consideration of One-Acre Parcel Purchase Agreement**

Mr. Eldred stated we are not in a position yet to exercise the option but we wanted to nail down and finalize the form of the purchase and sale contract so that when we are ready to exercise the option we are ready to go. I'm sure that Jim has distributed a copy of the first amendment to the amended and restated agreement. Essentially that is a very simple document that sets forth and memorializes the amended purchase price. Originally we established a purchase price for the one-acre parcel of \$108,000 but we were able to negotiate a \$1 purchase price of the one-acre parcel. Upon the district exercising the option the parties shall enter into and execute a real estate contract in substantially the form attached as Exhibit B. We did include the amended and restated agreement as Exhibit A, that is the agreement the board entered into in December 2014 with D.R. Horton, which establishes the original option agreement. We included that so we have a complete paper trail and on page 4 of that document under paragraph 2 it sets forth the operation and maintenance claim that we resolved and also establishes the original option to purchase the one-acre property. It notes in that paragraph that the option shall remain effective for a period of three years following the date of the agreement. Keep in mind that the option will expire on December 20, 2017.

The first document I will speak to is the vacant land contract and is the base document to which we attach the more specific contract. It sets forth that the property has to be purchased and the purchase price is \$1. This is a standard form contract so many of these provisions you cross out if they are not applicable and there are a few on the first and second pages. We establish the closing date, closing costs, and we included that the seller will pay all typical seller closing costs. Buyer shall pay all outstanding CDD assessments on the property and that was agreed to in the original agreement and we have discussed that in the past. The district will have the option to perform a feasibility study, which is basically an investigation and inspection of the property, including an environmental inspection if we so chose. Seller will provide us with a title insurance commitment. Page 6 refers to additional tests and refers to the addendum to the contract and notes again that the buyer will pay all outstanding CDD debt assessments on the property.

The addendum is found in your agenda package. Basically the property is sold as is, where is, with all faults, which basically means we have the option to inspect the property, and if we decide to buy it and we are buying it warts and all. On page 2 item "h" buyer's additional

representations, warranties and covenants, primarily says that the buyer acknowledges and agrees it has had the opportunity to inspect the property and is not relying on the representations of D.R. Horton. Page 3 paragraph 7 is seller's obligation to construct Road BB2, modify the development order and cooperate in permitting. These provisions are carried over from the underlying agreement. Currently there is no road allowing us to gain legal access to the one-acre parcel. This parcel was intended to be part of the multi-family development by D.R. Horton and there is a road in the plans and we have carried over D.R. Horton's obligation to construct that road and the original agreement allows them four years from the date of entering into the underlying agreement to build that road.. Also, it contains seller's obligation to modify the development order and to obtain any necessary permitting that may be required to move forward in converting the land use of that property from multi-family dwelling to amenity center or whatever it is we decide to construct on that parcel. The rest of the terms in the agreement are pretty standard terms.

Ms. Lovett stated on the sketch that accompanied the agreement I see proposed stormwater management facility and a lot of conservation easements. How much of this one-acre is restricted to conservation and where is the road going in relation and the proposed stormwater management facility?

Mr. Eldred responded as far as the conservation easements, I don't believe that impacts the one-acre parcel at all. I don't believe the road impacts the parcel much either, but I'm not 100% certain on that. If you look at the road outline I believe that is not included in the acreage boundary of the one-acre parcel. As for the stormwater management facility, I don't recall off the top of my head.

Ms. Andrews stated that is a mistake.

Mr. Hogan stated it shouldn't be in this package.

Ms. Lovett stated I was confused on how that got in there and didn't understand the relevance.

Mr. Eldred stated I think this provision references paragraph 6 the dedication. If I recall correctly this was stormwater management facilities that we needed conveyed to the district but I don't think have been constructed at this time.

Mr. Cowling stated that five-acre pond has been constructed and I don't know if it is a stormwater pond or borrow pit that is connected to the commercial component. There is an

outlet pipe but I don't think there is an inlet pipe going into that pond. That is something the multi-family might need or our site might need in conjunction with that but I'm not 100% sure.

Mr. Eldred stated this may be something that George identified that we needed as part of our operation and part of generally controlling and managing the stormwater. This acknowledges that D.R. Horton is going to dedicate these ponds to us. It doesn't have anything to do with the option, which is why it is not referenced in the option agreement. There is nothing in the option agreement that changes the underlying deal other than the purchase price.

Ms. Lovett stated we are recognizing the sketch for Shetland, we are not recognizing on the very back page the sketch to accompany the description. In terms of where that is it doesn't make relative sense to us.

Mr. Eldred stated this one may well be a water retention pond that we haven't had dedicated to us that we need to have dedicated to us. Nothing that we are doing in the option agreement before you changes this. The stormwater management facility descriptions that are attached as Exhibit B to the amended and restated agreement that was signed in 2014 all relate back to paragraph 6 in that document. It is a dedication where D.R. Horton agrees to dedicate those two stormwater management facilities to be built on the defaulted property. This was part of the underlying bankruptcy issue and I seem to recall these were two stormwater management facilities that we needed to get conveyed to us for purposes of our stormwater management system irrespective of the option agreement. These are good questions but I don't want you to confuse the fact that the stormwater management facilities have nothing to do with the option agreement before you tonight. I will speak to George and get clarification on that so I can answer it more fully next time.

On MOTION by Ms. Andrews seconded by Mr. Hogan with all in favor the first amendment to the amended and restated agreement between Aberdeen CDD and D.R. Horton changing the purchase price from \$108,000 to \$1 was approved.

**EIGHTH ORDER OF BUSINESS**

**Review of Draft Capital Reserve Study Update**

Mr. Oliver stated you have a copy of the draft capital reserve study update and it was provided to you separately so you could use it as reference material. We talked about this a few meetings ago and you directed staff to get a proposal from Charlie Sheppard, authorized

Supervisor Dennis Clarke to review the proposal and execute it. He did so and we have the study started and at the last meeting you ratified the proposal and we have the first draft of the product here. Essentially what we try to do with this is program what our costs are going to be going forward for the repair and replacements of capital assets and that we set aside enough money to cover those costs. Expenditures for each given year can go up and down pretty wildly and we are trying to be predictable and have a slow steady ramp up of revenue collections based on the numbers we project.

If you look at page 1-3 you will see the different components and systems that we have and we have those listed, the date in service, when we expect it to be replaced, the useful life and we also put a price tag on that. Some of the items you will see such as fitness equipment, pool pumps we don't know exactly when they will go out although we can have predictable ranges but when they go out, they go out and you have to replace them so we build in an allowance for those kinds of items. A little later in the meeting we will be talking about pool deck furniture and that is something you will see on page 2-1 what he predicts needs to be done in FY16 and FY17. This is based on Louis meeting onsite with Charlie Sheppard and taking a look at all the assets and coming up with their projections, Louis with his construction experience and Charlie Sheppard along with his construction experience has a propriety program he uses that projects a lot of these values. You will see pool furniture is one of the items on there and we expect a cost of about \$5,000 this year in expenditures, which is pretty much what is going to be recommended to you by Jackie today but not for next year, immediately because with the increased usage of the pool there is going to be a shortage of furniture.

This identifies the assets, put a cost on it and when it is time to replace it we have the money for that. In the early years things can be pretty predictable without factoring in hurricanes and other acts of God. When we go further out it is a little more crystal ball and things can change dramatically and expenditures can have sudden spikes. When we resurfaced the pools two years ago we were doing that for about \$100,000 for a pool this size and that almost doubled this year because it is in such demand. Dennis and I will continue to work on this and we will bring a different version to the next meeting. We want to look at not just reserves for repairs and replacements but we have to think about how we are going to fund the recreational facilities for the one-acre parcel.

Mr. Oliver then reviewed with the board the draft capital reserve study update.

**NINTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**TENTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

There being none, the next item followed.

**B. Engineer**

Mr. Oliver stated I had a conversation with George Katsaris with regard to the medians that D.R. Horton is going to fund and the district will work with them on this. He mentioned that unofficially St. Johns County told him some of the elements of the discussion if the county is willing to move forward with it would be the district signing a hold harmless agreement for the work done in those medians, enter into a maintenance agreement for those areas within the district then it would need to go before the county commission for approval. There may be some exceptions to that but right now that is what has been outlined for George. I'm sure that we would involve Mr. Eldred in the process too when it is that time. I think Bob said the improvements were in the neighborhood of \$400,000 to \$450,000.

**Consideration of Work Authorization No. 24**

Mr. Oliver stated this is a work authorization for consulting work that is done related to these actions and that is to prepare landscape and irrigation plans based on the concept drawings provided by D.R. Horton and coordinate approval of the landscape and irrigation plans through St. Johns County and that is at an estimated fee of \$17,000. We would draw down that \$17,000 as he brought invoices in for approval.

Ms. Lovett asked do we add to that some sort of supervision? We have a neighborhood and 90% of the palm trees are dead that D.R. Horton and their contractor have installed and they didn't die right away. My greatest fear is getting all these palm trees put in and a year goes by they didn't install them to the right depth so is there a way to have some supervision from our perspective?

Mr. Oliver stated often when the district has a project we actually have someone do contract administration whether it is the engineer or the operations manager. In this case it is a D.R. Horton project, however, let me get with Bob Porter on this and also talk with George and with Louis and we will find a way to do that. It is in our best interests to make sure it was done right. We are solving some installation problems at St. Johns Golf & Country Club because they weren't installed right. We will bring something back.

On MOTION by Mr. Hogan seconded by Ms. Lovett with all in favor work authorization no. 24 in the amount of \$17,000 was approved.
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**C. Manager**

**1. Report on Number of Registered Voters (1,820)**

Mr. Oliver stated we have a letter from the supervisor of elections for St. Johns County indicating we have 1,820 registered voters in the district. We are required to put that on the record once a year.

**2. General Election**

Mr. Oliver stated there are two seats to be filled by general election, seats 2 and 4. The qualifying period for those seats is from noon June 20<sup>th</sup> to noon June 24<sup>th</sup> and for more information you can contact the supervisor of elections.

**D. Operation Manager - Report**

Mr. Cowling reviewed the items outlined in the monthly report, which was included in the agenda package.

**E. Amenity Center Manager - Report**

Ms. Krabill reviewed the amenity center activities and maintenance items, which were outlined on the monthly memorandum, which was included as part of the agenda package after which the following actions were taken.



**TWELFTH ORDER OF BUSINESS**

**Security Discussion (Closed Session)**

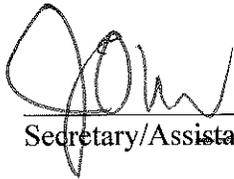
There being no new information the security discussion and closed session will take place at the next meeting.

**FOURTEENTH ORDER OF BUSINESS**

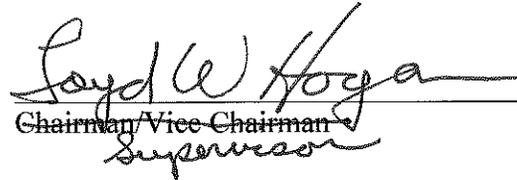
**Next Scheduled Meeting – 06/28/16 @ 6:00 p.m. @ Aberdeen Amenity Center**

Ms. Lovett stated our next scheduled meeting will be June 28, 2016 at 6:00 p.m. at the same location.

On MOTION by Mr. Hogan seconded by Ms. Fore with all in favor the meeting adjourned at 5:31 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman

Supervisor