

ABERDEEN
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Aberdeen Community Development District was held Tuesday, May 23, 2017 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 (by telephone)
Gary Davis	Supervisor

Also present were:

Jim Oliver	District Manager
Carl Eldred	Hopping Green & Sams
Louis Cowling	Riverside Management
Lauren Egleston	Vesta/Amenity Services Group
Dan Fagen	Vesta/Amenity Services Group

The following is a summary of the actions taken at the May 23, 2017 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 6:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

A resident stated a survey went out but was there an item on there that there might be an increase in CDD fees to go along with it.

Ms. Lovett stated there has not been. We have a lot of work left to do.

Ms. Fore joined the meeting by telephone at this time.

Ms. Lovett stated in terms of the results of the survey there are a lot of interconnected pieces and we want to make sure that we understand what residents want then we need to better understand with the space limitations and how we are going to pay for that. What we are doing

now and we will get into that later in the agenda but the costs associated with items, the relevance of the survey then talk about additional workshops, surveys and things like that to get with our residents to make sure this is what this item will cost and this is how we propose to fund it. We haven't gotten into any discussion of fees or anything like that.

A resident stated in the March minutes it was mentioned that the response was very low and if they knew there might be an increase your response rate may be higher.

Ms. Lovett stated you are right we had about 590 responses and it is not open and shut at this point. We want to make sure residents know what the potential costs are for the things that they really want and there will be ample opportunity to make sure we assess that.

A resident asked how was the survey developed and is it still open to suggestions?

Ms. Lovett stated the survey was developed through resident and board input and in looking at other communities and feedback that we have gotten about popular items. We did collect resident feedback initially. That particular survey is closed but any additional input or feedback I think we are all open to that.

A resident asked when are we purchasing that piece of property?

Mr. Oliver stated we are not purchasing it we are paying the debt off it and it will be paid off in the next 60 days or so.

A resident asked has anyone contact D.R. Horton to see what they would charge to build that?

Mr. Oliver stated we are not going to contact D.R. Horton to assist us with something until we know what residents want and what residents are willing to pay.

A resident stated in the last few weeks a lot of people have been coming in and fishing and we live on King Solomon Drive and people think they can access the lake between our house and our next door neighbor. There is a lot of misinformation about the policy regarding fishing on the lakes and I would like the board to communicate that policy.

Ms. Lovett stated let's move that to the second audience comment section since that is not an item on the agenda and we can address it there.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the April 25, 2017 Meeting

Ms. Lovett stated at the bottom of page three I'm not sure that was Angela or myself who made that comment.

Ms. Andrews stated that was me.

On MOTION by Ms. Andrews seconded by Mr. Davis with all in favor the minutes of the April 25, 2017 meeting were approved as amended.

FOURTH ORDER OF BUSINESS

Acceptance of Draft audit Report for Fiscal Year 2016

Mr. Oliver stated you have a copy of the draft audit in the agenda packet and this needs to be provided to the auditor general by June 30th and you are getting this accomplished in plenty of time. It is in draft form so if you make any changes we will finalize it and provide it to the auditor general. It is a clean audit and the opinion letter is on page 2 and in the top paragraph 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 as of September 30, 2016 and these are in conformity with accounting principles generally accepted in the United States of America. Over the next several pages is management's discussion and analysis of the district's financials and those are followed by the summary financials for the year ending September 30, 2016. After the governmental fund accounting you will see the notes to the accounting reports and this puts into narrative what the reports show in the financial statements. Following the notes to the financial statement on page 29 you will see the independent auditor's report on internal controls and in the last paragraph you will see the auditor put in that during our audit we did not identify any deficiencies in internal controls that we consider to be a material weaknesses. Two pages later you will see on page 31 the management letter and under findings and recommendations, one of the findings is the debt service reserve requirement for the Series 2005 Bonds were not met at fiscal year end and the recommendation is the district should make necessary arrangements to ensure funds are available to make debt service payments. The management response was in May 2015 the bankruptcy court approved an agreement whereby the new developer acquired the land and related debt. The funding reserve requirement that was not met for the Series 2005 as a result of a clerical error and this finding has been completely corrected as of September 30, 2016.

The important thing to note is the reserve requirement is to pay the bondholders in case enough assessments are not collected to make the debt service payments for both interest and principal and all of those have been made.

There are certain conditions described in Sections 218.503(1) Florida Statutes, which would indicate a financial emergency. This statement says that in connection with our audit we determined that the district did not meet any of the conditions described in Section 218.503(1) Florida Statutes.

Under other matters you will see that the auditor does not have any recommendations to improve financial management in connection with the audit. The last paragraph in that section, they are required under the rules of the auditor general to address any non-compliance with provisions of contracts or grant agreements and it says that in connection with our audit we did not have any such findings.

On the last page Section 218.415 has a report of compliance that is to be filed by the independent accountant and the last paragraph it says in our opinion Aberdeen CDD complied in all material respects with the aforementioned requirements during the year ended September 30, 2016.

This is the kind of audit that is good for us in the bond market if we ever refinance or seek additional bonds and it is good for the bondholders also.

Dennis Clarke provided me a change for the auditor to make on page 6, they had columns that should have been shown as 2016 and 2015 and they labeled both columns with the same year and we will get that corrected.

Once the board accepts this in draft form we will finalize it and provide it to the auditor general as well as post it to the district's website.

On MOTION by Ms. Andrews seconded by Mr. Davis with all in favor the draft fiscal year 2016 audit report was accepted.

FIFTH ORDER OF BUSINESS

**Consideration of Resolution 2017-06
Approving the Proposed Budget for Fiscal
Year 2018 and Setting a Public Hearing Date
for Adoption**

Mr. Oliver stated this is the official start of the budget process you will actually have a budget hearing on August 22, 2017 at 6:00 p.m. By approving this today we spend the next 90 days refining this to get it to where you want it to be. Chapter 190, F.S. requires that we approve a budget by June 15th of each year and provide it to the local government in this case St. Johns

County and we set a public hearing no less than 60 days after that approval and in this case we are going out about 90 days with the budget hearing to be August 22nd.

You have before you what I will call a continuation budget there are no changes to the total, there are no changes in assessments, however, as you go through this budget over the coming months especially by the time we complete the July meeting we will have these line items fine-tuned and we will also have two more months of financial data so we can make accurate projections on how 2017 is going to end up. You may see some numbers that are going to need to be changed there may be some increases you need for instance in reclaimed water that may need to go up, electric may need to go up or it may come down because of some of the lighting you are putting in that is going to be LED. The additional item we put in with the Parkway may cause lighting to go up. You will be able to look at all those holistically and decide over the next two meetings what line items need to be increased and whether or not we can cover those increases with cuts in other line items or if you need to have some type of increase in assessments. We anticipate having an increase in the capital reserve contribution this year in keeping with the capital reserve study.

The subsequent pages are the line item descriptions, then the income statements for the debt service funds for the Series 2005 as well as 2006-1 Bonds. As you will recall the Series 2006-2 Bonds were retired last year. Finally, you will see the capital reserve fund, which we anticipate bringing forward about \$100,000 during FY 2018.

On MOTION by Ms. Andrews seconded by Mr. Davis with all in favor Resolution 2017-06 approving the proposed fiscal year 2018 budget and setting the public hearing for August 22, 2017 at 6:00 p.m. in the same location was approved.

SIXTH ORDER OF BUSINESS

Ratification of Third Amendment to Swim Team Agreement

Mr. Eldred stated at the last meeting the board decided to extend the membership of the Aberdeen Swim Team to non-residents. We previously entered into the agreement with the swim team under the original understanding that it was open only to residents and at the board's direction we tweaked that, amended the agreement, and that has been executed by all parties. Basically we just need the board to ratify that agreement.

Ms. Andrews asked did we discuss this? We didn't discuss a fee.

Mr. Eldred stated at the last meeting the board direction was to extend the agreement.

Ms. Andrews stated to residents.

Mr. Eldred stated no, to expand it so that it is open to non-residents.

Ms. Andrews stated I thought we said we had to discuss more as far as a fee because the non-residents were people who had a contract for purchase of a home.

Mr. Eldred stated specifically what we did in Attachment 1 is we expanded subsection 2 basically to address district residents or those related to a district resident, future resident with a contract to purchase property within the district, paid users of the district's facilities, lifeguards at the facility, which was already included, and swim team coaches. We did expand it to include those that are going to be future residents or relatives of existing residents.

Ms. Andrews stated now I think what is being brought up is non-residents are interested that are not going to be future residents.

Mr. Oliver stated I thought at the last meeting we talked about six or seven non-residents and as we discussed each one individually they all met those very restrictive categories so it is not to expand beyond that.

Ms. Egleston stated we did talk about that. Since then I have had six more that have contacted me when we originally said we were going to have 60. I have 37 swimmers total to include the six we previously discussed that did qualify as being related to residents and I had two or three that didn't fit into that criteria they would be extended family being watched over the summer. Maybe that is where the question is still going.

Ms. Andrews stated I thought it was discussed.

Ms. Egleston stated I am perfectly fine with an additional fee going forward. You and I have discussed it. The option they have is to pay the CDD fee.

Mr. Eldred stated remember one thing I pointed out last time is if the district is going to charge a fee to be a member of the swim team, that is outside the existing non-resident user fee of \$2,500, that is something we have to do by rulemaking, which requires a public hearing.

Ms. Lovett asked how many kids are you looking at?

Ms. Egleston responded with the six that I have, two are in the same situation they are brother and sister and will be here with family sharing joint custody and a teen that lives down the street.

Ms. Lovett asked how many don't qualify for any of these exceptions?

Ms. Egleston responded three.

Ms. Andrews stated that is three right now and it is something new I would rather put it in the books now and not say you are okay and next year there are five or ten or whatever. I would rather redo this now.

Ms. Fore stated I agree with Angela I would rather get this taken care of now.

Mr. Eldred stated we just need to think about how we do that because previously there was reluctance of the board to generally opening it to non-residents. I think what we are now talking about is a number of scenarios and variables that we can't account for and address specifically, therefore, we would open it to non-residents and in the past the board had been concerned about the number of non-residents. If that is still a concern of the board then we need to think about language to place some type of guidance on the number of non-residents that would be allowed on the swim team.

Mr. Davis asked if we vote to allow non-residents to be on the swim team the swim team could charge a fee that would be levied by the team and the money would go to the team; however, if we elect to not allow non-residents as it stands now they would have to purchase a non-resident membership.

Mr. Eldred stated no they are different things. The board can allow for residents and non-residents to be on the swim team and there are a number of districts that do that. There are also districts that have established a fee for non-residents. There are districts that have the swim team collect the fee for non-residents. Those are all mutually exclusive, so the board can handle this however they wish. We can simply just state swim team members may be residents and non-residents, and then leave it to the swim team every year to evaluate how that percentage works, or if that is a concern of the board then the board can put some parameters around the number of residents versus non-residents.

Ms. Andrews stated I would think that it would be early open season for the residents and then non-residents would be eligible as long as it didn't fill up with non-residents.

Ms. Egleston stated I think you are saying that there is a point where it is residents only and if we have openings you would be willing to accept non-residents.

Ms. Lovett stated I agree.

Ms. Andrews stated I am aware that Julington CDD charges the entire CDD fee for the swim team. I'm not saying we need to do that I'm saying what would we need if there is extra insurance we have to have or anything to cover us.

Mr. Eldred stated the insurance is covered by the swim team and the swim team organization.

Ms. Egleston stated they pay a registration fee that covers the insurance.

Mr. Eldred stated the resident/non-resident status doesn't alter insurance coverage.

Ms. Egleston stated once they sign the dotted line they are covered under the league's insurance.

Mr. Andrews asked you are telling me they can't go after Aberdeen also?

Mr. Eldred stated I would never say that, the point being that it doesn't change. A resident could come after the district, a non-resident could come after the district, that doesn't change the risk.

Mr. Fagan stated there is a threshold that a swim team has to meet in order to compete and if you don't meet that threshold then you have 30 resident kids that can't swim because you don't meet the minimum criteria for the league. You can partner with another community and meet those minimum thresholds. That has benefit as well.

Ms. Lovett stated I would be willing this year to move forward and let the swim team set a fee it is three kids and then we add onto our budget meeting and set a fee structure for 2018.

Ms. Fore stated I agree.

Mr. Eldred stated we would need a motion to amend attachment 1 to the swim team agreement to open it up to non-residents and that would be it for this agreement and if we have a fee for next season we would change that agreement next year.

Ms. Andrews asked do we definitely have to change this being that there are three? If we change it that is opening it up to more on-residents than was discussed.

Ms. Egleston stated today is our deadline for swim team if you haven't signed up you are not going to be on the team.

Ms. Andrews asked does this have to be changed?

Mr. Eldred stated I think so because it doesn't allow for non-residents at this time and it is a simple language change.

Ms. Lovett stated it is three kids so we would be comfortable approving an amendment to add non-residents.

Mr. Oliver stated I would add language that non-residents may only use this facility for practices and meets they do not have access to the rest of the amenities and facilities nor do the families. Carl will bring back an agreement for you to ratify.

Mr. Eldred stated I will bring back a revised agreement and seek to ratify that at the next meeting.

SEVENTH ORDER OF BUSINESS

**Ratification of Agreement with E Static, LLC
for Pool Slide Painting Services**

Mr. Eldred stated this is in the form of our traditional services agreement and it is for work that has now been performed by E Static and was executed per the board's direction and we need the board to ratify it.

On MOTION by Mr. Davis seconded by Mr. Clarke with all in favor the agreement with E Static, LLC for pool slide painting in the amount of \$6,500 was ratified.

EIGHTH ORDER OF BUSINESS

**Discussion of Financing Option for Potential
Capital Improvements**

Mr. Oliver stated you are looking at roughly \$1.5 million worth of projects. Once you get costs and get information out to the residents on a survey it may be that certain projects don't go forward and there may be some new projects that you identify through the process. We wanted to look at what type of financing was available and the funding available in hand, which would reduce the amount of money that you would have to finance. I reached out to MBS Capital Markets, the underwriter that issued the bonds in 2005, as well as the two series in 2006, and asked them to run scenarios that would generate \$1.5 million worth of proceeds and finance that over 10, 20 and 30 years. The more years you spread it out the lower the assessments would be, but you would also have more financing costs. The assessment tables are on the handout. Based on the product types and for a 10 year term the assessments would range from \$124 to \$188, 20 years would go from \$62 to \$93 per year. In looking at the undesignated reserves as well as capital reserves, as a result of the bankruptcy process you have about \$600,000 in cash right now and included is about \$500,000 for repairs and replacement, but the largest repair and

replacement is the pool resurfacing that you did during the winter of 2015. I have also taken into account that you are going to designate about \$120,000 to the debt payoff on the parcel and we also have remaining operational costs for the rest of this fiscal year as well as we put aside \$154,000 for operating during October and November until the assessment receipts start rolling in for FY 2018. You have over \$600,000 and you could put some of that toward a project and do a combination of issuing some lesser amount of debt and use some of this to supplement that. We can also look at traditional bank financing, which would probably result in some lowered underwriting costs; however, since you will be securing this debt with assessments on all the lots there are still quite a few costs with attorneys and underwriters so it wouldn't be as simple as a home loan.

Within the next couple of months you will refine the survey you send out and add some items if people have suggestions and give an idea of what assessments would be.

Ms. Lovett asked can we get a list of the potential cost per item?

Mr. Oliver responded we had a list by item at the last meeting and it totaled about \$1.8 million and some of them were mutually exclusive because they used the same footprint of land. If you build project A on that site you eliminate project B unless you find another site to do that and that is where discussions with D.R. Horton can be helpful. Anything to help them sell homes will help this community if we can come up with some type of joint venture but we need to be more solid with what we want before we go to them and ask for assistance.

Ms. Andrews asked is there a way to assess everyone the same rather than go by lot size?

Mr. Oliver responded we can run the numbers for the assessments to be flat among all the single-family and multi-family and we would probably take commercial and office out of it because if this is pure recreational they are going to get zero benefit from this. We can run the numbers and talk to the assessment consultant.

Ms. Andrews stated once we make a decision on what we are going to build I would like to get a cost to maintain the additional facilities also.

NINTH ORDER OF BUSINESS

Consideration of Towing Policy

Mr. Cowling stated this is basically for the right hand side of the entry going down from the corner to the lift station.

Mr. Eldred stated the board can enact a towing policy whereby we contract with a towing company that complies with statutory and local laws that apply to that particular service. We will put signs in the areas designated as towing areas and they can tow those vehicles that are illegally on district property. It sounds like the area we are talking about is county right of way and generally the county right of way will go to the back of the sidewalk.

Mr. Oliver stated we are saying that we are going to designate all common areas as no parking zones because it is damaging turf and irrigation systems. The policy is adopted then you will enter into an agreement with ASAP Towing and ASAP will tow those vehicles once a representative of the district gives the okay. We will request "no parking" signs and ask them to enforce the towing zone and if they want to enter into an agreement with ASAP Towing for those county areas that would be between St. Johns County and ASAP.

On MOTION by Ms. Andrews seconded by Mr. Davis with all in favor the towing policy was approved.

On MOTION by Ms. Andrews seconded by Mr. Davis with all in favor staff was authorized to enter into an agreement with ASAP Towing.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Eldred stated the legislative session has concluded in Tallahassee and there are several bills floating out there but with no significant impact to the district. There are some tweaks to public records requirements that relate to the ability to collect attorney's fees etc. but nothing that is of a daily consequence to the district.

B. Engineer

There being none, the next item followed.

C. Manager

1. Report on the Number of Registered Voters (2,059)

Mr. Oliver stated Florida Statutes require that each year the district put on the record the number of registered voters that reside in the district and we have a letter from the supervisor of elections indicating that there are 2,059 registered voters as of April 15, 2017.

2. Discussion of Amenity Center Violations

Mr. Oliver stated there has been an uptick in misbehavior here at the amenity center. Every district goes through this at some point. The district's policies anticipates this and the last page of the policies shows what the consequences can be if people will not follow the amenity center policies. We are at the point that we need to enforce them more strictly and some people have been warned about their behavior, parents have been contacted and parental leadership is the very best remedy to problems like this. When these things occur I need to be brought into the loop immediately by staff so we can make a decision whether or not a certain punishment needs to be levied. Right now staff has the authority to send anyone home, to leave the facility if they don't follow the policies. Beyond that staff also has the authority to suspend someone's access to the amenities on a temporary basis until the next board meeting. We would bring that matter to the board. The board would have the opportunity to confirm that suspension, extend the suspension or relieve that suspension based on the facts of the case and the person who is accused of violating those policies will have an opportunity to come before the board and give their version of the story. We are going to send out an eblast this week reminding everyone what the policies are with a link to the entire policies.

D. Operation Manager - Report

1. Report

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

2. Lake Doctors Proposal

This item tabled.

E. Amenity Center Manager - Report

1. Report

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

2. Office Furniture Proposal

On MOTION by Mr. Clarke seconded by Mr. Davis with all in favor the proposal for the office furniture and flooring from Home Depot/Designer Lifestyles in the amount of \$3,400 was approved.

3. Pressure Washing Proposal

On MOTION by Mr. Davis seconded by Ms. Fore with all in favor the proposal from Veteran’s Elite Services in the amount of \$2,000.00 for pressure washing services was approved.

TWELFTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of April 30, 2017 and Statement of Revenues and Expenses for the Period Ending April 30, 2017

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 Ms. Andrews seconded by Mr. Davis with all in favor the check register was approved.

THIRTEENTH ORDER OF BUSINESS Supervisors Requests and Audience Comments

A resident stated putting information on Facebook was useful because it highlighted the misinformation that as out there about the lights, fishing, lakes, access to the lakes. You

mentioned that you would reiterate the amenity center rules, etc. and maybe it could include something about lake access.

Ms. Lovett stated residents or non-residents accessing residents' yards to get to lake property to fish we put up a screen shot of the policies that dealt with the access. There is confusion in the way it is interpreted.

Mr. Eldred stated it is owned by each resident and the district has an easement that runs around the lake and that is an access and maintenance easement to the district to do the things it has to do. It is not common property that residents have the right to access. These are individual resident's lots so unless the resident given them permission to be on their property they have no right to access that easement.

Ms. Lovett stated we have a lot of new residents and it may be time for a refresh and highlight certain the areas of the rules and send that out.

A resident stated we moved from Palm Coast and one of the amenities they had was park benches and when I bike I see beautiful places where a few park benches would be not only refreshing but a good amenity. Can you consider putting in a few of them here?

Ms. Lovett stated that is a great idea.

Mr. Oliver stated we will get some quotes.

Ms. Egleston stated we sent an email about a year ago about the lake policies and we could send out updated policies in the July newsletter.

Mr. Clarke stated I think we ought to look at our amenity center policies as it relates to ease of a resident's access with food and alcohol. We have a courtyard that could be used.

Ms. Egleston stated I know this area was probably designed for the adults to relax and have a glass of wine but I'm concerned if they are up here they are not watching their children in the pool area.

Mr. Clarke stated they are responsible for themselves and their children. I would like to see this amenity center used more than it is. Look at the policy and let's have suggestions.

Ms. Lovett stated let's add that as an agenda item for next month.

FOURTEENTH ORDER OF BUSINESS **Next Scheduled Meeting – 06/27/17 @4:00 p.m. @ Aberdeen Amenity Center**

Ms. Lovett stated the next meeting will be held June 27, 2017 at 4:00 p.m. in the same location.

On MOTION by Mr. Davis seconded by Ms. Andrews with all in favor the meeting adjourned at 8:00 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman