

ABERDEEN
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of the Board of Supervisors of the Aberdeen Community Development District of June 23, 2015 was reconvened July 7, 2015 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:

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

Also present were:

Jim Oliver	District Manager
Carl Eldred	Hopping Green & Sams
Darrin Mossing	GMS, LLC (by telephone)
Bob Porter	DR Horton

The following is a summary of the minutes and actions taken at the July 7, 2015 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Hogan 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

Update on Bond Restructuring

A. Consideration of Resolution 2015-05 Declaring Additional Series 2006-1 Bond Assessments

Mr. Eldred stated I wanted to give you an update on the restructuring package that we talked about previously, then there are two resolutions we will need to consider, one declaring additional assessments on the 2006-1 Bonds and a resolution setting a public hearing.

As you know DR Horton is now the sole holder of the outstanding bonds, the 2006-1 Bonds and 2006-2 Bonds that are over the currently undeveloped land. Horton also owns the undeveloped land. As a result they have asked the district to work with them on developing a restructuring plan so that we can bring those 2006 Bonds out of default and in addition also address the 2005 Bonds that are also in default at this time due to the litigation and bankruptcy that we had. In summary what has been proposed is in relation to the 2005 Bonds Horton has agreed to waive the outstanding principal and interest on those bonds and also agreed to bring current the debt service reserve fund. In essence all of those actions will bring the 2005 Bonds out of default, which is what we want, we want fully performing bonds and that will also have a benefit to the district in that it will make it easier for the district to refinance those bonds in the future.

Regarding the 2006 Series Bonds, which we refer to as the impact fee bonds, the 2006-2 Bonds will be turned in by Horton for cancelation so those 2006-2 Bonds will go away and will no longer exist. The 2006-1 Bonds, the plan anticipates extending the maturity date of those bonds. Currently, those -1 Bonds are due to mature this year, meaning that they are fully payable this year. Horton has proposed extending the maturity date of those bonds by ten years through November 2025, and in addition to increase the debt assessments on those bonds. That in essence will reduce the amount of bonds that will need to be turned in for cancelation to make these performing bonds again. In addition, there is also a request for any excess impact fees to be transferred to DR Horton. Let me explain the nature of the impact fees. Under the current supplemental trust indenture dealing with the 2006-1 Bonds and the -2 Bonds, the -2 Bonds were intended to be paid fully by the impact fee credits that were previously obtained by the original developer of the district in 2005. Then any excess impact fees would then flow to and pay off the 2006-1 Bonds as well. Ultimately if everything performed and went through as intended and there was no default there would be some of those impact fees once the -1 and -2's were paid off, any of those excess impact fees would flow to what is called an R&R fund, which is a repair and replacement fund, which could be used by the district for very limited purposes and that would be to pay for any repair and replacement of the roads, that were built under the impact fee agreement with the district and also for the parks that were built. The roads and parks were dedicated to the county so they are now wholly owned by the county, so this fund would be available for limited purposes. It is not something the district could use for the amenity center

for example. Had that flowed through and performed then there would be some moneys flowing into that. As it is, with the default, it is questionable how much money would flow to the R&R fund as things exist and carried on today. It could be zero, at the very maximum we estimate it could be about \$400,000, but that is unlikely given the default of those bonds over the past few years. The reason I mention all of that is under the restructure plan, instead of those funds flowing to the R&R account, they would actually flow to DR Horton. Part of the reason for that is, as the bondholder they are handing in and canceling a number of their bonds, waiving their principal that they would have received, so in essence it is somewhat of a deferred payment to the bondholder.

Today we are not asking you to vote or adopt or approve that package. However, under the first resolution that declares additional assessments, we will be starting the assessment process that would increase those debt assessments on the restructured 2006-1 Bonds. The formal action will take place at the public hearing, which is to be held no sooner than 30 days after today.

Mr. Clarke asked the impact fee payments from zero to \$400,000 they are still to be collected from homeowners of yet to be developed properties? Is that the source?

Mr. Porter stated whenever you pull a building permit in St. Johns County the builder pays the impact fee and something we thought we should mention is the restructuring that Carl is talking about is only for the impact fee bonds. The 2005 Bonds that are the long-term bonds that everybody in the first phase is paying, the folks in the second phase will be paying exactly the same amount as the first phase. We are just bringing them current so that somebody who buys a lot in the new section will pay the same debt assessment as someone who is on a lot in Unit 1. It is only the impact fees that the builder pays.

Mr. Clarke asked were the proceeds of those bonds used for the parks that are now owned by the county?

Mr. Eldred responded there was an agreement at the beginning of this development with the county whereby the district and the developer agreed to build the roads and I think Longleaf Parkway is one of them and three or four different roads and those roads in addition to the lighted baseball fields and soccer fields. The developer agreed to build those in exchange for impact fee credits. These impact fees are charged by the county to a developer to offset the impact of each new residence on the parks and also the roadways. As part of the deal with the

county the district and developer received impact fee credits based upon the amount of money that was used to construct the roads and those parks that were ultimately dedicated to the county. That was the consideration that is how the county in essence paid for those improvements.

Mr. Clarke asked the county is not poised to intercept these fees?

Mr. Eldred stated when the 2006-2 Bonds were initially set up they were set up such that the impact fee was the same amount as the assessment on those 2006-2 Bonds so the impact fee credit would be applied and those moneys would be sent to the bondholder to offset and completely wipe out that assessment. What has happened is over the years those impact fees have gone up so the credit is worth more, it is worth more than the assessment on the bond so there has been some excess. The excess under the indenture has been flowing to pay off the 2006-1 Bonds again in theory because we have had a default the trustee has diverted some of those funds to other expenses of the district so not all of the principal has been paid off. Again, that was the structure under the existing indenture. The change here would be that the 2006-2 Bonds would be handed in for cancelation, they would go away we would have restructured 2006-1 Bonds, which the assessment would be commensurate with the existing impact fee so that once the house is energized the impact fee credit would be applied and that assessment would go away on that particular unit.

Ms. Lovett asked extending the bond maturity to 2025 what is the direct impact to the district with that?

Mr. Eldred responded there isn't any impact to the district. The assessment will be paid off by the impact fee credit. The extension is beneficial to the district because it is a way to get the bonds performing again. It is beneficial to DR Horton as the landowner and also the bondholder to be able to extend the due date for payment of those bonds by another ten years and it allows them to build out the development and for the impact fees to be applied as they were originally intended under the indenture, that is as the house is finished and energized then that assessment goes away by application of the impact fee credit.

Resolution 2015-05 is a resolution that is required by Chapter 170.03, Florida Statutes and is the resolution that kicks off the assessment process. The plan envisions the increase to the debt assessments for the 2006-1 Bonds and this is what we call the declaring resolution. It declares the special assessments that are going to be imposed and the key provisions are those provisions that outline the nature of the plan. On page 2 it talks about DR Horton intending to

waive the principal and interest and replenish the debt service account on the 2005 Bonds to bring them back into performing status. It references the fact that Horton intends to turn in all the outstanding 2006-2 Bonds for cancelation. Horton has requested the district to restructure the 2006-1 Bonds to reduce the amount of bonds that must be canceled to bring them into performing status again and the district intends to restructure the bonds by extending the maturity date to 2015 and adjusting the assessments and the ERU factors on the property that is subject to those 2006-1 Bonds. Again, just the undeveloped property.

It is anticipated that the restructure will result in the par debt assessment being certified for collection on a per unit basis being increased and that has been requested by the owner of the property subject to the 2006-1 assessments. Finally, and this really goes to the methodology, and that is within this resolution we determined that the new 2006-1 assessments that will be levied are consistent with the methodology that has been developed by GMS and will be attached to this resolution. This resolution kicks off that assessment levying process and as you will see on page 4 the assessments will defray approximately \$4,875,000, which is the anticipated outstanding par amount of the 2006-1 Bonds after some of those bonds have been canceled.

Mr. Oliver stated you have a copy of the methodology and this report mirrors essentially what Mr. Eldred has already told you both in his opening remarks as well as the resolution he just described. It is broken down into two sections, there is a narrative and there is also a series of eight tables that developed the information we need to be an exhibit for the resolution.

Inside the front page is the narrative and this hits the key points that Mr. Eldred talked about. In the first paragraph you can key on the fact that this is focused on the remaining undeveloped lands within the district. The second paragraph tells us why we are doing this and it shows that the previous landowners did not pay their assessments, as you well know from the last few years we have been through. The new and current landowner as well as the trustee wants these to be performing bonds so they have asked us to restructure those bonds so that it can be in a performing status. The next paragraph shows that the bonds are to mature November 1, 2015 and we want to extend that date to November 1, 2025. The par debt unit assessment is going to go up for these units, but again it doesn't affect the current residents. The paragraph at the top of the next page does talk about a slight change to the number of units. The previous landowner developed a surface water management facility and that has reduced the number of residential units by four. Finally, it talks about the fact that we are establishing new ERU values, or,

equivalent residential unit. We tag the 55 foot product as a base ERU of 1 and then the units with more square footage are a multiple of that. The next four sections did not need to be updated from the previous assessment methodology.

We talked about what the current outstanding balance of the bonds is and that is \$6.3 million and through the discussion we want to lower that and that is why the payoff of debt and that would bring the par debt down to \$4.85 million and we will talk about that as we look at the tables. The structure shows what the development plan is under 3.1 you will notice in the second paragraph it says 791 single-family units as well as 178 multi-family units have already paid off their debt and these prepaid units are going to be unaffected by these actions, again, focusing on the undeveloped lands you will see that term again in that same paragraph. No update to the determination of benefit other than the benefit always has to be greater than the cost and at the end of this report you will see that is what our conclusion is.

The last section, the true up mechanism the last sentence of the first paragraph tells you why we have a true up mechanism, it says in order to ensure the district's master infrastructure debt will not build up on the undeveloped land the district shall apply the following two tests during the course of development of the district. If during the process over the next several years the unit count is reduced, we would have to change what the debt would be on those units because the total debt remains the same. That is what the true up mechanism does and there are a series of tests to make sure that at the end of the process there is not disproportionate debt left on the remaining lands. Also as the last exhibit for this report we will have the preliminary assessment roll and you will see who those landowners are.

Table 1 is what the 2006-1 Bonds originally were for. It established a construction fund of \$7.5 million and it showed the capital reserve and the other costs of issuance for a total benefit of \$11.5 million.

Table 2 shows the current development plan and this is based on the information we got from the developer and that is as of June 11, 2015 and that shows the unit counts. You can see they are broken down by the front footage and you will see a couple line items for the 63 and 53 those are for under 1,800 square feet plus 1,800 square feet and that is impacted by the impact fees then the other types, the multi-family, commercial and office below that.

Table 3 is the ERU, equivalent residential unit and you will see the 53 is an ERU factor of one and then as the units get bigger it is a larger factor and for the multi-family that is about 80% of an ERU for a 55 foot product type.

Table 4 we talk about paying down those bonds, we have come down from \$6.5 million down to \$4.8 million and it shows what the bonds outstanding are and then paying down those bonds so it does bring us down to that \$4.8 million target we were talking about.

The benefit per unit you can see that original benefit of \$11.5 million in the column next to the end and that was the total and those were the benefits by unit by product type. If you look on the next page you can see the benefit per unit, which is the last column in the previous table the impact fee rate per unit and you can see in each of those cases the impact fee rate is lower than the benefit in other words the benefit is greater than the cost in each of those cases.

Table 7 shows what the par debt would be for each of the product types to bring us to the \$4.875 million that is the reduced debt we have paying it down from \$6.5 million.

Table 8 is the preliminary assessment roll and you can see all of the ownership from top to bottom is DR Horton.

Mr. Eldred stated as you can see especially on Table 8 the only person affected by this is DR Horton. The purpose for performing this methodology is to allocate the benefit and understand it to make sure that the benefit exceeds the assessments that are going to be levied and the report shows that and that is what we state in the resolution. I'm open to any questions regarding Resolution 2015-05 but ultimately I would be looking for a motion to adopt Resolution 2015-05 and to kick off the assessment process.

On MOTION by Mr. Clarke seconded by Mr. Hogan with all in favor Resolution 2015-05 was approved.

B. Consideration of Resolution 2015-06 Setting a Public Hearing on Additional Series 2006-1 Bond Assessments

Mr. Eldred stated the next step is to set a public hearing and it can't be held less than 30 days after the adoption of the resolution. The public hearing is the hearing at which the formal action will be taken in levying the assessments. Also it will be the board's formal action in approving the restructuring plan as we have discussed. Resolution 2015-06 simply sets the public hearing, it acknowledges the board has adopted Resolution 2015-05, in accordance with

the statutory requirements we are declaring a public hearing to be held at a date and time certain. Given the desire to move forward here and meet certain deadlines such that this process can be finalized and the bonds can go to market we would like to establish and hold this hearing as close to 30 days after today as possible. We propose a public hearing date of August 10, 2015, that is a Monday. I assume we would hold it at 6:00 p.m.

Mr. Oliver stated it won't be a regular meeting so whatever is convenient for the board.

It was the consensus of the board to hold the public hearing on August 11, 2015 at 4:00 p.m. in the same location.

On MOTION by Ms. Lovett seconded by Mr. Hogan with all in favor Resolution 2015-06 setting the public hearing for Tuesday, August 11, 2015 at 4:00 p.m. in the same location was approved.

Mr. Eldred stated as you may recall DR Horton agreed to pay for all the fees and costs incurred in restructuring the bonds, that funding agreement was presented at May's meeting and was approved in substantial form. We did make a couple changes to the form of payment just to match how it is currently operating with GMS and DR Horton such that an invoice is presented to DR Horton and then they pay that within 30 days. That agreement has been signed by DR Horton and has been signed by the chair.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Eldred stated essentially what I wanted to bring before you is a copy of the waiver, which I discussed at the last meeting. As you may recall CH2M Hill who is a consultant for JEA reached out to the district and wants to discuss the use of an easement that goes over the district's property as part of their Blacks Ford Wastewater Treatment Plant expansion. As I explained at the last meeting Hopping Green & Sams also represents JEA in a number of other matters; however, our firm does not represent JEA in any way in relation to the expansion of the Blacks Ford Wastewater Treatment Plant. We don't believe there is any direct conflict of interest exists here, however, we did want to make sure that JEA was aware that we represent the district and that the district is aware that we represent JEA in other matters.

On MOTION by Mr. Hogan seconded by Ms. Lovett with all in favor the waiver of conflict letter as outlined above was approved.

B. Engineer

There being none, the next item followed.

C. Manager

There being none, the next item followed.

FIFTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

SIXTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

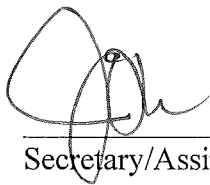
There being none, the next item followed.

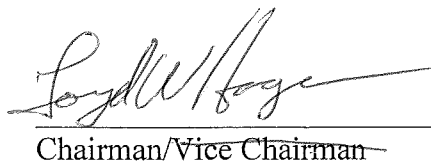
SEVENTH ORDER OF BUSINESS

Next Scheduled Meeting – 07/28/15 @6:00 p.m. @ Aberdeen Amenity Center

Mr. Oliver stated the next meeting is going to be July 28, 2015 at 6:00 p.m. and that will be your budget hearing also.

On MOTION by Mr. Hogan seconded by Ms. Andrews with all in favor the meeting adjourned at 4:44 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman