

ABERDEEN  
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of November 25, 2014 of the Board of Supervisors of the Aberdeen Community Development District was reconvened Tuesday, December 9, 2014 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 Chairperson
Dennis M. Clarke	Supervisor
Angela Andrews	Supervisor
Hillary (Beth) Fore	Supervisor

Also present were:

Jim Oliver	District Manager
Mike Eckert	Hopping Green & Sams
Carl Eldred	District Counsel
Louis Cowling	Operations Manager
Bob Porter	DR Horton
Paul Battista	Genovese Joblove & Battista
Ellsworth Summers	Rogers Towers

*The following is a summary of the minutes and actions taken at the December 9, 2014 meeting. A copy of the proceedings can be obtained by contacting the District Manager.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Oliver 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 Regarding Bankruptcy Case**

Mr. Eldred stated at the last meeting there was a presentation made by DR Horton and counsel updating you on the status of the discussions and settlement negotiations that have been ongoing between both DR Horton, the Debtor in the bankruptcy, and BBX. As part of that

discussion, Horton made a proposal to the board indicating that they would satisfy O&M payments that had been calculated in the amount of \$480,000; however they asked the board to consider waiving the interest that had been calculated within that \$480,000, in the amount of \$185,000. At that same meeting, there was a discussion between the board and Horton regarding identifying potential property for expansion of the amenity center, or a new amenity center, in consideration for potentially waiving of the interest that had been calculated. At the board's request, Mike Eckert and I spoke with Bob Porter, of DR Horton, and we explored potential options for a new amenity center site. Bob identified a 1 acre parcel depicted in the attachment to the agreement and I have copies of here. That parcel was identified because it is adjacent to property that is currently owned by the District. There is approximately ½ acre parcel currently owned by the District directly adjacent to the current amenity center. To the right of that is a parcel for the proposed amenity center expansion. Following those discussions, there were three proposals that DR Horton made and those are set forth in the draft agreement before you.

Section 2 contains the key terms of the agreement. The first is the payment of \$305,822, which represents the O&M calculation minus the \$185,000 interest. There are two subsequent proposals. The first proposal identifies the 1 acre parcel and, under this proposal, the District would acquire that parcel for \$108,000 and that closing would take place 90 days after Horton takes ownership of that parcel following their settlement with the debtor. Following that, the District would satisfy outstanding debt assessments on the 1 acre parcel. In addition, there is a road identified as road BB2, there is also a requirement that Horton go ahead and commit to construct that road within four years of the agreement so that road would also provide access to the expanded amenity center. That is proposal 1 and that anticipates the board acquiring the property here within the next few months once Horton settles on the property and that settlement agreement goes through.

The second proposal is very similar. The primary difference is that it provides an option for the District to purchase the property within a period of three years. That would allow the District to enter into an agreement with Horton, that would establish a price for the property but wouldn't require the board to take action and close on the property for a period of three years. It is allowing the board time to gain additional funds, etc. to fund that purchase.

There are really three proposals if you think of the first proposal being the payment of \$305,000, second proposal acquiring the property now, the third proposal taking an option and acquiring the property sometime in the next three years.

There is also a provision that was discussed at the last meeting whereby Horton would agree to pay \$450,000, which would be the O&M assessment for fiscal year 2014 through 2015.

There is also an agreement regarding the foreclosure judgments; that the District would move forward and seek the vacation of the foreclosure judgment against the defaulted property that would be subject to the agreement between DR Horton and the debtor. There is also a provision providing for Horton to pay all fees and costs and expenses incurred by the District in seeking the vacation of those foreclosure judgments so the District would not be out of pocket for those costs.

Mr. Eckert stated, one thing I will add, and I have a concern that hopefully will resolve itself. In both the two proposals that you have where you would purchase property either through an option or immediately, the current par amount of bonds or assessment debt on each of the 12 units that they would be selling to you is about \$9,067 on the 2005A bonds, \$2,756 on the 2006-1 bonds and \$968 on the 2006-2 bonds, so each one of those units currently has an assessment principal debt of \$12,791. When you multiply that out that is \$153,492 of assessment principal. The agreement provides that DR Horton would pay the assessments and the taxes current on that parcel, so that \$153,000 number would be less than what I'm giving you but when you are looking at those two options the number you need to have floating around in your head would be a maximum of \$153,000 that you would have to pay to retire the A bonds because District really can't own property that is subject to the bonds. Keep that in mind when you are looking at what the purchase price for the property if it is the \$108,000 and you also have to account for that assessment debt, which currently stands at \$153,000 but then you take off what probably hasn't been paid in five or six years so there is some principal reduction but I still think using the \$153,000 number when you count in all the costs of the transaction and those sorts of things it is probably not a bad budget figure for you to keep in mind.

Mr. Clarke asked is the \$305,822 would that be found money or has that been budgeted for?

Mr. Oliver stated yes. In general terms, it was budgeted for in this year's and previous budget, but the reality is we haven't been collecting those funds and the bondholders have been

providing funds equal to those assessments. This amount represents the difference between uncollected assessments and bondholder funding provided for operations.

Mr. Hogan asked didn't you say we could sign an option? Would any money have to be put out if we signed the option?

Mr. Eckert responded the way it works right now is that under the proposal that DR Horton has made, you would have three years to decide whether or not to purchase that property. You would get paid now, you would hold that money and decide whether or not to exercise your option in the next three years and pay them for the land at the same price.

Mr. Porter stated it is at the same price but we will be paying bond payments for three years so actually it will come down a little bit because the principal would be a little less.

Mr. Eckert stated what we are hoping for today is for everybody to try to come agreement on what the agreement should say. I'm not going to ask you to take a vote on anything until I get a trustee direction letter, which I haven't gotten but hopefully I will get one in the next few minutes. I think it would be very productive for us to try to agree in concept on the terms so that Bob feels comfortable that what we are waiting for is a letter to come in and that the board feels comfortable with what option they select.

Mr. Hogan stated personally I feel we should do the three year option and then pull the trigger at the end of three years. We will know if this place has really outgrown itself and this whole bankruptcy will be settled.

Mr. Porter stated is a good point and if you put it in now it is going to take 6 to 8 months to actually get an architect and come up with a drawing and so forth so it really doesn't do you any good to own it today.

Ms. Fore stated I don't think we are in a position to talk about building yet. In my mind the vision was to have it for when this is ready to go.

Mr. Hogan stated we have the option three years down the road and we can pull the trigger any time.

Mr. Eldred stated that option gives you the most flexibility.

Mr. Porter stated the buy it now proposal you might as well take it off the table it doesn't get you anything and you will end up paying more because you don't have plans for it yet and until you have plans for the expansion owning it is just going to cost you money. Do the option that is going to save the District money and gives you flexibility.

Mr. Eckert stated it sounds like Bob is giving the board good advice in the sense that you don't need to buy it now so let's not consider buying now. You need to decide do you want to do a proposal that includes real property. Let's talk about that and if you want to do that then we can talk about the amount.

Mr. Porter stated you may as well do the deal with real property because you don't ever have to take it if you ultimately decide you have enough and you don't want it then it doesn't cost you anything, you wait three years and the option expires.

Mr. Eckert stated I did get the trustee direction letter while we were sitting here so you will have my advice to go ahead and recommend an agreement once you finally get it finalized. This is a business decision for you and one thing I want to say is when we are talking about calculations of O&M assessments, I want you to understand the calculation we did, and this is for settlement purposes only, which was we looked at the amount of O&M assessments that were levied and the accrued interest and we looked at the bondholder payments we received and when we got a bondholder payment we credited it against whatever the outstanding assessments were. That calculation is not based on the assessment lien book or anything like that. That is us trying to come up with a resolution where the District is not losing a lot of money. I want you to understand that because I don't want somebody six months from now to say if an accountant does this calculation it is going to be different because it will be different. Right now the offer is at \$305,000 the amount of the assessments according to the calculation I just described to you, which is not a technical calculation is around \$480,000. The range you are looking at is somewhere in between. I know the trustee did provide about \$280,000 for reimbursement of litigation type costs and expenses through all the foreclosure litigation, all the bankruptcy litigation. It is not factored into that calculation but I do think it is important that you understand that Horton did help facilitate those moneys being available to the Ddistrict, and I'm not lobbying on behalf of them, I'm just saying when you are trying to pick whatever number you are going to pick I think when somebody does something good you should know about it.

After discussion by the board on the amount of the settlement the following motion was made and passed.

On MOTION by Mr. Clarke seconded by Ms. Fore with all in favor the revised settlement agreement with DR Horton was approved in substantial form with the following changes: the payment from

Horton would be increased from \$305,822 to \$345,822, strike proposal one the purchase of the property immediately and keep proposal two, which would provide the District the option to purchase the identified property within a period of three years.

**FOURTH ORDER OF BUSINESS**

**Supervisors Requests and Audience Comments**

There being none, the next item followed.

**FIFTH ORDER OF BUSINESS**

**Next Scheduled Meeting – 01/27/15 @4:00 p.m. @ Aberdeen Amenity Center**

Mr. Oliver stated I don't think we need to meet next week and we have our public hearing in January.

On MOTION by Ms. Fore seconded by Ms. Lovett with all in favor the meeting adjourned at 4:38 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman