

MINUTES OF MEETING
VIERA EAST
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Viera East Community Development District was held on Wednesday, February 27, 2019 at 2:00 p.m. at the Faith Lutheran Church in the Multi-Purpose Room, 5550 Faith Drive, Viera, Florida.

Present and constituting a quorum were:

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| Paul McCarthy | Chairman |
| David Bedwell | Vice Chairman |
| William 'Bill' Oakley | Secretary |
| Jo Walsh | Treasurer |
| Melinda Thomsen | Assistant Secretary |

Also present were:

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| Jason Showe | District Manager |
| Tim Melloh | General Manager |
| Rhonda Mossing | MBS Capital Markets |
| Dale & Marge Zeigler | Residents |

FIRST ORDER OF BUSINESS

Roll Call

Mr. McCarthy called the meeting to order at 2:00 p.m. All Supervisors were present.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. McCarthy: We have Mr. and Mrs. Dale Zeigler here. Dale, I assume you want to speak.

Mr. Zeigler: Yes.

Mr. McCarthy: The allotted time to speak is three minutes. If you have any questions, they will go to the General Manager. The Board is not going to get involved in a conversation with you. It will be timed by Jason Showe of the management company and he will let you know when it's close to the end of the three minutes. Please state your name and what subdivision you live in.

Mr. Zeigler: I am Dale Zeigler and this is my wife Marge. We live in Oakleaf. Before I start, I heard a survey on the radio the other day, asking if people were more afraid of speaking

in front of people or dying. The majority said speaking in front of people. So, I'm in that situation right now. I'm a long-time resident and played a lot of golf over the years. On February 14th, I was suspended for six months. The reason is that I received a warning letter, indicating that any further violations of the golf course or greens check-in procedures would result in a six-month suspension. So, my wife and I are a little concerned about how a six-month suspension was developed and why management felt such a severe penalty was appropriate at that time. Now I admit I made a mistake. I was stupid. I violated a rule after I received the warning letter because I was extremely livid. Before I go on, let me say this. I don't have time to make a full presentation so do I have the right to a separate venue when I have more time to present my case? I have no further desire to attack anybody or see anyone get into trouble, but I'm looking for some understanding of what I did so it won't happen again. I reached out to Tim verbally and in writing to try to understand exactly what I did.

Mr. Showe: You have 30 seconds.

Mr. Zeigler: Other than hitting a golf ball on the #11 tee on January 11th, I really have no idea what I did. So anyway, I guess my question is can I have a separate venue with the Board with Tim to ask some questions when I have the time? I wasn't really sure of the procedure. I thought I would come before the Board to ask rather than ask you personally because we have been friends for a long time.

Mr. Showe: That's the three minutes.

Mr. McCarthy: Thank you for your comments. Dale, I consider you to be a very good friend and I've known you a long time, but my advice to you would be to set up an appointment with the General Manager to talk about it. I talked to you and you also have the right to talk to Mr. Bedwell and Ms. Walsh as part of their Supervisor's responsibility. Their phone numbers are on the website.

Mr. Zeigler: You want me to contact them directly?

Mr. McCarthy: Yes, they would be more than happy to talk to you. We can't do it as a group.

Mr. Showe: Outside of a meeting.

Mr. McCarthy: Outside of a meeting because we are in violation of the Florida Sunshine law. So, we would set up a meeting first with Tim and then you can contact me. You can call, Ms. Walsh, Mr. Oakley, Ms. Thomsen or Mr. Bedwell.

Mr. Showe: The Board sets the agendas so if we get a request from a Board Member to add your item on a future agenda, we would let you know and at that point, it would be on a future agenda. We would need to get that request from the Board.

Mr. Zeigler: I'm sorry, but I'm not fully clear. Paul indicated that I can call each Board Member. Does that mean I can call each one to say that I'm requesting a meeting or talk to them?

Mr. Showe: I think the first step would be for you to talk to Tim and then Tim can either talk to the Board Members or you can talk to them individually. You can't talk to more than one Supervisor at a time because that violates the Sunshine Law. If any Board Member requests an item on to a future agenda, that's when it would be added.

Mr. Zeigler: So I can talk to them about what my concerns are?

Mr. Showe: Absolutely, but you have to do it individually or make a presentation when its added to an agenda.

Mr. McCarthy: Thank you very much for your comments. We appreciate it.

THIRD ORDER OF BUSINESS

Approval of Minutes of the January 23, 2019 Meeting

Mr. McCarthy: We need a motion to approve the minutes of the January 23, 2019 meeting.

Mr. Oakley MOVED to approve the minutes of the January 23, 2019 meeting and Ms. Thomsen seconded the motion.

Mr. Showe: Mr. Oakley made some quick amendments so the motion should be as amended.

On VOICE VOTE with all in favor the minutes of the January 23, 2019 meeting were approved, as amended.

FOURTH ORDER OF BUSINESS

Bond Discussion

A. Consideration of Investment Banking Agreement with MBS Capital Markets, LLC

Ms. Mossing: I'm Rhonda Mossing with MBS Capital Markets. We are your Bond Underwriters and have been for the last several bond issues you have done. Before you today is

an Investment Banking Agreement to consider hiring our firm. After you approve that agreement, we are allowed under the rules of the Securities and Exchange Commission (SEC) to make a presentation of the numbers we have been running at Jason's request. This is our standard agreement, which is the same agreement you entered into for the 2012 and 1996 refunding bond issues. It hasn't changed except for the fee, which decreased to 1.5%. Typically, our fee is 2%, but because you are a recurring customer of ours, a favored client, we reduced our fees.

Ms. Walsh: Do we need to make a motion?

Mr. Showe: I just want to clarify. Their fee would get paid at the bond closing. You aren't going to cut a check to them out of the General Fund. That's the standard engagement fee.

Ms. Mossing: So if bonds are never issued, there's no fee.

Mr. McCarthy: Does any Board Member have any questions for Rhonda before we vote?

Mr. Showe: If not, we need a motion to approve the agreement.

On MOTION by Ms. Walsh seconded by Mr. Oakley with all in favor the Investment Banking Agreement with MBS Capital Markets, LLC was approved.

B. Presentation of Bond Information from MBS Capital Markets, LLC

Ms. Mossing: The first substantive slide in the presentation is Slide 4, which shows the current bonds outstanding. The reason we are showing this is because the structure we are proposing for the bonds you are contemplating, wraps around your existing bonds so the impact of the annual assessments for the new bond issue is minimal. The outstanding bonds are the existing water management bonds in the amount of \$8.335 million that mature in 2022 and golf course recreation bonds in the amount of \$3.7 million that mature in 2026. That just gives you a brief outline of what you currently have. I will show you the wrap around structure in the later slide and how that could be affected. Slide 6 shows the bonds you had in the past. Back in 1992, you originally issued \$7.730 million in recreation bonds and you later refunded those in 1996 and in 2012. You also issued water management bonds in 1996. The current outstanding coupon on the 1996 bonds was 7%. When they were refunded, we got those down to 4.48% and then starting around January, the Board contemplated a \$5 million to \$6 million capital improvement program where you wanted to issue additional bonds for those improvements. Slide 8 shows Plan A and Plan B.

Mr. Oakley: I have a couple of questions. I see what the rate is on those existing bonds, but what is the current rate?

Ms. Mossing: It depends if we get them rated or go through a private placement with a bank, but we are probably talking about 200 basis points over the municipal market index. Right now, it's been running at about 3% so you are probably in the neighborhood of 5%, just because the market moves around a bit.

Mr. Bedwell: What is "First call date?"

Ms. Mossing: That's an optional call date so if you wanted to refund those bonds for a lower interest rate, they are call protected until that date. The past refundings were on or after those call dates. They are usually call protected for about 10 years, unless you issue them for a shorter term and there may not be a call option at all.

Ms. Thomsen: We can only refinance them twice, correct?

Ms. Mossing: You can continue to refinance them. You can't do an advanced refunding more than once, but you can continue to refinance, but chances are you wouldn't be able to economically refinance your existing debt again because of the cost.

Ms. Thomsen: For the 2012 bonds?

Ms. Mossing: Yes.

Mr. Showe: We did the advance refunding the last time because the savings were better.

Ms. Mossing: Slides 8 and 9 are what I'm calling Plan A and Plan B. Plan A was the original \$4.950 million bond issue, which is what I think the Board was contemplating. Plan B was to add another \$1 million for Clubhouse improvements that weren't originally contemplated for a total capital improvement program of \$6 million. So, I ran some different bond funding scenarios based upon those two plans. If you look at Slide 10, this scenario contemplates Plan A in two different scenarios. One will issue those bonds through 2026. So, it's a 2026 maturity, which is the same year your existing bonds finally mature. Then it wraps around the 2022 bonds, so when that debt falls away, we increase it slightly with this bond issue from 2023 through 2026, but there's no increase to resident assessments from what they are paying now. With the two plans you have here, you have Capitalized Interest until 2019, in November of this year. That will be the first time you can put the assessments on the tax roll or capitalize the interest until 2022, which is when the existing bonds fall away. If you did that, there would be no increase in the existing assessments until 2023. Under the tax laws, you can typically capitalize interest for three years or up to one year after the improvements have been completed.

So, you would still be safe to do that. That means the bond proceeds would pay for the interest until 2023 and there would be no increase in resident's assessments. Then when the 2022 bonds fall away, the increase would come so there would be no impact to residents. The assessments just wouldn't go down as low as they would have.

Mr. Bedwell: Excuse me. Would they go down at all?

Ms. Mossing: Yes.

Mr. Bedwell: I know we are dealing with hypothetical figures.

Mr. Showe: If you look at Phase 12, the table has those assessments on it.

Ms. Mossing: Let me explain the next two scenarios. The first two were based on the \$4.9 million program. The next two scenarios are based on the \$6 million program, which is a little more money, about \$11 million. Both of those scenarios assume you will have Capitalized Interest through 2022 because I think that's what the residents are going to like the most. The only difference in these scenarios is that Jason requested we run a scenario where it matures in 2026 and another scenario where it would mature in 30 years, which would be 2049. That lowers the assessment, but it drags it out so long, you pay much more interest over 30 years, which is kind of painful.

Mr. Bedwell: Is there a happy medium in there?

Ms. Mossing: My favorite scenario is Number 3 because it gives you \$6 million of proceeds and lowers the assessments from what they are paying now by about \$100. I will show you on the next couple of slides.

Ms. Thomsen: Then it ends in 2026.

Ms. Mossing: Scenarios 1 and 2 are on Slide 12, which is your \$4.9 million budget. In that one, if you only capitalize interest until this November, everyone's assessment would increase by \$35 until 2023 when it increases to \$327. The total would only be \$456 and right now they are paying \$577. So, it's still lower than what they are paying now. The next scenario is where you capitalize interest until 2022. So, you have no increase in assessments until 2022 when Capitalized Interest runs out and then in 2023, you would have a \$62 assessment for the new money, but it would only be \$491 total. Currently, you are paying \$542 so it still goes down. The best scenario is Scenario 3 where you get \$6 million of proceeds instead of \$4.9 million and you capitalize interest until 2022 and you pay it all off in 2026. The assessments right now are \$542. In 2023, they would go up to \$565, so it's just about \$20 per year more. So, the impact is very, very minimal. You pay off all your debt in 2026, get \$6 million to make your

improvements and it doesn't affect anyone until 2023 because of the Capitalized Interest. The last scenario is taking it out over 30 years. In that scenario, there's no impact until 2023. Then the assessments increase by \$81, reduce from \$542 down to \$210 during 2023 through 2026, but then in the years 2027 through 2049, they pay \$122 per year. Those are the scenarios. I like Scenario 3 the best for you guys. It's a \$20 increase in assessments in 2023, but that's minimal.

Mr. Oakley: Above what they are paying now.

Mr. Showe: Correct.

Ms. Mossing: Now if I took it out another year that would drop it down.

Mr. Oakley: So if you took it out until 2027 or 2028, it would drop the loan amount.

Ms. Mossing: Yes, that's easy enough to do. The nice thing about a short-term loan versus a 30-year loan, is we can take a short-term bond issue to several banks and get them to bid on that. Doing a private placement with a bank rather than a public offering where you do an entire Official Statement, is there are less costs. Usually you would get a better interest because they trade off of a different market than the public market. They are trading off a certain number of points over the Municipal Market Data for the AAA rated bonds versus the banks. They used to look at the London InterBank Offered Rate (LIBOR), but now that the LIBOR is done away, they use a different index, which is still typically lower than what we would get. Like I said, the costs are usually less because you don't have to do a full blown public offering. We wouldn't have to give a credit rating from a rating agency and those run between \$15,000 and \$20,000 just by themselves, thanks to their own in-house credit review. So, you save on costs, you usually get a better rate and it's usually quicker than doing a public offering. In addition, short-term bond issues like the one to 2026, anything 10 years or less, the banks are more interested in. When you go over 10 years, they get a little skittish, they worry about whether they are locking themselves in to too low of a rate so they will put a balloon on it and then you have to refinance when the balloon comes due. But you guys are in a really good situation where if you did a 2026 or 2027 maturity.

Mr. Bedwell: Let me make sure I understand Scenario 3. The residents pay \$542.41 for the two bonds.

Mr. Showe: Correct.

Mr. Bedwell: They would continue to pay that and in 2023, it would increase by \$23.

Mr. Showe: Correct.

Mr. Bedwell: Then in the last year, 2026, it would go down to \$428 and then there would be nothing.

Ms. Mossing: Right.

Mr. Showe: No more debt.

Ms. Mossing: The reason it goes down to \$428 in that last year is because you have a Debt Service Reserve Fund, which you can use to pay your last year. I can work with these numbers so they are the same every year and just make the principal payment that year higher, which would lower the payments in the prior year.

Mr. Showe: I think from what I heard from the Board, they would prefer not having an assessment increase.

Ms. Mossing: I can do that. Was there a plan to increase it above the \$6 million in proceeds? Was there another project?

Mr. Melloh: We are trying to get everything added up to see where we are at. The two big things are the irrigation costs and the costs of the Clubhouse renovation.

Ms. Mossing: So that's the information I need. I can target no increase in the assessments above what they are paying now and run those numbers out that way. All I need to know is how much money you need, whether it's \$6 million or \$6.5 million.

Mr. Oakley: If we are proposing that it is going to cost \$500,000 to \$750,000, if we build that in there, but then that project is not available for us to do for legal reasons, does that create additional problems?

Ms. Mossing: No, the way the documents are typically written is if you have a construction project and have money leftover at the end, you take that money and call bonds with it. So, if you had, say \$7 million in bonds outstanding and \$500,000 leftover, we would call \$500,000 in bonds, reduce the par amount outstanding and it would reduce the annual payment. Everybody's assessment would go down to reflect that or you can keep your projects general enough. If you don't get specific on how you are defining your projects and don't use that money on this project, but you find out that this project costs you more, you can use that money on this project because you generally described improvements to the irrigation system versus specifically replacing the pump station for the irrigation system. That way if more improvements need to be made to the irrigation system or it costs you more money or you need to replace another piece of equipment, you can do so, as long as you don't too specifically define your project.

Mr. Showe: Right.

Ms. Mossing: If you keep it general and it falls within that general category then you can use that money for that.

Ms. Thomsen: So it's flexible.

Mr. Showe: I have already notified District Counsel and the District Engineer that we are likely initiating this process so they are queued in. Your District Engineer is very good at preparing these reports.

Ms. Mossing: Our next step would be to get the District Engineer to draft the Engineer's Report that generally describes the project that you want to construct so we can use that as a basis for structuring the bond issue. All we need to know is how much money you need. Then after that, a Special Assessment Methodology Report will be written by your Assessment Consultant, that will allocate the benefit to all property owners of those improvements, which will be the same allocation you are using for the golf course and other recreation improvements. It will basically say, "5,000 plus units will benefit at the rate of "X" per unit." From there we pull together a structure for the bond financing, which starts an assessment process where you authorize us to start working with the District Engineer and the attorneys to bring something back to you at the next Board Meeting. So, at your March Board Meeting, we would begin an assessment process where you approve the Engineer's Report, approve the Special Assessment Methodology Report and call for a public hearing. When you do that, you send out mailed notices to everybody in the District telling them what you are planning to do. Tab 14 shows Scenario 3, which is probably the closest to the scenario you will approve. You can see where the 2006 bonds are paid off in 2022 and how much of your current debt service is represented by them by about \$383. You will see where your 2012 bonds get paid off in 2026, which is about \$111 of your annual assessment, for a total of \$493 per year until 2022, which drops down to \$111 in 2023 through 2026. So that's the assessment we are wrapping this debt around. To the far right, is Scenario 3 where we add \$400 to that per year net or about \$438 gross, for a total of \$542 until 2022, which is their existing debt because we capitalize interest until 2023 and then it increases to \$565 depending on how we manipulate the numbers.

Ms. Thomsen: Right.

Ms. Mossing: That's how the wrap around debt works and is where I think the Board wants to be.

Mr. McCarthy: Does the General Manager have any concerns?

Mr. Melloh: Yes, I would like to know what can go into a recreation bond versus what can't be included. How would equipment fall into that if we purchase equipment?

Ms. Mossing: It looks like all of the items you listed could be related to the recreational facilities because the equipment you are talking about supports those facilities.

Mr. Melloh: Right, which leads into the next question about the 5.1 miles of sidewalks and hiking trails that are for recreation use.

Ms. Mossing: Exactly.

Mr. Showe: I think that infrastructure was built with the original recreation bonds.

Ms. Mossing: The only problems you ever run into is that you can't use public funds to issue your bonds and this is for private property so you can't make improvements to a park that's still owned by the developer or by the HOA because that's considered private property. You can use public funds for a park owned by the county or city because it's public property as well as CDD parks or anything recreational. Your list would qualify, as long as you don't use the funds for private property.

Mr. Melloh: The question would be about the equipment because there is some equipment that we need, like a mulcher that would be used by the golf course, but it doesn't have to be used strictly by them. If we need to, we can use it on CDD property.

Mr. Showe: You are using it on CDD property.

Ms. Mossing: Yes, because the funds are public.

Mr. Melloh: That's the only question I have. That was a great presentation. Thank you. There is a lot for the Board and everybody to consider.

Ms. Thomsen: Is it too soon to start the assessment process?

Mr. Showe: That is what I was talking to Tim about earlier. There is a timetable on Page 18 where she slated March 27th, would be dependent on when we get to that point. I think the first step would be for Tim to confirm what he needs for capital dollars because that drives the rest of the process. You want that to be right so if it means waiting a month, I suggest you take that time to make sure the Board is good with the Capital Projects List. I can work with the District Engineer to at least get him going. We can start our methodology which is mostly formulaic so when the number is ready, all we have to do is punch in the right number once the Board approves it. The rest of the documents will fall into place. Even if you don't do that first step until the April meeting, it would just push the end back a month.

Ms. Mossing: Right.

Mr. Melloh: That may be where we are because tomorrow the irrigation designer is coming with the plan and then Friday the architect for the Clubhouse is coming. That's kind of a wildcard right there. It depends on what we want to do. He's going to come up with the design based on the things I told them we needed, but I still want him to make a presentation to the Board.

Mr. Showe: Absolutely.

Mr. Melloh: There are ideas that some of you have already said to me about the Clubhouse renovation. We don't know the size, but I think that would probably be something where we say, "back it up one month," but I wouldn't want to back it up any further than a month because we want to get going on it.

Mr. Showe: I think I cautioned before that we don't want to have your budget process overlapping this because I can pretty much assure you that when we send out 4,000 letters for the public hearing, confused people are going to show up. So, we want to try to separate those two. I would push the assessment process until after the budget so you don't intermingle the two, but we can work it any way that the Board prefers.

Mr. Melloh: I think we can do that at the April meeting and I will provide everything at the March meeting so we can price it out.

Ms. Thomsen: Other than any surprises that happen, at least at this point, are you feeling comfortable with your list?

Mr. Melloh: I'm feeling comfortable and very excited about what it's going to do for us, to be honest with you. We had some other suggestions that will further enhance what we have going on recreation-wise. Part of the plan was to do something with the scrub jay habitat so that people could go out there. I'm working with our ecologist on that right now as to whether or not we can do that because Jason sent it to our Engineer and he thought it all needed to be redone, but the ecologist contradicts that. We can figure out what we want to do there, put the money into the bond and if for some reason we can't get it done, we can use it on another project. If we have to redo the conservation easement, it may not be something we can do, but at least I'm getting some encouraging input. The concrete path that goes from Heron's Landing through Auburn Lakes is actually in the scrub jay habitat so we don't have to change the conservation easement. I'm just giving you an idea of what I'm working on. We had a suggestion about adding a dog park to Woodside Park, which is a great idea. As a matter of fact, a lot of developers are building those instead of golf courses, so it's very important. We could add

something like that to the project we already have for Woodside Park with the picnic pavilion. Carol McCarthy suggested that. So, a lot of people are very excited about the future.

Ms. Thomsen: Those bode well because it's not all golf course related.

Mr. Showe: Absolutely.

Ms. Thomsen: We are concerned so I would like to know how this is going to compare to other projects that Duran had or any other local counties that have a community like ours? This is just a little County in Florida and we want to fix it up. I just want to have a sense from anybody who is knowledgeable that we won't really stir up a hornet's nest.

Mr. Showe: I can tell you from experience that we are going to send out 5,000 letters and of that, our office will probably receive 1,000 calls. The story you can tell them is, "Yes, we are doing all of these things, but are not extending your term any longer and you won't see anything on your tax bill." I think that's an easy story to tell your residents. We'll even prepare a presentation for when you do that hearing and will tailor it to the story. Then we will open it up for public comments, but if they don't want any assessment increase, I think it makes it a lot easier for you guys to show what you are doing for the community and not just the golf course.

Ms. Walsh: It's our responsibility. They elected us to take care of that responsibility, which happens to be a golf course so under that auspice, we can't let it fall under disrepair.

Ms. Thomsen: That's where I think we are going to go.

Ms. Walsh: You can't do it with your house. If it was your home and it's 25 years old, there are things you are going to have to replace. You wouldn't let that happen to your house because it's just like any other structure. That is part of our responsibility too. That's why we have a successful scrub jay habitat because we have been doing these things. Maybe they don't see it every day or recognize it, but those things get done and they are being done just as efficiently. That's why we are no longer under the St. Johns River Water Management District (SJRWMD) for the lakes. We got out from underneath that. So, there are a lot of different aspects when it comes time to present. It would be palatable for those that are not golfers. It's just common sense. You have to take care of your stuff or it goes bad and then it costs more money.

Ms. Thomsen: There are people that are going to be upset about the idea of spending two pennies more.

Ms. Walsh: There are always the ones that don't want to pay for it.

Ms. Thomsen: It's amazing.

Ms. Walsh: Yes, when it comes time for them to sell their home or their children to sell their homes because they are no longer enjoying the area, the value will come to pass.

Ms. Thomsen: I just want us to be ready.

Mr. Melloh: In this area, we can certainly point to golf courses that have not been kept up through the years that have closed and have weeds. I have plenty of articles. In preparation for the meeting, I have a huge file and I can show you where real estate people have said when a golf course closes, people can expect to lose 30% of their home value. That's quite a bit of money. If someone has a \$300,000 house, that's \$90,000. So, we can paint the picture any way we want to, but like Jason said, I think the biggest thing is it just isn't going to be that much of an increase or if any at all.

Ms. Thomsen: That's the major thing about this.

Mr. Melloh: I forgot what document I read, but it's the Board's direction to keep the area up.

Mr. Showe: That's their sole job.

Ms. Thomson: We have a fiduciary responsibility to keep this a viable place.

Mr. Melloh: I'm speaking to people's property values, because whether you are a golfer or not or live on the 8th hole you still benefit from the golf course being a very desirable golf course.

Mr. Showe: Every resident owns a piece of it.

Mr. Bedwell: On Page 14, Scenario 3 says, "Projected annual increase." I don't understand that. Is \$436.72 the annual increase per resident?

Ms. Mossing: Right, over the \$110 that they would be paying after the other bonds get paid off in 2022.

Mr. Bedwell: That's my point. We keep talking about not having an increase, but a few people are going to figure out, "If you guys didn't do that, I would get a \$437 reduction."

Mr. Showe: That is correct, but if you wait until the irrigation system breaks, we have to raise operation and maintenance (O&M) by \$400 a person just for that project.

Mr. Bedwell: We have to be prepared to answer that question.

Mr. Showe: Absolutely.

Mr. Melloh: Right and there are people out there that have that date penciled in and we will have to address that as well. I think we have a great story to tell.

Ms. Thomsen: Correct.

Ms. Walsh: We've done a lot without having to ask for money.

Mr. Showe: For a long time.

Ms. Walsh: We have done a lot of things for this golf course without asking for money, but now we have to ask.

Mr. McCarthy: Does anyone have any further questions for Rhonda?

Ms. Mossing: I have a couple of comments.

Mr. McCarthy: Okay. Go ahead.

Ms. Mossing: First, I won't be taking any of this to the banks to get bids until I know exactly how much money you need. I'm going to wait for the Board to work with your Engineers to get me the number. Then I can finalize the credit package. Once you have these additional improvements, do you think your O&M budget is going to increase for the maintenance of those improvements?

Ms. Thomsen: Good question.

Ms. Mossing: Should I try to keep the assessments slightly below what they are paying now so you can make up for some of it in your O&M budget? The second comment that's along those same line is after 2026 when all of the debt is paid off, you probably want to think about having a higher assessment for O&M and building in a Capital Improvement Fund every year. So, when your Debt Service all falls away, you can add your Capital Improvement Fund to your O&M Budget to build up renewal and replacement monies each year for the things you are doing now like repairs to your irrigation system, repairs to the greens, the bunker boxes, tees etc. You would build up a little bit of money each year so even after 2026 when the debt goes away, your residents are not going to see a complete washout of that \$542, if you need to add it to the O&M side.

Ms. Walsh: We as a taxing authority are all done in 2026. Do we have to have some sort of bond issue?

Mr. Showe: No.

Ms. Walsh: So we can just say, "Okay, this is what our O&M is going to be so we need \$100 or \$200."

Mr. Showe: Yes, the O&M process is separate and distinct from the bond so if you have to raise your O&M, even if the debt drops off and they are getting a reduction of \$500, you still have to do the mailed notice specifically for the O&M portion.

Ms. Walsh: Okay. Then once we established that amount, \$150 or whatever it is, the only time we would need to have a meeting would be for the type of meeting where we send out notices. We wouldn't have to do it every year for O&M.

Mr. Showe: No.

Ms. Walsh: Only if we need to raise it.

Mr. Showe: In some Districts when you send out the mailed notice, that's your cap so even if you want to spend \$150, we might recommend you send out a \$200 mailed notice because even if you bring it down at the hearing, you've noticed a higher amount so you have some flexibility in the future. That's an option, but not until 2026.

Mr. Melloh: Rhonda, to answer your question, I would think we probably need to go up slightly on O&M because we haven't increased it at all. In the four years that I've been here, we've given everybody a 3% raise every year. The chemicals and supplies we use in the CDD have gone up in price so I imagine we probably need to increase that slightly.

Mr. Showe: Yes, if you go from a building that's not covered to a covered building.

Ms. Thomson: To maintain an extra \$5,000 square feet, you need somebody to clean the floors. One part is going to go under Terry, but the rest of it is going to go under us. There are going to be small things if nothing else.

Ms. Walsh: We work with our golf rates so that helps to cover it. It's not like we have to raise O&M. So far, we have been able to do it with the money that we have.

Mr. Melloh: What I'm thinking for the O&M is the part for the CDD portion, the scrub jay part. Some of that goes back to the golf course.

Mr. Showe: It's definitely a consideration.

Mr. Bedwell: We can put the reserve capital improvement in that side of the P&L. Some of it might go to the golf course. Is that okay?

Mr. Showe: Yes.

Mr. Bedwell: I have a philosophical question for the Board. Is it fair to ask the current residents to pay all of this money than people that move in 10 years from now that will pay nothing? The advantage of the 30-year bond is that future residents help pay for part of it. I'm just asking the question.

Mr. Oakley: I think that's a very good question. Thinking of the interest rates, I would like to see us look at the 10-year option because that will extend it a couple of years and pass it on, but I think the interest rate might not benefit the residents.

Mr. Bedwell: I'm just wondering. I understand it costs more money.

Mr. McCarthy: That's something we can discuss at a workshop.

Mr. Melloh: We can discuss it at the next workshop.

Mr. Showe: Rhonda will tell you that there are a million different ways we can do the bond issue so it's really whatever the Board is comfortable with. There are pluses and minuses.

Ms. Walsh: To the fair, the sooner we get it done and paid off, the better for everybody. We are doing it so that when the new people come in and want to buy our homes, they will pay a lot more for the homes and the investment will still be there.

Mr. Oakley: What is the difference between going with the 10-year option versus the 20 or 30-year option and what is the cost to finance it, percentage-wise?

Ms. Mossing: It's just an additional interest payment.

Mr. Oakley: I know, but you said that the way you would be able to advertise it to local banks or small banks is if it were a 10-year bond, it would go one path, but if it was a 30-year bond, it would go another path. So, there was a difference of cost.

Ms. Mossing: Yes, a 10-year interest rate for you through a bank is going to be a lot less than the average for a 30-year interest rate for a public offering. You wouldn't go to a bank for a 30-year bond.

Mr. Oakley: Right.

Ms. Mossing: So if you went with an average 30-year bond, you are probably looking at 5%. If we do it with a bank over 10 years, it probably would be 4%.

Mr. Oakley: That's what I thought. So, there's a 1% difference.

Ms. Mossing: Right.

Ms. Walsh: And a lot more paperwork.

Ms. Mossing: Now I think the 2026 bond has an eight-year maturity. So, I think what I'm hearing from the Board is you want me to try to keep assessments from going up above what they are now. We will wait to hear from the District Engineer on how much money we need. We will try to target the eight to ten-year timeframe and do a private placement with a bank to save money and get a lower rate. You will probably discuss this at a workshop and figure it all out in the next 30 days or so.

Mr. Melloh: Yes.

Mr. Showe: I will start including you on our meeting notes so you will see everything.

Ms. Mossing: If you need me to come back for the workshop, if you have additional questions, let me know and I would be happy to come.

Mr. McCarthy: Are there any further questions for Rhonda?

Mr. Bedwell: No.

Mr. McCarthy: Thank you very much. Your presentation was excellent. We really enjoyed it. You gave us a lot of good information and some good possibilities. We are going to continue with our meeting.

Ms. Mossing left the meeting.

FIFTH ORDER OF BUSINESS

Staff Reports

A. General Manager's Report

Mr. Melloh: Everything is going along great in the CDD. It looks like we are not going to get in a burn this year or at least this part of the year. The winds haven't been right.

Mr. Oakley: What is the last day for the burn?

Mr. Melloh: I think it's March 1st. That's scrub jay nesting season. The guys are doing great. Out on the golf course, we finished up the #3 bunker. It looks great. They are doing some landscaping as well as the one on #18. Hopefully, you have all been by to see the rock. There is a lot going on there. The guys are doing a great job. It's not anywhere near complete, but it will show well from the middle of the fairway on #18 and when you are standing on the green when you are coming down to the Clubhouse. The rock that we have has been very difficult to get, but I saw it and wanted it and it's about a 400-pound bench. It's made out of slate rock. It has a beautiful coloring to it. It's very unique. People have already been sitting on it watching people play on #18. We ordered and installed some unique Palm trees. We really don't have any around the golf course. They are called Spindle Palms.

Mr. Bedwell: I was wondering what they were. Are those the ones around the bed?

Mr. Melloh: Yes, we were able to put some around the new curb that we poured for the cart wash area. We have been installing a lot of Pink Dwarf Oleander.

Ms. Thomsen: I love it.

Mr. Melloh: We have an account now set up at Gray's Ornamentals in Delray Beach. They are the ones that supply Rockledge Gardens and other nurseries. As an example, the 3-gallon Oleander that I just described, Rockledge Nursery charged \$13.90 and we are paying \$5.50 from the place they get it from. So anyway, we were able to buy a lot more landscaping for our money by going there.

Ms. Thomsen: Do we have to go get it?

Mr. Melloh: No, it's free delivery if we order \$600 or more. There are a lot of flowering plants and border grass in some areas. We have some shell going in behind the #8 green as you are going to the #9 tee. Right on the green slope, we put a lot of shell and cord grass to make that area pop.

Ms. Walsh: Fantastic.

Mr. Melloh: We have a few Oleanders in there too. The guys are doing great. It's just a unique time of the year where they still have to mow, but it's not like July where there is nothing but mowing because they can't keep up with it as fast as the grass grows.

Mr. Oakley: Is that the same place you have the Palm trees?

Mr. Melloh: No, we have the Palm trees from Landscape Depot. They had a really good price on them. The truth is that you never really see those anywhere. Rockledge Gardens hardly has any Palm trees at all.

Ms. Walsh: They self-clean, which is nice.

Mr. Melloh: Yes, it's very nice. We are very happy with what's out there. I have the rounds for February. Earlier in the month, on February 1st, we were closed until 1:00 p.m. We had a couple other days where we had hardly any or no revenue or all, but we are still on pace to hit our budget. With the last two days and the good day we had today, we are going to be slightly over budget in sales for this month, which is a big deal. Last year, we generated \$161,000 because we had 28 straight days with absolutely no foul weather. If we have the same thing this year, I would venture to say we are going to generate close to \$175,000 to \$180,000 because when we are having good days, we have great days. Does anyone have any comments? As I mentioned earlier, tomorrow the irrigation designer with Aqua Turf International will be here. We are well on our way to get the irrigation system designed and get what we want out there. We will still go out for a Request for Proposals (RFP) to get competitive bids, which is why we need to build in some contingency.

Ms. Walsh: I'm sure from all of the work over the years, there is going to be some contingency.

Mr. Melloh: Oh yeah. I have a proposal from this company. We signed off on the design management services, which is what he's doing now. This is for irrigation construction management services for when we actually install the system. Sean Hyduk, the President of the company is going to be here. He is the guy that we want on the ground making sure that the

company that does the installation, installs it as designed because there is a big problem with our current irrigation system. If the heads are supposed to be 85 feet apart and the irrigation designer starts spreading them out to 95 feet, but we don't get the proper coverage, Sean will put a stake or flag in the ground where the head is supposed to go. After they install the irrigation, he will come with his GPS unit to make sure that every single head is in its proper place so we get the proper coverage. This system is designed so we don't have wet areas or dry areas like with the current system. Sometimes in order to get enough water, we have to flood an area to do that. Number 11 is a perfect example of where we have that big hill on the right-hand side. To get enough water up on the hill means you have to flood down below. A lot of it has to do with as-builts and computer programming to do the things we need to do. So, this is just something for your reference. It's \$28,000, but that is put into the RFP and paid for from that line item.

Ms. Thomsen: I want to make sure we don't pay them until this guy gives approval.

Mr. Melloh: Yes, that will all be in the contract we have. Once we get the RFP, there will be an actual contract. That's when we will rely heavily on Jason's expertise to make sure we get it in there. There's so much out there, but it's boilerplate, but we will make sure our irrigation designer signs off on it before they can take a draw because that's the way we typically do business.

Ms. Walsh: They will have a checklist.

Mr. Melloh: As I mentioned earlier, on Friday the Clubhouse architect is coming. I've already given him a long list of the things that we are trying to accomplish there. He already has a set of plans for the current Clubhouse so he's well versed on what is going on here.

Mr. McCarthy: What would you estimate the time figure he gives you for completing the project for the monetary amount? In other words, how much is it going to cost?

Mr. Melloh: I will know more on Friday. You have to start off by saying, "Well, these are all the things we want" and "What's the size of the elephant" or "Maybe we don't need this and we don't need that and we need a small one of this." That's why I want you guys to be comfortable with what we are doing versus how much it is going to cost. Doug Barlow with this company works with Florida State University quite heavily. They are really good at coming up with what it's going to cost us and what it should cost us.

Mr. Oakley: Do they work with any other places down in this area of the state or just in the Tallahassee area?

Mr. Melloh: They work all over the state. I don't know if they work in this particular area. They do a lot of work in Tampa and Georgia. I will get further information. If you are around on Friday, I'll introduce you to Doug.

Ms. Walsh: What time are you expecting him?

Mr. Melloh: He's supposed to be there at 9:00 a.m. Other than that, that concludes my report.

Mr. Bedwell: Are the big ticket items the irrigation, Clubhouse and the sand traps?

Mr. Melloh: Yes.

Mr. Bedwell: Are we going to get a quote from Rain Bird?

Mr. Melloh: Correct me if I'm wrong Jason, but I don't think we can go out with an RFP until we know if we have money.

Mr. Showe: I wouldn't recommend that we go through the effort of getting exact quotes, but I think he has good estimates, as long as we are in the ballpark. You are never going to hit the exact target.

Mr. Melloh: The big-ticket item will be the bulkheads. We need experience with someone who works with them because they are really seawalls. There are several companies that do seawalls, but you need someone that's used to putting a seawall around an existing golf course green because we don't need them riding a tractor across the green and tearing it up. So as far as the bunkers, we have a good price on that. Depending on how many square feet we have, it is \$6.50 per square foot for the installation of the concrete. We will get a good price on that. Anything else that strikes you as something that would benefit the CDD that we haven't covered yet, please let me know.

Ms. Thomson: To remind us what this is covering, you are talking about the bulkheads, the bunkers, the Clubhouse and the sprinkler system.

Mr. Melloh: Right.

Ms. Thomson: What were we talking about when it came to Woodside Park and the picnic pavilion?

Mr. Melloh: Maybe on Friday afternoon, I will update my project list and send it out to the Board, individually so you can see where we are. When I did the original matrix, we didn't have a lot on there for Clubhouse renovations and that has evolved. So, I will get all of that updated and have better pricing at that time. When we are talking about a dog park, I'm going to

try to contact The Viera Company that put in two recently, to see what they spent on theirs and if they have a design that we can maybe borrow from them. Things like that.

Mr. Bedwell: Are we going to extend the cart paths?

Mr. Melloh: Absolutely.

Mr. Bedwell: That's part of the project.

Mr. Melloh: Yes.

Mr. Bedwell: Are the tee boxes light blue?

Mr. Melloh: Absolutely. That's all part of it.

Ms. Walsh: They will be concrete liners.

Mr. Melloh: Yes, that is part of the bunker renovation. A lot of concrete trucks will be coming through here.

Mr. McCarthy: Thank you, Tim.

SIXTH ORDER OF BUSINESS

Treasurer's Report – Consideration of Financial Statements

A. Approval of Check Register

On MOTION by Ms. Walsh seconded by Mr. Bedwell with all in favor Checks #3540 through #3571 from the General Fund totaling \$143,660.628 were approved.

On MOTION by Ms. Walsh seconded by Ms. Thomsen with all in favor Check #62 from the Capital Reserve Fund totaling \$1,000 was approved.

On MOTION by Ms. Walsh seconded by Mr. Bedwell with all in favor Checks #26418 through #26526 from the Golf Course Fund totaling \$121,434.31 were approved.

B. Balance Sheet and Income Statement

No action was required by the Board.

SEVENTH ORDER OF BUSINESS

Supervisor's Requests

Mr. McCarthy: Jo?

Ms. Walsh: I'm good.

Mr. McCarthy: Bill?

Mr. Oakley: I'm good, thank you.

Mr. McCarthy: Melinda?

Ms. Thomsen: I just want to say how excited I am by all of the new plantings.

Mr. Melloh: Thanks.

Ms. Thomsen: I played yesterday, and it was wonderful to look at all of the new plants. I hope the maintenance is okay.

Mr. Melloh: That's probably the number one thing we look at when we do these, to make sure that we are not creating a headache for ourselves down the road, where we don't have to spend 35 man-hours a week to care for some of it. It should be pretty maintainable.

Mr. McCarthy: David?

Mr. Bedwell: Nothing.

Mr. McCarthy: Lastly, when I first came on the Board, George Flint was servicing the CDD. George was a great resource for me and I had a lot of questions for him and he was a big help. He was replaced by Jason who has done an excellent job guiding us through things and so forth. I've used Jason for a resource for a number of things. So, if any Board Member has any questions regarding anything with the bonds, my suggestion would be to talk to Jason as opposed to Tim. He is very responsive and will give you the correct answer to your questions.

EIGHTH ORDER OF BUSINESS

Adjournment

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| On MOTION by Mr. Oakley seconded by Ms. Walsh with all in favor the meeting was adjourned. |
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Secretary/Assistant Secretary


Chairman/Vice Chairman