

**MINUTES OF MEETING
EAST NASSAU
STEWARDSHIP DISTRICT**

The Board of Supervisors of the East Nassau Stewardship District held a regular meeting on Thursday, December 14, 2017 at 10:00 a.m., in the Nassau Room (T0126), Building 30, at Florida State College, Nassau Center, 76346 William Burgess Boulevard, Yulee, Florida 32097.

Present at the meeting were:

Mike Hahaj	Chair
Rob Fancher	Assistant Secretary
Dan Roach	Vice Chair
Bob Rhodes	Assistant Secretary
Max Hord	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Howard McGaffney	Wrathell, Hunt and Associates, LLC.
Sarah Warren	District Counsel
Jonathan Johnson (<i>via telephone</i>)	Hopping, Green & Sams, P.A.
Zack Brecht	District Engineer
N. Hugh Mathews	England-Thims & Miller, Inc.
Brett Sealy (<i>via telephone</i>)	MBS Capital Markets
Justin Rowan	MBS Capital Markets
Charles Adams	Landowner Representative
Bob Budgins	Jacksonville Resident

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 10:02 a.m. All Supervisors were present, in person.

SECOND ORDER OF BUSINESS

Invocation

Mr. Hahaj gave the invocation.

THIRD ORDER OF BUSINESS

Pledge of Allegiance

All present recited the Pledge of Allegiance.

FOURTH ORDER OF BUSINESS

Roll Call

The roll was called during the First Order of Business.

FIFTH ORDER OF BUSINESS

Chairman's Opening Remarks

Mr. Hahaj welcomed those in attendance, commented on the items on the agenda and stated that questions or dialog would be received throughout the agenda.

SIXTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

SEVENTH ORDER OF BUSINESS

Presentation/Consideration of Amended Engineer's Report for Wildlight Village Phase 1, as revised December 14, 2017: England-Thims & Miller, Inc. (ETM)

Mr. Brecht stated that this Engineer's Report reflected the following modifications to the original Engineer's Report, dated August 3, 2017:

Table I, Natural Gas line item: "TECO" was changed to "Florida Public Utilities"

Table II: A \$500,000 "Parks and Recreation Facilities" line item was added

Below Table II: "*Neighborhood infrastructure improvements associated with the neighborhood roads depicted on Plate 7 of this report shall serve the lands currently projected as single family units adjacent to said roads. All other improvements outside the limits of these roadways shall be considered Master Infrastructure Improvements." was added

Mr. Wrathell stated that the Master Infrastructure Improvements totaled \$31,700,000 and the Neighborhood Infrastructure Improvements totaled \$14,300,000.

Mr. Rhodes asked how the \$500,000 allocated to the Parks and Recreation Facilities category was determined. Mr. Mathews stated that the amount was based on a calculation of the park impact fees that would be imposed by Nassau County; essentially, the \$500,000 figure matches the amount of the impact fees. Mr. Rhodes asked if the property owners would receive special and peculiar benefits from the improvements. Mr. Wrathell stated that the purpose of the Engineer's Report was to outline the Capital Improvement Plan (CIP) and the purpose of the Methodology Report was to define the special and peculiar benefit. The \$500,000 was derived from discussions with the County and, conceptually, wrapping more of the recreational costs into

the District's CIP, with the intent that the District fully contemplates there would be well over \$500,000 in improvements. Subsequent discussions with the County might occur to fine-tune any park improvements that might potentially be funded either by the District or the Developer, or a combination of both.

Mr. Hahaj recalled discussions, which are noted in past minutes, of considering a Wildlight Community Park and who would fund it. It was a future phase up for consideration, as a component of the Central Planning Area in Wildlight Phase 1, with the intent that the Developer would fund those improvements for Phase 1, with the understanding that it be incorporated into the public infrastructure improvements in order for the District to facilitate it, as needed. It is still in the conception process phase of deciding what the specific improvements would be and whether the County or District would own them, has yet to be determined.

Mr. Rhodes stated that, after listening to the various discussions regarding whether the County impact fees would help fund the park, how much the Developer would contribute and how much the District would be responsible to fund, he understood that the amounts were considered placeholders, for now, until determinations were made. Mr. Wrathell confirmed Mr. Rhodes' understanding and explained why the allocation of those funds was not yet finalized. One reason was because the park was originally planned for Phase 2 and, from a bonding perspective, it was moved up to Phase 1 to accommodate the County and their request to front-load it. As a courtesy and to stay in partnership with the County, the Developer and the District took the County's input while making a determination as to the percentage that would be funded via taxes or bonds. Including it in the CIP now lets the County know that it is part of the assessment proceedings and process.

Mr. Wrathell discussed the bond process and how the Underwriter structures the bonds. The District would likely not be finance 100% of the improvements since, post-recession, about 50% of the finished lot value is about the maximum debt that can be stacked. A certain percentage of the CIP will be funded via tax-exempt bonds, although the specific percentage has not been determined. Regardless, per the Completion Agreement, the Developer would be obligated to fund the balance. The initial intent was for the Developer to fund the Community Park. Funding the project could be completed a number of ways, such as using District bond money, a combination of District bond money and private funding from the Developer or the Developer could completely fund it privately, using non-public funds. It was prudent to include

those costs even though the \$500,000 figure was a placeholder and the final figure was not yet fully defined.

Mr. Rhodes reiterated his understanding that the amount was a placeholder, from the District's point of view, and how much Rayonier would fund would be determined. He asked if the impact fees would be used for the park. It was confirmed the basis for adding it to the CIP now was in the absence of a Developer Agreement, explicitly stating that impact fees would be used to offset, reimburse or help fund construction improvements for the park.

Mr. Wrathell stated that the safe approach, for the purposes of initiating the assessment proceedings, would be to assume that the District would potentially fund up to \$500,000 and, for anything funded by the impact fees, the District simply would not fund with bond proceeds. This gives the District maximum flexibility, under the framework of setting the assessment caps, to assume the worst-case scenario of funding it completely but the reality would be exactly as described by Mr. Rhodes, such that the impact fees have been collected and are being paid by the Developer, for recreational purposes; therefore, it seems appropriate that the funds would be applied to offset the costs of the park.

Mr. Charles Adams, Landowner Representative stated, from the Developer's standpoint, when the Engineer's Report was done for the entire Employment Center 2,900-acre tract, several different methodologies were used to reach assumptions of what would be spent, based on the number of units that would be built. He believed that all the Developer was asking for was to recognize, on a pro rata basis based on the number of units entitled for Phase 1 and approved in the PDP for the Employment Center, that a portion of those funds that were estimated could be funded by the District, despite it being unlikely the District would be funding 100% of all of the road, parks and recreation, amenities and trails costs. The line item was necessary in order to be eligible. For Phase 1, this takes a portion of the \$10 million and allocates it for a "to be determined program". Notification from the County was that they could not commit that any impact fees received inside a Developer project will be directed to that project. It must be used within a greater area of the County but the County stated, if the Developer elects to construct those parks and recreational improvements, they could receive impact fee credits for those expenditures, which assures them that those funds were applied to that development. Whether it ends up being the District, the Developer or a third party, the concept is that those were parks and recreation improvements and Phase 1 of this PDP would be developed and then impact fee

credits would be requested for the amount spent. The amount was roughly equivalent of what the impact fees would be for the first set of residential units approved by the County.

Mr. Wrathell stated that, if, for any reason, the park improvements are not initiated as planned in the Engineer's Report, the Engineer's Report and Methodology would be amended, as necessary. The District cannot assess for more than the benefit received. The intent is to construct park improvements equivalent to \$500,000. Assessments will not be imposed for something for which the property owners do not receive a benefit. If a \$500,000 worth of park improvements are not built, regardless from how it is funded, then it would be necessary to amend the Engineer's Report and Methodology to reflect that. Currently, the costs far exceed what will be funded in bonds and, if a determination was made after bonds were issued, the Engineer's Report and Methodology would be amended; however, it would not alter the benefit to the property owners; the amount assessed would still be less than the overall benefit received.

Mr. Roach asked for a status update regarding the County. Mr. Hahaj stated that, following the last meeting, the Developer received a letter from the County that outlined the County's request, particularly as it relates to parks and recreation funding, and requested proceeding with the Memorandum of Understanding (MOU) to look at the long-term facilities needs for the East Nassau Community Planning Area (ENCPA) and laid ground rules about what applications they would process. Their Counsel is reviewing the request and would respond soon.

On MOTION by Mr. Roach and seconded by Mr. Hahaj, with all in favor, the Engineer's Report for Wildlight Village Phase 1, dated December 14, 2017, was approved.

EIGHTH ORDER OF BUSINESS

Presentation/Consideration of Amended Master Special Assessment Methodology Report for the Wildlight Village Phase 1, dated December 14, 2017: Wrathell Hunt & Associates, LLC.

Mr. Wrathell stated that, due to the changes to the Engineer's Report, the Methodology required adjustments, including the addition of the \$500,000 "Parks and Recreation Facilities" line item, in Table 2. Previously, the Commercial did not contain any neighborhood improvements so the Methodology did not allocate any Neighborhood improvement costs to

Commercial because the Neighborhood improvement costs served the single-family residential. The last version of the Methodology reflected that the apartments were benefitting from the Neighborhood improvements because they were residential, in nature. Subsequently, Mr. Hahaj asked if the apartments would truly benefit from the Neighborhood improvements, if the apartments are located in the Commercial area, as planned. As a result, the Methodology was revised to reflect that and any other changes, as necessary, throughout.

Mr. Wrathell explained that the purpose of the Methodology and the Engineer's Report was to determine the benefits to property owners and the maximum annual debt assessment per unit. The intent would be to issue bonds in an amount below the maximum.

Mr. Wrathell stated that Table 8 lists the planned improvements and allocation. If 100% of the bonds were issued, it would result in the Village Center having \$19,646,000 in bond debt, the Wellness Center/Private School would have \$4,055,996 of the bond debt and the residential and apartments were all benefitting from the Master Infrastructure. Every developable property type would pay their proportionate share.

Mr. Wrathell completed his review of the Methodology and stated that with the high maximum assessment caps the District has the flexibility, if they wanted long-term bonds, which would be passed off to individual lots, or the possibly issue B bonds that would fund additional infrastructure costs in the Engineer's Report, which could be paid off at closing.

Mr. Hahaj felt that the revisions to the Engineer's Report and Methodology better reflect who benefits from certain improvements. Mr. Rhodes questioned whether the apartments received no special and peculiar benefit from Neighborhood Infrastructure, as he assumed the apartments would receive some of the benefits of the roads, utilities, street lighting, etc. Mr. Hahaj referred to Plate 7, of the Engineer's Report, which reflects the roads and utilities, in relation to the location of the apartments and concluded that the apartments would be accessed from a Master road and the other items were along those Master roads.

Mr. Wrathell stated that the purpose of today's meeting was to approve the updated reports and to set a public hearing. The reports would not be deemed final and any necessary adjustments could be made up to the public hearing.

Ms. Warren asked the following question:

Ms. Warren: In your professional opinion, would the benefits received by the property within the District exceed the assessment levels that would be levied on the property?

Mr. Wrathell: Yes.

Ms. Warren: And that, in accordance with this Methodology, those assessments would be fairly and reasonably apportioned.

Mr. Wrathell: Yes.

Language referencing Chapter 190 would be removed and the Methodology would be updated to reference appropriate the Chapters of the Laws of Florida and Florida Statutes.

On MOTION by Mr. Rhodes and seconded by Mr. Hord, with all in favor, the Master Special Assessment Methodology Report for the Wildlight Village Phase 1, dated December 14, 2017, as amended, was approved.

NINTH ORDER OF BUSINESS

Consideration of Resolution 2018-06, Re-designating a Date, Time, and Location of a Public Hearing Regarding the District’s Intent to Use the Uniform Method for the Levy, Collection, and Enforcement of Non-Ad Valorem Special Assessments as Authorized by Section 197.3632, Florida Statutes; Authorizing the Publication of the Notice of Such Hearing; and Providing an Effective Date

Mr. Wrathell presented Resolution 2018-06. In order to adequately publish the notices and meet the notification process requirements, the January meeting should be moved to a later date. Ms. Warren stated the Uniform Method and Assessment public hearings should be held in unison. The Regular Meeting and Public Hearings would be held Friday, February 2, 2018 at 10:00 a.m., at this location.

Language referencing Chapter 190 would be removed and Resolution 2018-06 would be updated to reference appropriate the Chapters of the Laws of Florida and Florida Statutes.

On MOTION by Mr. Roach and seconded by Mr. Rhodes, with all in favor, Resolution 2018-06, Re-designating February 2, 2018 at 10:00 a.m., at this location, as the Date, Time, and Location of a Public Hearing Regarding the District’s Intent to Use the Uniform Method for the Levy, Collection, and Enforcement of Non-Ad Valorem Special Assessments as Authorized by Section 197.3632, Florida Statutes; Authorizing the Publication of the Notice of Such Hearing; and Providing an Effective Date, as amended, was adopted.

TENTH ORDER OF BUSINESS

Consideration of Resolution 2018-07, Declaring Special Assessments For the Area Known as Wildlight Village Phase 1; Indicating the Location, Nature and Estimated Cost of Those Infrastructure Improvements Whose Cost is To Be Defrayed By the Special Assessments; Providing the Portion of the Estimated Cost of the Improvements To Be Defrayed By the Special Assessments; Providing the Manner In Which Such Special Assessments Shall Be Made; Providing When Such Special Assessments Shall Be Paid; Designating Lands Upon Which the Special Assessments Shall Be Levied; Providing For An Assessment Plat; Adopting a Preliminary Assessment Roll; Providing for Publication of this Resolution

Mr. Wrathell presented Resolution 2018-07.

On MOTION by Mr. Rhodes and seconded by Mr. Hord, with all in favor, Resolution 2018-07, Declaring Special Assessments For the Area Known as Wildlight Village Phase 1; Indicating the Location, Nature and Estimated Cost of Those Infrastructure Improvements Whose Cost is To Be Defrayed By the Special Assessments; Providing the Portion of the Estimated Cost of the Improvements To Be Defrayed By the Special Assessments; Providing the Manner In Which Such Special Assessments Shall Be Made; Providing When Such Special Assessments Shall Be Paid; Designating Lands Upon Which the Special Assessments Shall Be Levied; Providing For An Assessment Plat; Adopting a Preliminary Assessment Roll; Providing for Publication of this Resolution, was adopted.

ELEVENTH ORDER OF BUSINESS

Consideration of Resolution 2018-08, Setting a Public Hearing for the Purpose of Hearing Public Comments on Imposing Special Assessments on Certain Property Within the District Generally Described as Wildlight Village Phase I in Accordance with Chapters 170, 190 and 197, Florida Statutes

Mr. Wrathell presented Resolution 2018-08. The Public Hearing would be held on Friday, February 2, 2018, at 10:00 a.m., at this location.

On MOTION by Mr. Rhodes and seconded by Mr. Hahaj, with all in favor, Resolution 2018-08, Setting a Public Hearing on February 2, 2018 at 10:00 a.m., at this location, for the Purpose of Hearing Public Comments on Imposing Special Assessments on Certain Property Within the District Generally Described as Wildlight Village Phase I in Accordance with Chapters 170, 190 and 197, Florida Statutes, was adopted.

In response to a question, of whether the February 2 meeting would replace the scheduled January 18 and February 15 meetings, Mr. Wrathell stated both meetings would remain on the calendar and, closer to the scheduled meeting date, a decision would be made.

TWELFTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of October 31, 2017

Mr. Wrathell presented the Unaudited Financial Statements as of October 31, 2017. Revenues and expenditures were minimal, as it was the first month of the new fiscal year and the District has not issued any bonds. The District is Landowner-funded; the Landowner provides funding, as expenses are incurred.

Discussion ensued regarding whether the Board’s action would be to approve or accept the Unaudited Financials. Mr. Wrathell agreed that the term “accepted” could be used in the motion.

Mr. Rhodes asked what the budgeted line item expenditures were related to and who was performing those services. Mr. Hahaj stated, presently, no one was engaged to perform any services. Mr. Wrathell stated that, currently, the Developer owns and maintains the improvements. Mr. Hahaj stated that the items were budgeted in anticipation of when the District accepts the infrastructure, once bonding has occurred and ownership is within the District. Mr. Wrathell stated that the transfer of ownership to the District is expected to occur by this summer; after which, those funds would be used for maintenance of the infrastructure assets.

On MOTION by Mr. Hahaj and seconded by Mr. Roach, with all in favor, the Unaudited Financial Statements as of October 31, 2017, were accepted.

THIRTEENTH ORDER OF BUSINESS

Consideration of October 19, 2017 Continued Public Hearings, Public Hearings, and Regular Meeting Minutes

Mr. Wrathell presented the October 19, 2017 Continued Public Hearings, Public Hearings, and Regular Meeting Minutes and asked for any additions, deletions or corrections.

Ms. Warren stated revisions, including a name correction on Page 1 and scrivener errors on Pages 2 and 3 were previously submitted to Management. Mr. Wrathell stated that changes submitted by District Counsel and Mr. Hahaj would be incorporated. The following additional changes were made:

Line 78: Change “Selick” to “Sellen”

Lines 440 and 442: Change “EDP” to “Preliminary Development Plan (PDP)”

On MOTION by Mr. Rhodes and seconded by Mr. Hord, with all in favor, the October 19, 2017 Continued Public Hearings, Public Hearings, and Regular Meeting Minutes, as amended and incorporating changes submitted by District Counsel and Mr. Hahaj, were approved.

FOURTEENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: *Hopping Green & Sam, P.A.*

There being no report, the next item followed.

B. District Engineer: *England-Thims & Miller, Inc.*

There being no report, the next item followed.

C. District Manager: *Wrathell, Hunt and Associates LLC*

i. NEXT MEETING DATE: January 18, 2018 at 10:00 A.M.

The next meeting is scheduled for January 18, 2018 at 10:00 a.m., at this location; however, if the Board decides to cancel this meeting, Mr. Wrathell would email everyone. If cancelled the next meeting and Public Hearing would be held on Friday, February 2, 2018, at 10:00 a.m., at this location.

FIFTEENTH ORDER OF BUSINESS

Board Members' Comments/Requests

Mr. Rhodes asked for the best-case timeline for the bond process. Mr. Hahaj stated February was probably the earliest time for the public hearings and the bond validation filing would follow. Mr. Wrathell stated that, in normal circumstances, if the District was moving full-speed ahead and was not waiting on any considerations from the County, realistically, it would probably be a four-month process, in the context of having the public hearings in February, scheduling of validation dependent upon the court's schedule and then the 30 day appeal period after the Court hearing.

SIXTEENTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

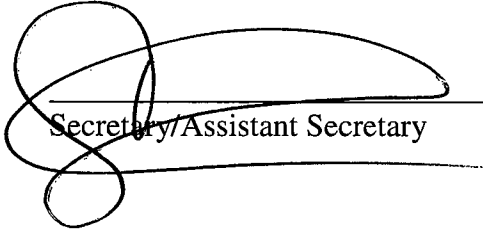
SEVENTEENTH ORDER OF BUSINESS

Adjournment

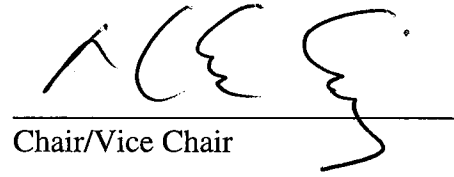
There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Hahaj and seconded by Mr. Rhodes, with all in favor, the meeting adjourned at 11:00 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair