

**MINUTES OF MEETING
EAST NASSAU STEWARDSHIP DISTRICT**

The East Nassau Stewardship District Board of Supervisors held a regular meeting on Wednesday, December 12, 2018, at 10:00 a.m., in the Nassau Room (T0126), Building T, at Florida State College, Nassau Center, 76346 William Burgess Boulevard, Yulee, Florida 32097.

Present at the meeting were:

Mike Hahaj	Chair
Dan Roach (via telephone)	Vice Chair
Bob Rhodes	Assistant Secretary
Max Hord	Assistant Secretary
Rob Fancher	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Jonathan Johnson	District Counsel
Sarah Warren	Hopping, Green & Sams, P.A.
Zach Brecht	District Engineer
Brett Sealy	MBS Capital Markets, LLC
Justin Rowan	MBS Capital Markets, LLC
Charles Adams	Raydient LLC

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 10:02 a.m.

SECOND ORDER OF BUSINESS

Roll Call

Supervisors Hahaj, Rhodes and Hord were present, in person. Supervisor Roach was attending via telephone.

THIRD ORDER OF BUSINESS

Chairman's Opening Remarks

Mr. Hahaj welcomed everyone to the meeting and thanked everyone for their efforts leading up to the bond issuance.

FOURTH ORDER OF BUSINESS**Public Comments *(limited to 3 minutes per person)***

There being no public comments, the next item followed.

FIFTH ORDER OF BUSINESS**Final Bond Issuance Related Items**

Mr. Brett Sealy, of MBS Capital Markets, LLC (MBS) stated that a bond sizing was distributed. The bond delegation resolution was previously approved, which authorized MBS to prepare an offering document, price and market the bonds, pursuant to certain parameters. He was pleased to report that MBS successfully priced the bonds at very aggressive terms. The deal was received very favorably in the market. The terms of the bonds were as follows:

- Principal amount of the bonds being issued is \$5,460,000, which will generate approximately \$4.7 million in construction proceeds.
- The Debt Service Reserve Fund was structured to equal one-half year's principal and interest, which is less than the one full year amount required for many other bond issuances. This results in a like amount of proceeds that, otherwise, would have been deposited into the Debt Service Reserve Fund to instead be deposited into the Acquisition and Construction Fund for additional construction proceeds.
- Interest on the bonds is capitalized through November 1, 2019.
- The costs of issuance (COI) are included, along with the Underwriter's discount.
- The Bond Pricing Report, on Page 2, provides an illustration of the four term bonds that were structured for the ultimate pricing of the bonds. Structuring multiple terms allows them to take advantage of lower yields, or interest rates, along earlier portions of the yield curve, while still maintaining a relatively level debt service.
- Page 3 reflects the average coupon or interest rate of 5.17%.
- The remaining schedules are debt service schedules.
- Page 7 reflects that, while it was priced with multiple term bonds, at varying interest rates, the bonds were still structured with relatively level annual debt service, all within a couple of thousand dollars of one another, in any given year; however, each homeowner will pay their fixed annual assessment, over a 30-year period.

A. Presentation of Final Supplemental Engineer’s Report for Series 2018 Project

Mr. Brecht distributed an updated Final Supplemental Engineer’s Report, which differed from the one in the agenda packet. The only change from the one in the packet was the addition of a Proposed Unit Distribution table, on Page 1, that matches with the lot distribution in the Methodology and Preliminary Offering Memorandum (PLOM) for the bond issuance. The Table essentially breaks out the 497 units in Phase 1C, into Phases 1C and 1D, with 240 in Phase 1C and 257 units in Phase 1D.

Mr. Brecht stated that the second Report is an updated Master Engineer’s Report that incorporates the same table and updates it in the original Master Engineer’s Report. There is no change to costs.

Mr. Hahaj asked if the reason for doing this was to show that this bond issuance is only being assessed for Phases 1A and 1C, so it breaks out Phase 1D separately. Mr. Brecht replied affirmatively.

Ms. Warren asked Mr. Brecht to give a brief overview of the costs that are anticipated to be funded by the 2018 Series bonds.

Mr. Brecht stated the following:

- Page 3, Table 2: Reflects the proposed improvement costs that are associated with the Series 2018 project for this bond issuance, including the master infrastructure improvements for a total of \$11,855,450.

Ms. Warren: Those are all completed improvements?

Mr. Brecht: Correct.

Ms. Warren: All of these improvements are consistent with the Development Approvals that are in place for these phases?

Mr. Brecht: Correct.

B. Presentation of Final Supplemental Assessment Methodology for Series 2018 Bonds

Mr. Wrathell presented the Final Supplemental Methodology Report for the Series 2018 Bonds. He reviewed the following:

- Page 14, Table 3, Estimated Sources and Uses of the Bond Funds: Reflects the par amount of bonds of \$5,460,000 and the uses of the bond funds broken down as follows:

Project Fund	\$4,696,933.75
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Debt Service Reserve Fund	\$ 179,801.25
Capitalized Interest Fund	\$ 244,065.00
Costs of Issuance	\$ 230,000.00
Underwriter’s Discount	\$ 109,200.00

➤ Page 17, Table 6, 2018 Assessments Apportionment – Phases 1A and 1C: Provides a breakdown of the land use categories, number of square feet or units and the corresponding assessment apportionment for each land use category. The commercial, educational/ community and apartments have no debt assessment allocated to them for this bond issuance; this bond issuance relates to the residential product types.

Mr. Rhodes asked if this is related to \$11 million for the improvements, going forward, and the bond issuance is approximately \$4 million and the Landowner is putting in essentially \$7 million for this part of Phase 1 of the project. Mr. Wrathell stated that, with the way it is structured, the District still has an ability to issue bonds on the properties that are not encumbered, at this point, in Wildlight. If another series of is not issued, the balance would be privately funded by the Developer. Mr. Rhodes thought that the balance being Developer-funded was already committed because these dollars are going to be paid back to the Landowner. Mr. Wrathell stated that is right. Mr. Rhodes stated then they were only looking at \$11 million in improvements completed, or in the pipeline, for this package. Mr. Wrathell replied affirmatively. Ms. Warren stated that the District will acquire the completed improvements and this bond issue will cover a portion of those costs; the remaining costs are eligible to be reimbursed from future bond proceeds or, if future bonds are not issued, the improvements would be a contribution to the District by the Developer. Mr. Rhodes assumed that the buy in from the Landowner and the fact that there is ongoing activity helped in marketing the first issue. Mr. Sealy stated that the status of development ranges for each of the individual bond issues. For other CDD’s this year, typically, bonds were not issued or construction proceeds were not released until there was a determination that the projects were entitled and permitted or at least had major permits. Without a doubt, the development status weighs heavily on a bondholders’ decision whether to purchase the bonds and on what terms they are willing to purchase them; the head start that this project had was helpful in marketing the bonds.

C. Consideration of Resolution 2019-04, Setting Forth the Specific Terms of the East Nassau Stewardship District's Special Assessment Revenue Bonds, Series 2018; Confirming the District's Provision of Infrastructure Improvements and Adopting a Supplemental Engineer's Report; Confirming and Adopting a Supplemental Assessment Methodology Report; Confirming, Allocating and Authorizing the Collection of Special Assessments Securing Series 2018 Bonds; Providing for the Application of True-Up Payments; Providing for the Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Series 2018 Special Assessments; Providing for Conflicts, Severability and an Effective Date

Ms. Warren distributed an updated version of Resolution 2019-04, due to "clean up" items after the agenda was shipped. This Resolution accomplishes the following:

- Sets forth the specific terms of the Series 2018 bonds.
- Sets forth the findings that this assessment lien being put in place is consistent with the previous resolutions that put the master lien in place.
- Adopts the revised version of the Master Engineer's Report and the Supplemental Engineer's Report that was presented by Mr. Brecht.
- Adopts the Final Supplemental Special Assessment Methodology Report that was presented by Mr. Wrathell.
- Confirms the maximum assessment lien to secure the Series 2018 bonds; the lien will be over all the property within Wildlight Phase 1 to begin, but is ultimately anticipated to be secured by the residential units in Phases 1A and 1C.
- Allocates the special assessments in accordance with the Supplemental Methodology.
- Outlines the process for true-up payments, should there be a change in the number of platted units, to ensure that the District collects assessments in an amount sufficient for the District to meet its debt service payment obligations.
- Directs the District to record a Notice of Series 2018 Special Assessments in the Nassau County records for purposes of putting potential residents on notice that the property is subject to assessments by the District.

A Board Member asked if this Resolution brings forth the revised Engineering Reports and Supplementals to sync with the actual bond issuance terms and is presented for

consideration in order for the District to proceed with the bond closing. Ms. Warren replied affirmatively; the remaining exhibits to the Resolution are the numbers that Mr. Sealy reviewed at the beginning of the meeting.

Mr. Wrathell presented Resolution 2019-04.

On MOTION by Mr. Rhodes and seconded by Mr. Hahaj, with all in favor, Resolution 2019-04, Setting Forth the Specific Terms of the East Nassau Stewardship District’s Special Assessment Revenue Bonds, Series 2018; Confirming the District’s Provision of Infrastructure Improvements and Adopting a Supplemental Engineer’s Report; Confirming and Adopting a Supplemental Assessment Methodology Report; Confirming, Allocating and Authorizing the Collection of Special Assessments Securing Series 2018 Bonds; Providing for the Application of True-Up Payments; Providing for the Supplement to the Improvement Lien Book; Providing for the Recording of a Notice of Series 2018 Special Assessments; Providing for Conflicts, Severability and an Effective Date, was adopted.

SIXTH ORDER OF BUSINESS

Discussion/Consideration: Request for Joint Meeting with Board of County Commissioners

Mr. Hahaj stated that this was discussed at the last meeting and not much has changed since that meeting. He is not aware of any additional information or updates regarding the pending litigation that the District was made aware of at that time. Therefore, he suggested that this item again be deferred to a future meeting.

SEVENTH ORDER OF BUSINESS

Consideration of Authorization of Request for Proposals for Landscape Maintenance – Wildlight Village Phase 1

Mr. Hahaj stated that, while there are still details to work out, the thought was to authorize the District Manager and others to proceed with the Request for Proposals (RFP) process for the infrastructure improvements that will be maintained by the District. Other infrastructure is maintained by the POAs and there is synergy to have a synced process so that both entities can speak to firms in a collective manner on the premise of economies of scale.

So the thinking was to do this concurrently with the POAs to solicit bids for maintenance of the infrastructure improvements.

Mr. Wrathell stated that the size of the contracts for maintenance, at this time, will all be below the bid requirement threshold amount, so he suggested proceeding with authorization and, while the formal RFP process might not be necessary, it allows for obtaining written proposals for consideration. Ms. Warren felt that approach was okay, to the extent that the District would be evaluating the proposals but she recommended still reviewing the evaluation criteria and have the Board approve the criteria to be used in any circulated project manual to potential landscape maintenance vendors. The sample criteria provided is standard to what is often used in other districts.

Discussion ensued regarding the area that this contract would encompass; generally, it would be the 100-acre vicinity of the Wildlight Village. Regarding the question of whether the maintenance costs would be shared with the POAs, at some point, or whether the District would perform the maintenance, it was noted that it would likely be both, with respect to who is responsible for the maintenance of the different pieces. The idea was that there would be distinct contracts between each entity for the pieces of infrastructure that they maintain or own and maintain, so there is not necessarily cost-sharing between them but, syncing up, from a cost perspective, being able to collectively bid it to achieve the most favorable pricing. It would be individual contracts with the appropriate owners and the people who maintain it. In response to the question of the threshold amount requiring the RFP process, Mr. Johnson stated it is about \$195,000 for maintenance and the amount is higher for construction; the amount is set by Statute and indexed annually. In his opinion, for example, if the District awarded a three-year contract for \$100,000 per year, it would exceed the bid requirement threshold, as would a one-year contract at \$200,000; the total value of the contract must be considered.

Discussion ensued regarding the potential contract prices, evaluation criteria, etc.

On MOTION by Mr. Hord and seconded by Mr. Rhodes, with all in favor, the Landscape Maintenance – Wildlight Village Phase 1 evaluation criteria and authorization for Staff to solicit bids, as opposed to a formal RFP, unless the RFP bid threshold amount is met, were approved.

EIGHTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of October 31, 2018

Mr. Wrathell presented the Unaudited Financial Statements as of October 31, 2018. A Board Member noted that the Balance Sheet reflects a fair amount of Accounts Payable accumulated, not related to the Debt Service Fund, and a significant amount due from the Landowner; his understanding was that the Landowner funded or substantially funded the “off-roll” assessments; he asked if there was any concern that there is no working capital. Mr. Wrathell replied no; the Accounts Payable could be something that was booked but, instead of getting the money from the Landowner, it might be submitted as part of the COI requisition and be paid directly and it comes off the books. Cash-wise, the District is in a good position, paying its bills and this is not indicative of any late funding.

On MOTION by Mr. Rhodes and seconded by Mr. Hahaj, with all in favor, the Unaudited Financial Statements as of October 31, 2018, were approved.

NINTH ORDER OF BUSINESS

Consideration of Minutes

- A. November 6, 2018 Landowners’ Meeting**
- B. November 15, 2018 Regular Meeting**

Mr. Wrathell presented the November 6, 2018 Landowners’ and November 15, 2018 Regular Meeting Minutes and asked for any additions, deletions or corrections.

The following changes were made to the November 15, 2018 Regular Meeting Minutes:

Line 358: Change “Hahaj” to “Fancher”

On MOTION by Mr. Rhodes and seconded by Mr. Hord, with all in favor, the November 6, 2018 Landowners’ and November 6, 2018 Regular Meeting Minutes, as amended, were approved.

TENTH ORDER OF BUSINESS

Staff Reports

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

Mr. Johnson stated, for the record, the Annual Public Facilities Report was filed last month. It is a document required by Chapter 189. It is a document that is a composite of the Engineering Reports that the Board has adopted and is required to be filed with the County. Those documents were previously provided to the County as they were prepared but, in an abundance of caution, they were compiled and formally filed with the County Clerk on November 19, 2018.

Mr. Johnson stated that Florida voters approved Amendment 12 to the Florida Constitution during the November general election, which dealt with various public officials, ethics and lobbying issues. Within Amendment 12 was language prohibiting a public official, including special district officers, from “abusing their position to achieve a disproportionate benefit for themselves or their employer”. Although this seems reasonable, it is possible that the language could be misconstrued and applied in the context of a special taxing district and CDDs, where the Board Members are elected by the Landowner and are often employees of the Landowners, which is authorized by statute. The Amendment 12 verbiage directed the Commission on Ethics to commence the rule making process between now and October 2019, and to adopt rules that implement those concepts. His firm is working actively with the Commission on Ethics in connection with rule making on this matter.

In response to the question of whether any of the documents or reports submitted as part of the Annual Public Facilities Report needed to be resubmitted, as a result of the recent updates to them, Mr. Johnson replied no; it is an annual filing so updated reports will be provided when it is submitted again next year.

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

There being nothing additional to report, the next item followed.

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

- **NEXT MEETING: January 17, 2019 at 10:00 A.M.**

The next meeting will be held on January 19, 2019 at 10:00 a.m.

ELEVENTH ORDER OF BUSINESS

Board Members' Comments/Requests

Mr. Rhodes asked if any further communications were received from the County. Mr. Hahaj stated that he had not received any and was not aware of any.

TWELFTH ORDER OF BUSINESS

Public Comments

Mr. Adams stated how impressed he was with the collaboration by the advisors to the District, including MBS, Bond Counsel, District Counsel, the District Engineer and District Management, during the bond issuance process.

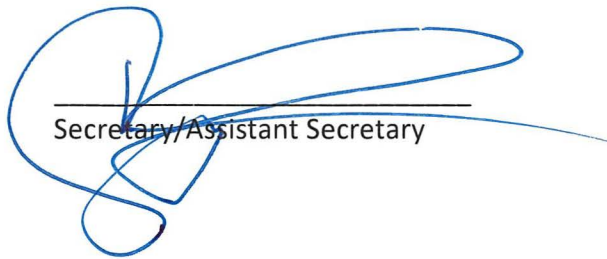
THIRTEENTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Hahaj and seconded by Mr. Fancher, with all in favor, the meeting adjourned at 10:46 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair