

**MINUTES OF MEETING
EAST NASSAU STEWARDSHIP DISTRICT**

The Board of Supervisors of the East Nassau Stewardship District held a regular meeting on March 29, 2019, at 2:00 p.m., in the David Yulee Room, Building AB, at Florida State College, Nassau Center, 76346 William Burgess Boulevard, Yulee, Florida 32097.

Present at the meeting were:

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

Also present were:

Craig Wrathell	District Manager
Jonathan Johnson	District Counsel
Kent Safriet	Hopping Green & Sams
Zach Brecht	District Engineer
Court Reporter (for Executive Session)	

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 2:07 p.m.

SECOND ORDER OF BUSINESS

Roll Call

All Supervisors were present, in person.

THIRD ORDER OF BUSINESS

Chairman's Opening Remarks

Mr. Hahaj welcomed everyone to the meeting and appreciated everybody's attendance.

▪ **Staff Reports**

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

This item, previously Item 10B, was presented out of order.

Mr. Brecht distributed a Requisition Summary sheet dated February 27, 2019, comprised of nine requisitions that, once approved, would be submitted to the Trustee for

funding today and would include any remaining back up documents Ms. Warren was currently working on. These were reimbursable requisitions to various entities for construction-related services, professional services and infrastructure acquisitions, totaling \$3,729,253.64.

Mr. Brecht and Mr. Johnson responded to questions, as follows:

➤ Requisition Approval Process: Requisitions are sent to the District Engineer's or Mr. Wrathell's office and then forwarded to District Counsel, who prepares the requisition and then it is presented to the Board for approval.

Mr. Johnson stated the process involves the District Engineer and District Counsel review of the backup materials to the requisition, contracts, payments, Release of Liens, etc., and confirms the appropriate instrument, related to the property interest is associated with the requisition. Due diligence relating to these requisitions was performed and, with Mr. Brecht's Certification following approval from the Board, along with confirmation from Ms. Warren that the appropriate paperwork was received, he was comfortable with the Board moving ahead.

➤ District Counsel and District Engineer Invoices: Mr. Johnson confirmed District Counsel reviews the District Engineer's invoices that are payable from the bond funds and vice versa; however, both review the Developer's invoices.

Mr. Wrathell stated the Board Chair executing these requisitions was another layer of the review process. Management has not participated in assembling backup material to these requisitions, mostly due to the amount of legal-related items that were required; however, later, Management would confer with District Counsel on future requisitions about whether any additional legal-type documents were needed before submitting them to the Trustee.

➤ Regarding whether these requisitions would represent a true-up in the Account Payable, through February 27, 2019, Mr. Johnson stated some items were; however, he expected they would receive other acquisitions as the paperwork becomes finalized. In response to the comment of these requisitions using a large portion of the bond issue funds, Mr. Wrathell stated that he expected costs to ultimately far exceed the available bond proceeds; it was possible that a lot of improvements underway could be reimbursed with the bonds or the District could choose to fund certain items out of the bonds or not fund out of the bonds certain items that are eligible. It was not a simple matter of knowing these transactions represent the District's payables being caught up to date.

Mr. Johnson stated, going forward, future bond issues would be acquisitions, meaning the Developer has built equity, in the form of improvements, such as the utility improvements that would be turned over to the District. The District would acquire the improvements but would not pay for them at that time, as it preserves the ability to fund future bond issues. Mr. Wrathell stated a good example of advance funding was Requisition #1, where the Developer advance-funded a project designated to be paid out of the bond proceeds. The acquisition requisitions were distinct components of the Master Infrastructure that were already completed; however, more would be presented and require more effort to compile backup material associated with it.

On MOTION by Mr. Rhodes and seconded by Mr. Roach, with all in favor, authorizing the processing and payment of Requisitions #1 through #9, totaling \$3,729,253.64, as described by the District Engineer, was approved.

FOURTH ORDER OF BUSINESS

Public Comments (*limited to 3 minutes per person*)

There were no public comments.

FIFTH ORDER OF BUSINESS

**ANNOUNCE ATTORNEY-CLIENT SESSION/
REGULAR MEETING RECESS**

Mr. Johnson directed the Executive Session attendees to introduce themselves for the Court Reporter's record. He, as Counsel for the District, requested the opportunity to confer with the Board on litigation matters to which the District is presently a party. No members of the public or individuals not named in the notice published in the local newspaper may attend the Attorney-Client Session. Mr. Wrathell closed the open phone line.

Mr. Johnson stated that, as a Stewardship District, the Board is subject to the Sunshine Provisions, Chapter 286, as well as The Florida Constitution but Florida law provides a limited exception to meet outside of the Sunshine and confer on matters related to settlement strategy and litigation expenditures when the District is presently a party in any litigation.

The Regular Meeting recessed at approximately 2:23 p.m.

SIXTH ORDER OF BUSINESS

COMMENCEMENT OF ATTORNEY-CLIENT SESSION [Closed to the Public by Law]

- **Attorney-Client Session to Address Strategy Relating to Ongoing Litigation**

The Attorney-Client Session commenced at approximately 2:24 p.m.

SEVENTH ORDER OF BUSINESS

ATTORNEY-CLIENT ADJOURNMENT/RECONVENE MEETING SESSION REGULAR MEETING

The Attorney-Client Session concluded at approximately 2:58 p.m.

The Regular Meeting reconvened at approximately 2:58 p.m., and any interested members of the public were invited to return to the Regular Meeting. No members of the public joined the meeting.

Mr. Johnson stated there were no actions for the Board to consider as a result of the Attorney-Client Session.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2019-05, Ratifying the Amendment of the Annual Budget for the Fiscal Year Beginning October 1, 2017 and Ending September 30, 2018; and Providing for an Effective Date

This item was presented following Item 11C.

NINTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of January 31, 2019

Mr. Wrathell presented the Unaudited Financial Statements as of January 31, 2019.

A Board Member stated the "General counsel" line item would potentially exceed budget and asked if those costs would be offset by the Litigation Funding Agreement with Raydient LLC (Raydient). Mr. Johnson replied affirmatively. Mr. Wrathell stated it was the same reason a Budget Amendment for Fiscal Year 2018 would be presented later in the meeting and would most likely be needed for Fiscal Year 2019, due to the General Fund exceeding budget, when legal costs and legal advertising increased due to issues with the County. It was unknown if the invoice to Raydient was sent. In response to a question

regarding Special Assessments, Mr. Wrathell stated on-roll assessments are a reflection of the County's tax rolls and off-roll assessments are billed directly to the Master Developer, as a requirement of The Trust Indenture. The County's latest assessment rolls, in September, were used when adopting the final budget.

On MOTION by Mr. Hahaj and seconded by Mr. Hord, with all in favor, the Unaudited Financial Statements as of January 31, 2019, were accepted.

TENTH ORDER OF BUSINESS

Approval of March 5, 2019 Regular Meeting Minutes

Mr. Wrathell presented the March 5, 2019 Regular Meeting Minutes.

The following change was made:

Line 69: Change "A Board Member" to "Mr. Rhodes"

On MOTION by Mr. Roach and seconded by Mr. Fancher, with all in favor, the March 5, 2019 Regular Meeting Minutes, as amended, were approved.

ELEVENTH ORDER OF BUSINESS

Staff Reports

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

Mr. Johnson formally requested an Attorney-Client Session for April 18, 2019, at 10:00 a.m., which was the date of the next regularly scheduled meeting. District Staff would publically notice the Attorney-Client Session.

On MOTION by Mr. Hahaj and seconded by Mr. Rhodes, with all in favor, authorizing District Staff to Notice an Attorney-Client Session for April 18, 2019 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, was approved.

In response to a Board Member's question about complying with the public records request, Mr. Johnson stated his and Mr. Wrathell's offices were working on the responses.

Mr. Wrathell distributed the Public Records Request letter and stated Management was in the process of creating a File Transfer Protocol (FTP) website for Board Members and District Staff to upload large documents related to the request, other than those sent through the District's email address. Once the FTP website is activated, Board Members would be notified and provided instructions to upload documents.

Mr. Johnson stated the first three items in the request were not District-related items; they were related to the East Nassau Community Planning Area (ENCPA). Board Members were directed to check their personal emails and Rayonier emails and upload those items, specifically those related to draft versions or items related to the construction funding or financing of any public facilities, even though Management most likely had them. If in doubt whether an item was responsive, Board Members were to contact Mr. Johnson or Ms. Warren. Mr. Johnson confirmed Raydient received a similar records request and also submitted one. Mr. Johnson explained differences between a public records request, a private business records request and a discovery request, which is a Court requirement. He too submitted a records request on behalf of the District and would confirm whether the County responded to the request yet. Litigation Counsel would provide Board Members guidance as to a timeline to finalize this request.

Mr. Hahaj distributed the University of Florida (UF) IFAS Extension Letter, on behalf of Ms. Warren. The UF IFAS Extension office, upon receipt of a grant, requests authorization to implement a program to plant and monitor plantings around a stormwater pond that is being conveyed to the District. Since this is District property, if approved, a License Agreement indemnifying the District was needed. Mr. Wrathell recalled an instance in which UF IFAS initiated a study program, aiding one of his Districts by naturally treating the stormwater pond algae blooms rather than chemically, at no charge.

On MOTION by Mr. Roach and seconded by Mr. Rhodes, with all in favor, authorizing the Chair to take the necessary steps to move forward with initiating a Licensing Agreement with the UF IFAS Extension office related to the request to implement a program to plant and monitor plantings around a stormwater pond that is being conveyed to the District, was approved.

Mr. Rhodes asked for an update on the Legislative Session bill that may impact Special Districts. Mr. Johnson provided the following overview of the bills being monitored:

- The House most likely would pass the bill requiring Districts to obtain a two-thirds vote on a Resolution for approving a bond issue; however, he was not certain the Senate would approve it, unless the terms were under the confines of obtaining two-thirds votes to bonds issued and funded by ad valorem taxes.
- Changes to Chapter 190, making it easier for CDDs to amend District boundaries and providing the ability for a CDD to merge with a Stewardship or other Independent Special District were expected to pass.
- The local delegation's amendment for the Stewardship was not noticed properly by the County, which caused it to be pulled from the agenda.

In response to a question regarding the bill allowing Districts to amend boundaries, Mr. Johnson stated that bill would only apply to Chapter 190 CDDs and not this District, since it was created by the Legislature; this District could only amend its boundaries by a subsequent Special Act.

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

This item was presented following the Third Order of Business.

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

- **Consideration of Resolution 2019-05, Ratifying the Amendment of the Annual Budget for the Fiscal Year Beginning October 1, 2017 and Ending September 30, 2018; and Providing for an Effective Date**

This item, previously the Eighth Order of Business, was presented out of order.

Mr. Wrathell presented Resolution 2019-05.

Mr. Rhodes asked if there were sufficient funds in the "General counsel" and "Legal advertising" line items to cover expenditures for Fiscal Year 2019. Mr. Johnson stated he did not know because of unknown variables, such as whether the County's Motion to Dismiss prevails. If the matter is not resolved through mediation and further litigation is required, it would not be sufficient; it depends on what occurs over the next two months. He would continue to monitor litigation costs.

On MOTION by Mr. Roach and seconded by Mr. Rhodes, with all in favor, Resolution 2019-05, Ratifying the Amendment of the Annual Budget for the Fiscal Year Beginning October 1, 2017 and Ending September 30, 2018; and Providing for an Effective Date, was adopted.

In response to Mr. Rhodes’ request at the last meeting, Mr. Wrathell provided the Series 2018 Bond Closing Statement and reviewed the costs related to the bond issuance, interest rates, tapered maturity dates, etc.

- **NEXT MEETING: April 18, 2019 at 10:00 A.M.**

The next meeting would be held on April 18, 2019 at 10:00 a.m.

TWELFTH ORDER OF BUSINESS

Board Members’ Comments/Requests

Mr. Rhodes asked about plans for future bond issuances and what was next for the District. Mr. Hahaj stated he was not aware of anything in the immediate future besides the reimbursement requests today, for the Master Infrastructure, which covers all the initial lots in Phase 1A that are paid for and another ~~140~~²⁴⁰ lots in the next phase of the residential development but would take a few years to sell out.

Mr. Rhodes asked about the possibility of another bond issuance to complete the infrastructure in Phases 1A and 1. Mr. Hahaj stated the balance of their lienable assessment area, Phase 1D, would come into play and there was the potential for another issuance, on the Wildlight Industrial Park sale; if that occurs, it might require public infrastructure improvements but that would not be known until later this year.

THIRTEENTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

FOURTEENTH ORDER OF BUSINESS

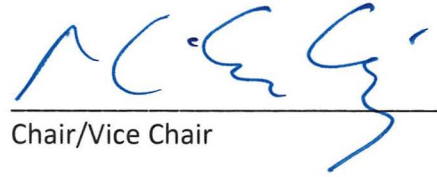
Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Roach and seconded by Mr. Hahaj, with all in favor, the meeting adjourned at 3:59 p.m.



Secretary/Assistant Secretary



Chair/Vice Chair