

**MINUTES OF MEETING
EAST NASSAU STEWARDSHIP DISTRICT**

The Board of Supervisors of the East Nassau Stewardship District held a regular meeting on May 16, 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.

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
Sarah Warren	District Counsel
Zach Brecht	District Engineer

FIRST ORDER OF BUSINESS

Call to Order

Mr. Wrathell called the meeting to order at 10:01 a.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.

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**

Ms. Warren stated the Attorney-Client Session scheduled for today was cancelled since there were not a lot of updates. In preparation for the first Mediation Session set for June 21st, she formally requested a Shade Session on June 20th, the date of the next regularly scheduled meeting, to brief the Board before the mediation. The required Notice would be published naming all Board Members, a Court Reporter, a representative of District Management and herself, Mr. Johnson, Mr. Safriet and Mr. Hunter, of District Counsel’s office, as the attendees.

On MOTION by Mr. Roach and seconded by Mr. Rhodes, with all in favor, authorizing District Staff to notice an Attorney-Client Session for June 20, 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.

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**

This item was deferred to the next meeting.

SEVENTH ORDER OF BUSINESS

**ATTORNEY-CLIENT SESSION
ADJOURNMENT/RECONVENE REGULAR MEETING**

This item was deferred to the next meeting.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2019-06, Approving Proposed Budgets For Fiscal Year 2019/2020 and; Setting a Public Hearing Pursuant to Florida Law; Addressing Transmittal, Posting and Publication Requirements Addressing Severability; and Providing an Effective Date

Mr. Wrathell presented Resolution 2019-06. He reviewed the proposed Fiscal Year 2020 budget line items and compared it against the Fiscal Year 2019 budget.

Mr. Wrathell, Ms. Warren and Mr. Hahaj responded to questions, as follows:

- Off-roll Assessments are direct billed and collected directly from the Landowners; off-roll assessments do not go through the Property Appraiser's office.
- The Dissemination Agent is Wrathell, Hunt and Associates, LLC (WHA). Management, after working with the Developer in collecting data, is responsible for completing and uploading a Report, including other documents listed in the Dissemination Agreement, to the Electronic Municipal Mark Access (EMMA®) system.

Once the County receives and updates the assessment rolls, Mr. Hahaj wanted to have a meeting with Mr. Szymonowicz and Ms. Norsworthy so they can reconcile and match up what the Developer conveyed to the District.

- An additional line item "Legal: litigation" was added to the proposed Fiscal Year 2020 budget, which would be Developer-funded. During the Fiscal Year 2019 budget preparations, the District did not anticipate any litigation so no funds were assigned; subsequently, the District entered into a Developer Funding Agreement to fund the Fiscal Year 2019 litigation costs. The new line item allows District Counsel to separate the District's legal and litigation costs.

The followings changes would be made to the proposed Fiscal Year 2020 budget:

Page 5, Expenditures - Irrigation (potable): Delete "See attached schedule"

Page 4, Expenditures – Electricity: Reduce proposed cost by half.

Add Additional Line Items: "Unassigned Reserves" and "Disaster Recovery Fund"

Mr. Wrathell discussed several options for any excess fund balance. Assessments could be lowered or reserve funds could be designated to cover operating capital and for renewal or replacement. The advantage of reserve funds was that they could be used to cover costs associated with disaster relief, since it could take months for the District to receive any reimbursement funds from the Federal Emergency Management Agency (FEMA). For discussion, Ms. Sandy would prepare a policy to implement the correct mechanism for the District to collect payment from the Developer for the cost to repair infrastructure damaged by the Developer.

Mr. Wrathell was uncertain when the irrigation system would transition from potable to reclaimed water.

Mr. Wrathell reviewed the Assessment Tables, those showing bond debt were assigned only to those areas that were platted and sold. Compared to other markets, the debt assessment was lighter, appropriate and reasonable, without knowing the HOA dues and

consistent with what is being developed, in relation to the price points. The Board could chose to have operation and maintenance (O&M) costs isolated as a standalone item, as each phase of a development is completed, rather than assessing everything into one pot. This would be different than for Babcock Ranch Community Independent Special District (CISD) and, although they have parallel items to this District, Babcock Ranch CISD’s O&M costs are put into one pot. If WHA had been Babcock Ranch’s original District Manager, he would have recommended this model rather than the one Babcock Ranch CISD uses.

Mr. Rhodes asked if WHA’s internal audit cost system must be set up to ensure items are allocated correctly. Mr. Wrathell stated the framework that was created for this budget was set up after working with Mr. Hahaj and the Master Developers. When the next phase of development occurs, they can expand discussions on how to strategically view an area, as it relates to Wildlight, and have the ability to create its own “island”, for the purposes of assessments. Mr. Hahaj stated it was worth looking at how other larger Stewardship Districts approached assessments so they can make an educated decision. Mr. Wrathell stated the way it was set up for the District was more cutting edge than the way it has always been done, specifically with Babcock Ranch CDD and other older Districts. Structuring and modeling it this way makes it much simpler to defend in the future and allows it to grow with the development, such as when estate homes with higher price points that want a higher level of service versus other areas paying for costs associated with estate homes. As growth occurs, it enables the District to cater assessments to match each product type, rather than overburdening the existing tax payers.

On MOTION by Mr. Hahaj and seconded by Mr. Hord, with all in favor, Resolution 2019-06, Approving Proposed Budgets For Fiscal Year 2019/2020 and; Setting a Public Hearing Pursuant to Florida Law for August 15, 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; Addressing Transmittal, Posting and Publication Requirements Addressing Severability; and Providing an Effective Date, was adopted.

NINTH ORDER OF BUSINESS

Consideration of Advanced Acquisition Agreement for Phase 1 C Master Infrastructure (to be provided under separate cover)

Mr. Brecht presented the Advanced Acquisition Agreement for Phase 1C Master Infrastructure associated with the District acquiring the public road coming off Wildlight Avenue, the roundabout and the stormwater systems associated with it.

Ms. Sandy stated the Agreement was similar to the one submitted a few years ago for Wildlight LLC. The Agreement enables the District to move forward and assume the ongoing O&M of certain infrastructure improvements as they are completed. It also allows the District to issue a series of bonds in the future to reimburse the party who paid costs up front to construct the master infrastructure but that is not a requirement. Before finalized, Ms. Sandy would confirm the ownership entities.

On MOTION by Mr. Rhodes and seconded by Mr. Fancher, with all in favor, the Advanced Acquisition Agreement for Phase 1C Master Infrastructure, in substantial form and authorizing District Counsel to work with the Master Developer to finalize with the appropriate entities, and for the Chair or Vice Chair to execute the final version, was approved.

TENTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of March 31, 2019

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

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

ELEVENTH ORDER OF BUSINESS

Approval of Minutes

Mr. Wrathell presented the March 29, 2019 and April 18, 2019 Regular Meeting Minutes.

A. March 29, 2019 Regular Meeting

Line 256: Change "140" to "240"

B. April 18, 2019 Regular Meeting

Mr. Rhodes referred to line 107 and asked for clarification of the legislation discussion about Landowners sitting as Board Members. Ms. Warren explained there was a provision in the Amendment stating Board Members would be unable to lobby on matters that would benefit their employer; however, when initiating a CDD, those Board Members typically are

representatives of the Landowner and employed by them. Mr. Wrathell stated Mr. Johnson was participating in the Rule Making process and hoped to have the verbiage structured so that it would not affect CDDs.

Line 110: Change "Conservation Districts" to "Community Developers"

Mr. Wrathell confirmed that the Executive Director of the Association of Florida Community Developers, Inc. (AFCD), Mr. Hunter, was retiring soon and the transition to Mr. Pierce was underway.

On MOTION by Mr. Hahaj and seconded by Mr. Roach, with all in favor, the March 29, 2019 and April 18, 2019 Regular Meeting Minutes, as amended, were approved.

TWELFTH 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. 27 Registered Voters in District as of April 15, 2019

The Nassau County Supervisor of Elections (SOE) office would be notified to correct the recent and all future correspondence, to refer to the District as East Nassau Stewardship District, rather than as a Community Development District.

ii. NEXT MEETING: June 20, 2019 at 10:00 A.M.

The next meeting would be held on June 20, 2019 at 10:00 a.m.

THIRTEENTH ORDER OF BUSINESS

Board Members' Comments/Requests

Mr. Rhodes asked for an update on the activity across the highway. Mr. Hahaj discussed the activity commencing soon, which was expected to double in the next few months, as follows:

- Apartments were expected to be completed by the end of this year or early next year.
- Various commercial properties on the eastern side, closest to A1A, were being constructed. A bank, day care center, medical building, hotel and Florida Public Utilities, etc.

- Various tenants were already committed to filling the building just completed in the frontage of A1A.
- There were no updates on the Central Project or whether the Department of Transportation (DOT) was opening any new access points.
- A recreational community pool would open in July.
- Builder purchased all the residential lots in Phase 1 A, closest to the Village Center and had sold about half to the general public. 324 units were associated with the bond issue and, of that, 84 were sold to builders. The pace was slower than what the builder projected; however, it had more to do with timing and delivery of the infrastructure and the price point being higher than the market.

Mr. Roach was concerned about having a quorum for the July and September meetings as there was the possibility he would not be at the July meeting and would definitely not be at the September meeting.

FOURTEENTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

FIFTEENTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Rhodes and seconded by Mr. Roach, with all in favor, the meeting adjourned at 11:26 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair