TURNBULL CREEK
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Turnbull Creek Community Development District was held Tuesday, November 14, 2017 at 6:00 p.m. at the Murabella Amenity Center, 101 Positano Avenue, St. Augustine, Florida.

Present and constituting a quorum were:

Chuck Labanowski	Chairman
Brian J. Wing	Vice Chairman
Aage G. Schroder, III	Supervisor
Lee Clabots	Supervisor
Wil Simmons	Supervisor

Also Present were:

David deNagy	District Manager
Jennifer Kilinski	District Counsel
Mike Yuro	District Engineer
Mark Insel	Vesta/Amenity Services Group
Dan Fagen	Vesta/Amenity Services Group
Lourens Erasmus	Vesta/Amenity Services Group
Matt Krabill	Vesta/Amenity Services Group
Daniel Laughlin	GMS, LLC
Sete Zare	MBS Capital Markets by telephone

The following is a summary of the actions taken at the November 14, 2017 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS **Roll Call**

Mr. deNagy called the meeting to order at 6:00 p.m. and called the roll.

SECOND ORDER OF BUSINESS **Audience Comments**

Mr. deNagy stated I have a couple comment cards that I will read into the record. George Jacobs, appearance of common grounds. I am going to pass that along to Lourens for follow-up. Paul French, dead branches on the tree at the entrance looks poor. Again, trees on the entrance and I will pass that on to Lourens.

Ms. Zare joined the meeting by telephone at this time.

Mr. deNagy stated the last comment card is from Kathy Venezia, when is the jogging trail at Pescara area going to be fixed and she attached a couple of pictures and that is a topic we will be talking about tonight.

THIRD ORDER OF BUSINESS Staff Reports (Part 1)

A. Landscape Manager (Presenter: Dual Landscape)

There being none, the next item followed.

B. Engineer (Presenter: Mike Yuro

1. Pond Banks

Mr. Yuro stated Vallencourt was selected as the contractor for the pond bank work and we have been working on amending the contract to suit their comments and sent it back to them last week then we were advised that they were respectfully withdrawing their proposal. They apologized and indicated that they have so much work in the last two months that they didn't have the staff and resources to devote to it in the foreseeable future.

I sent you an email and included the bid tabulation from the bids received in July. I would think that even if the board wanted to go with the next lowest bidder we would need to confirm pricing is still valid and I suspect that all contractors would likely want to revisit their pricing.

It was the consensus of the board to have staff rebid the project.

2. Pescara Outfall Structure

Mr. Yuro stated there is a fiberglass skimmer on the structure and during the storm it broke and blocked the structure and caused more severe flooding in the pond than what should have happened. I reached out to the water management district because it was my recommendation that we don't put the skimmer back if it is not necessary and they agreed as long as the total impervious area is less than 50% and I was able to find the original permit application and demonstrate that and I submitted that to them and they are looking through their files. There is nothing for us to do as far as repair or replacement of the skimmer and there will be no cost and in a future big storm we won't have that issue again.

3. Pescara Track Drainage

Mr. Yuro stated I met Supervisor Clabots at the site and the drainage is such that the water is not draining off the track. I reached out to a contractor to get an idea if we were to install five yard inlets in the low spots with two discharging directly into the pond and three to be interconnected with the existing storm inlet and if the board wants to move forward I will get a couple proposals. The proposal from Duval Asphalt was $13,340 and for an underdrain system in the wet area that would add $10,600 to the cost.

Mr. deNagy stated we have other drainage issues, and one of the handouts I provided tonight showed issues in San Marino and it might be something we consider along with Pescara.

Mr. Yuro stated for the next meeting I will compile a comprehensive list of the areas and get pricing from a contractor so that the board can make a decision.

4. D.R. Horton Lot Drainage Issue:

Mr. Yuro stated the way everything was finally graded at 465 Porta Rosa circle the backyard is holding water and D.R. Horton is proposing to install some yard inlets that would need to tie into the adjacent pond, which is one lot away. I asked Jennifer to confirm if the private drainage easement would allow improvements within that easement and she said that it would. D.R. Horton proposes to do all the work themselves and from a drainage perspective I don't see an issue as the water from this lot was originally designed to make it to the street, go in an inlet then back to the pond. It is just not going where it was originally designed to go.

Ms. Kilinski stated I suggest you have a license agreement with D.R. Horton that specifies the parameters; restoration to previous condition, and if there are cascading affects that they will fix those cascading affects.

Mr. deNagy stated I would like to move an item out of order, 5B staffing the amenity center then the bond discussion.

Staffing the Amenity Center Easter/Thanksgiving (Presenter Dan Fagen)

Mr. Fagen stated currently we are closed four days, New Years, Christmas, Thanksgiving and Easter. Basically, you have a simple choice either the facility is closed and unstaffed or unstaffed and wide open. Since you have access to the pool through the fitness center it is pretty much wide open, if the gym is open the pool is open. The concern would be if someone goes to work out they would have access to the pool therefore, if something were to happen at the pool there will be no staff on duty to address any concerns whether it is a biohazard, slip and fall in the bathroom or whatever that may be. You either lock down the gym and it will be closed completely or the fitness center and pool deck would be open.

Mr. Wing asked if there is no staff present is that a liability risk?

Ms. Kilinski stated it is always a heightened risk of liability but we do have insurance and if we do proper notice there is not more of a risk.

Mr. Wing stated the gym is open until 10:00 p.m. and there is no one here at 10:00 p.m.

Ms. Kilinski stated it puts you more at risk of something happening but in terms of defending a lawsuit there is not a difference because you have staff or you don't have staff so long as you have done noticing.

> Mr. Simmons moved to have the gym and pool open on Easter and Thanksgiving and Mr. Clabots seconded the motion.

After board discussion, the motion was amended to have the gym and pool open Easter, Thanksgiving, Christmas and New Year's.

> On voice vote with two in favor and Mr. Labanowski, Mr. Wing, and Mr. Schroder voting no, the motion failed.

> On MOTION by Mr. Labanowski seconded by Mr. Wing with all in favor the gym and pool will be open on Easter and Thanksgiving with no staffing.

It was noted the pool, in December and January, will be closed during the resurfacing work.

Floating a Bond for District Repairs

Mr. deNagy stated we have one other item out of order and that is the discussion item of possibly floating a bond for district repairs. Before we have MBS Capital talk to you there has been discussion on the floor and Kathy in the back has talked about possibly funding for some of our deferred maintenance items in our capital reserve study. We also talked about some improvements necessary in the district with regard to our walking tracks in Pescara, San Mari and different areas. I believe there are other possible capital improvements that I'm sure could be talked about and included in the list as well. I did work with Jennifer and reached out to MBS about the possibility of funding this and how that would work. I sent you an email this afternoon explaining a little about what MBS is going to propose. I'm sorry it came so late that is something I wouldn't expect the board would necessarily make a decision tonight about but I do have MBS on the phone to explain things to everybody, we can ask some questions if the board would like to move forward we certainly can or we can table this for further thought to our next board meeting.

Mr. Clabots stated the problem I have with this.

Mr. deNagy asked can we get Sete to do a little introduction to this?

Mr. Clabots stated I'm thinking before we do the introduction. I have to tell you as a board member I was a little miffed getting this four hours before the meeting.

Mr. deNagy stated I agree.

Mr. Clabots stated okay and I'm a little miffed that somebody is going to ask me to vote on a proposal I received four hours before the meeting. Because if you ask me to vote on it I will vote no. I see some merit in this proposal but I think the board ought to have the opportunity to hear the presentation, I think the board ought to hear the opportunity or have the opportunity to consider this in more detail before we are asked to vote on it tonight. And that is my comment.

Mr. deNagy stated thank you. Sete, I will turn it over to you.

Ms. Zare stated before we get started in order to comply with MSRB G17 and Dodd Frank, you will see an investment banking agreement placed in front of you that requires a signature and you can terminate MBS at any point in time during or after the presentation. It is not binding at all but I do need it in order for me to present our finding to be signed prior to actually going in detail on the analysis.

Mr. deNagy stated also for the board's reference this is something we did in our prior bond refundings and by signing this we are not obligated to any payments to MBS for anything unless bonds are eventually issued. Is that correct?

Ms. Zare stated that is correct. At no point in time will the district owe anybody on the working team any money for any efforts put forward on this potential financing until such time the bonds are closed.

Mr. Clabots stated what intrigued me about this proposal if we had just approved an increase in the CDD fees and all of a sudden we get this proposal to float another bond issue, which in normal circumstances that would suggest we approved CDD fees for the operation side and by the way we are going to backdoor you for an increase in the debt reserve portion of the CDD fee. What intrigued me about this and that I would like a lot more discussion about in the next to the last paragraph in your email you note, the residents would actually see a financial relief through 2037, I won't be around, in that the $207,081 or $229 per unit deferred maintenance fee would be eliminated and the debt service for the series 2018 bonds would only be $127. Thus providing a net decrease of $102 annually to residents. As I read the proposal it is being done by paying interest through 2037 and again I won't be here it would be nice if I was but I probably won't, and then you just pay like a balloon mortgage if you will, okay. I think that needs to be explored in more detail. I would like to hear about that. I would like to think about that and I think our residents ought to be able to think about that because quite honestly it sounds like a shell game to me. I am not a person who believes in increasing debt. I think that is bad conservative management. That is my position on that. But this intrigues me I would like to see more information about it. I would like the board to consider more information about it and I would like to understand it better and I would like the residents to understand it better. That is my comment.

Mr. deNagy stated Sete, we will turn it back over to you. I think what we are looking for and Jennifer, correct me if I'm wrong but we look for a motion to go ahead and proceed with approving the MBS Capital proposal so that Sete can at least talk about what she has put together. Am I correct?

Ms. Kilinski stated that is right and that was passed several years ago at the federal tax level, in order for Sete to provide a presentation you have to engage them even though there is no cost, you can terminate it immediately but it is a federal tax requirement now.

Mr. Clabots stated so there is no dollar liability by signing this.

Ms. Kilinski stated exactly and we have done this in a number of districts, that is not a farce it is clearly true.

Mr. Simmons asked timeframe in terms of signing it and before there would be some type of liability?

Ms. Kilinski stated the only liability would be incurred at the time you issue bonds so if you get all the way down the road and let's say 6 months the interest rate environment changes and before you issue bonds it goes to 12% and you say no way does that make financial sense anymore, any of the consultants that have provided any services to you for that issuance would be paid zero. That is how that works. Just a note you will see in the flow of funds anything that did end up being incurred by the district as it relates to that bond financing is paid out of cost of issuance, which you see a line item here for so it wouldn't come out of your operations and maintenance fund either.

Mr. Clabots stated I will move to sign the agreement because I would like to hear more.

> On MOTION by Mr. Clabots seconded by Mr. Labanowski with all in favor the agreement with MBS Capital Markets to work on funding various improvements and qualifying deferred maintenance items was approved.

Ms. Zare stated I appreciate that. In small defense on my part I could not provide any presentation in advance of the meeting until the IBA was actually signed and that is the reason for the delay in materials.

With that said let me review the district's current outstanding debt. At any point in time feel free to ask me any questions, I'm happy to make time to answer any questions. Currently you have three series of bonds outstanding, series 2015 A bonds are secured by Phase 1 and Phase 2 and is roughly $12.355 in outstanding par. Now we will go to total debt service in a moment but the key point in here is the maturity is in 2035. The next debt issuance is 2016 bonds and it is secured by Phase 3 and that is 215 units, outstanding is $4.1 million and its maturity is May 1, 2037 so we have already established the 2035 maturity, with the 2018 bonds, and 2037 maturity, with the Series 2016 Bonds. The last series of bonds is separate and apart and we will come back to it is 2015 B1 and B2 bonds and that is secured by all units within the district, so all 959 units were originally subject to that debt, you have 4 prepayments therefore 955 assessable units for that series. The total debt there is $1.2 million. In originally being approached it sounded like the district is trying to relieve itself of deferred maintenance of roughly $2.3 million. We will have to qualify some of those projects as capital improvements and in order to qualify for bond proceeds to be used for such projects it typically means that the improvements provide for extending the life of the asset beyond the 30 years. It definitely will need some work on our part to ensure that you are within the legal tax realm of using the bond proceed money.

When structuring your 2018 bonds immediately our thought went to paying interest only for the first half of the issuance as its residents are paying debt service on not one or two but three series of bonds. Some of those assessments are layered on different assessment areas but overall you have three series of bonds outstanding and you have O&M fees that consistently being paid in conjunction with this debt and thus is a financial burden. Step one is to actually make your 2018 bonds interest only until 2037 so if you think about it that 2037 matches the maturity of the 2016 bonds. With your interest only is about $127 per resident each year thru 2037. That relieves the district of the immediate financial burden. That goes back to what was said earlier about $210,000 O&M fee just for maintenance, which translates back to $229 per resident. If you eliminate that fee and replace it with $125 that in essence would provide the residents with $100 relief until 2037. The key point about 2037 is it goes back to the fact that your 2016 bonds and 2015 bonds by 2037 will be defeased in its entirety and the only outstanding bonds you will have is your 2015 B1 bonds that mature in 2045. I layered the 2018 bonds with the principal in the last half of the bonds from 2038 to 2045 to relieve the district of principal and interest payments now and thus minimize the burden because right now you have your 2015 A1 debt and your 2016 debt service payments. The debt service in the last half of the bonds is $550 combined with your 2015 B bonds.

Mr. Clabots stated I have to stop you and ask a question. As we are saying that to do it this way we would eliminate $229 per unit per year for deferred maintenance. One of the things we did in this past budget was we increased fees to all residents to build a capital reserve fund. If you are going to offset this in the budget what happens to our capital reserve fund because between now and 2037 that is 20 years.

Mr. Wing stated I believe the bond proceeds must be used within a three year period so what do you do with the other 34 years?

Mr. Clabots asked what do you do with the other 34 years? Are we really reducing a capital reserve fund contribution to do this or are you really doing this and down the road you are going to say oh, by the way we still need to fund the capital reserve because after three years this stuff gets old, how do we replace it again and that is the problem I'm having with the analysis.

Mr. Wing asked is there further analysis or are we moving into the discussion?

Mr. deNagy asked Sete do you have more that you were going to present?

Ms. Zare responded no, in essence that is the structure and I would be happy for any questions at this point in time.

Mr. deNagy stated if I could back up a second and address a little of what Mr. Clabots was asking about. I think what we are looking at is we are just looking at deferred maintenance in this analysis I don't think we are going to get all the deferred maintenance to be paid for with bond money. Some of the deferred maintenance probably wouldn't qualify. That would be a question for bond counsel. We do have other projects as I mentioned at the onset in the district that we might want to talk about, our drainage issues for example. That is something we need to get a better grasp on and work with our engineer and counsel on.

Mr. Simmons stated I just want some clarification. I'm listening to what she is saying and she said in 2037 that the net effect is going to be $102 the difference between the $229 and the $127 and that is going to be the savings that the homeowners is going to see.

Mr. deNagy stated that would be initially. That would be right now. You would see that $102 savings now. What would happen in 2037 is when this balloon payment goes into effect as Mr. Clabots put it, your debt assessment is going to go up, but the current debt assessments are going to be paid off, so they go away.

Mr. Clabots stated you run your mortgage out further.

Mr. Wing stated I agree with Lee it would have been nice to have this a little bit further ahead of time. I didn't have a chance to see this all through. Just preliminary thoughts, first of all as you indicated the bond has to be used for significant improvements or new, correct? So I went back and looked through the study, I'm not seeing a whole lot on there that is going to qualify. At least in my mind what is routine maintenance versus a significant improvement and it is interesting that the $2.3 is exactly what that calls for.

Mr. deNagy stated I gave Sete that number. That is where that came from.

Mr. Wing stated okay. Second thing, we already have $17.5 million in debt this would add another $2.4 million. Next, bond rates, you are putting an estimate in here 4% as I understand it this community is rated BBB, which is one step above junk bonds.

Ms. Zare stated I'm happy to discuss that. The thought when I did it because you are right this is a built out community, and the community has a strong underlying credit, that is not to say that it could come in less depending on where the market is or greater depending on where the market is. I think to keep in mind that typically new money deals are running around 5% or 5 ½% and we are in the 5% range on a conservative base.

Mr. Wing stated you said 4% in your proposal and you just said right now they are running 5 ½%.

Ms. Zare stated right, if you look at a new money dirt deal no bonds, no first assessment I would go for 5 ¼% or 5 ½%.

Mr. Wing stated that seems to be the going bond rate. I looked at a website that showed recent issuances by CDDs and that is about what it was running for new money opposed to refinancing a bond like we did the last time.

Ms. Kilinski stated I think what Sete is pointing out though is the difference is it is a lot riskier when you have just dirt and here you have houses. You get a lower interest rate. I the district's we have done new money meaning new issuances for Julington is a good example they get 3 ½% because there are so many houses already there. You get a lower rate because you have houses here.

Mr. Wing asked but I think they went form 3 to 5 over the life of it as I recall?

Mr. Kilinski stated some of them do. This one I don't think she is proposing that.

Mr. Wing stated that said if we add another piece what was that likely to do to our bond rating? I can't imagine it would make it any better.

Ms. Zare stated when you add debt it will impact the underlying credit but at the same time your market value of your homes are increasing over the course of the bond. Every year the market value of each lot is increasing as well. You can include that but at the same time the underlying credit is very strong here and if we were to go back to the market to refinance some of your bonds I think with where your credit is and how built out you are the additional $2 million wouldn't significantly impact the overall credit dynamics of your district. You are really only impacted if you were trying to refinance your 2015 and 2016 bonds. While we will be adding $2.8 million debt to the district we have to also account for the fact that your market value is slightly increasing each year as well. It is not going to be dollar for dollar it is going to have some sort of offset.

Mr. deNagy stated the whole premise of this to begin with is we were talking about saving money by incorporating some of our deferred maintenance items and some of our capital items like our pond bank maintenance and drainage issues into debt as opposed to paying out of O&M.

Mr. Wing stated I understand. Just a couple other things. $2.8 million would be the total and that leaves about $500,000 in issuance fees for which that is just $500,000 spent.

Ms. Zare stated it would be about $150,000 for the working team and 2% underwriters discount around $50,000.

Mr. Wing asked that includes bond counsel and everybody? Total cost of issuance my understanding is usually between 10% and 12%.

Ms. Zare stated I missed that what did you say?

Mr. Wing stated you said the cost was $150,000?

Ms. Zare responded $150,000 for your working team, that is bond counsel, district counsel, engineer, assessment consultant your district manager and then there is underwriters discount, which is our fee of 2% at par so the total you are looking at is about $200,000 overall cost of issuance.

Mr. Wing stated that is $200,000 in fees that homeowners will pay and get absolutely nothing for.

Ms. Zare stated you are getting something, you are provided with improvements to the stated projects.

Mr. Wing stated I am actually not convinced that we need to do a bond issue.

Mr. deNagy stated that is fine, we are exploring this right now that is all we are doing.

Mr. Clabots stated your comments before, I don't mind exploring it I don't mind knowing what options we might have. This loan, to put in the context of our capital reserve fund, and how much of the capital reserve fund do we need to maintain now and going forward and issuance of additional debt. I have to tell you I am intrigued by that paragraph in your email, I don't quite believe it yet. Because I don't think it takes into account that we are still going to have to have a capital reserve fund the 959 homes are going to have to pay for it.

Mr. deNagy stated I agree with you.

Mr. Clabots stated I think all of those numbers need to be put together to tell me what is the real picture of doing this. This starts and Brian made a good point, $2.3 million $2.4 million take it out of the capital reserve fund, that is a number. How does it all fit together? I think there are some assumptions that go into this thing. I need to understand better before I am about to take us $2.8 million in debt more.

Mr. deNagy stated the conversations I have had with Sete and Jennifer is there are other issues we need to look at and I need to talk to Mike about our remaining pond bank work, that was discussed and Chuck suggested possibly funding all of that at once as opposed to piece-mealing it through O&M. That is something we want to look at. The drainage issues we talked about earlier would be another thing.

Mr. Clabots stated I don't mind discussing this further but I prefer to make a motion let's table it at least to the next meeting so we have time to get some of that information and absorb this better because I think I absorbed some of it in four hours but I don't think I have absorbed everything in four hours.

Mr. deNagy stated I thought I prefaced that before this whole discussion.

Mr. Simmons stated first and foremost I think the homeowners are going to want to know what the net effect is going to be in terms of their CDD fees because of taking out this bond. I think that is something we have to address because we know there is more than one side to the CDD fee, the operating side, the debt side and that is something that I haven't heard addressed yet. Additionally, the other concern I have is we are saying we need to use the bond because we have drainage issues, capital improvements and things of that nature and it makes me think about our situation on what is the capital reserve is for because to increase the fee by $129 that was going to get us through, but now we are supplementing it and pulling it out of the bond and that in turn is going to increase the fee again. My concern is what happens next April, next May are we going to turn around and say again, because of the optional side we need another $75 or $100 and now I'm not comfortable going back to the homeowners and having that conversation after just getting hit with $129. There are costs associated with the bond and we can't turn around and say in 2037 it is a net effect it is going to be $102. I'm not that naïve I think there is more to it than that. I think we have to have some clarity in terms of what is the real picture here because I'm not very comfortable in terms of adding up and thinking we are really saving money. If we are saving money okay but I don't really see that. If somebody can sit down, go through the numbers and show me how we are really saving money outside of just taking money, we have issues but we also have a budget and we have to be budget conscious sometimes I know when I operate my household we have to be on budget. Just go and borrow I don't get the reason for it right now I'm not sure we are making sense at this point.

Mr. Wing stated I have one more question to ask. What is the total interest cost over the life of this based on 4%?

Ms. Zare stated based on 4% the total interest cost would be $2.75 million.

Mr. Wing stated $2.75 million to borrow $2.8 million.

Ms. Zare stated that is just interest, your debt service would be what your annual debt service payment is a combination of principal and interest but your total interest is $2.75 million.

Mr. deNagy stated which is not unlike any other bond deal.

Mr. Zare stated exactly, the only difference here is that we have alleviated the district of principal payment in the first half of the bond in order to provide a lower assessment for relief through 2037 while they have their 2016 and 2015 A bonds still outstanding. The intent was not to add to but rather relieve the residents of their current financial burden while at the same time funding the next area of improvements that is on the district priority list.

Mr. deNagy stated just real quick if someone borrowed $100,000 to buy a house how much do they pay over the life of the loan of 30 years to the bank?

Ms. Zare stated it depends on what your parameters are. At the same time the way the bonds are structured they are structured so that while there is $2.75 million in interest your debt service is $127 that you are paying through 2037. The district will replace the $127 in 2038.

Mr. Schroder stated I think you point is that we do have a mortgage on our house we pay more than we borrowed.

Mr. deNagy stated you pay almost three times what you borrow over a 30 year period.

Mr. Labanowski asked roughly what is it going to end up costing the average homeowner if we were to do something like this?

Mr. deNagy asked Sete what would be the cost over the term of this bond per unit?

Ms. Zare stated each resident would be $127 annually through 2037 and then it would pick up to that $467 for the last seven years of the bond. Keep in mind the $127 and $467 is put in place to pay back the debt service, to pay principal and interest on the bonds. That is the real impact to residents, $127 through 2037 and $467 through the last seven years of the bond.

Mr. deNagy stated in the last seven years of the bond all the other debt service has been paid off other than the pond bank bond, which is $88 a year.

Ms. Zare stated the project funding is $2.3 million, the cost of issuance includes your district manager and district counsel, bond counsel and is roughly $150,000, underwriters fee, which is our fee of 2% taking the risk of selling the bonds all of that is wrapped up in the debt service and the costs are included in the $127. The real impact a resident will feel is the $127 until 2037 and the remaining life of the bond of $467.

Mr. Labanowski stated as far as the homeowners are concerned we just had a $103 increase.

Ms. Zare stated you have $130 relief because we are eliminating the $229 in deferred maintenance you are currently paying out of your O&M. You are pulling down on your O&M by $229 and increasing your debt service by $127 that is creating that $102.

Mr. deNagy stated that is simply an example. We are not saying we are going to fund all deferred maintenance.

Mr. Clabots stated that is an assumption that all deferred maintenance will come out of this.

Ms. Zare stated I think it would be beneficial for the district prior to the next meeting to sit down and prioritize what projects outside the deferred maintenance is a priority to the District and you can wrap that into a financing and get it done all together and the 2% underwriting fee is all inclusive of all of your projects that you decide on. It doesn't have to be specific to the $2.3 million it could be inclusive of all projects that are capital improvements that we can focus on for this issuance.

Mr. deNagy stated I can go back and recapture the cost that Mike Yuro worked up on the pond bank maintenance, everything. We can look at the drainage again I can go over it with Mike. I an go through the capital reserve study work with Sete and Jennifer to try to come up with some of those items that I think might be potential capital candidates and then we can tweak it from there and see what we have.

Mr. Clabots asked if you do that we are probably looking at less than $2.4 million.

Mr. deNagy stated it may be, yes. I have no idea what that number is.

Ms. Venezia stated I guess I need to say that no matter how you look at it the debt is with all of us anyway so no matter what we do the residents are going to pay CDD fees. By doing something like this I see it creating a tremendous value to the community, increasing our home values by fixing all the infrastructure in this community and as we know by the previous part of this meeting a lot of things are falling apart. One of the things was for $92,000 we have no way of getting that money. And possible other improvements, possible other amenities in the community that residents want and there is no other way to pay for any of that. By doing the bond we can accomplish a lot more and if we don't every year thereafter for who knows how many more years we will constantly be getting increases and our CDD fees will never decrease at any point in time. As we know the last increase was this year, we never get a decrease in CDD fees but doing the bond we will now add tremendous value to this community and do what we need to do and get it done properly.

Mr. deNagy stated Sete thank you very much I appreciate that and I will be in touch with you.

Ms. Zare stated absolutely and feel free to reach out with questions and I will provide any additional analysis that the district wants.

Ms. Zare left the telephone conference call at this time.

FOURTH ORDER OF BUSINESS Proposals

A. Amending the Payment Terms of the Crown Pool Cleaning, Inc. Agreement (Presenter: David deNagy)

On MOTION by Mr. Wing seconded by Mr. Clabots with all in favor district counsel was authorized to prepare an amendment to the agreement with Crown Pool Cleaning, Inc. for resurfacing the pool as follows: shall pay contractor $157,985 with 50% due upon start of work December 4, 2017 and 50% upon completion and acceptance by the district and adding a completion date for the work.

Mr. Erasmus will work with the swim team on the type of dive blocks they want and work with Crown Pool so that the installation of the anchor can be done at the time of the resurfacing.

After discussion it was determined to continue the meeting to a date and time certain to discuss the potential bond issue, finalize the dive block installation and provide a contingency for unknown issues with the pool.

B. Audit Engagement Letter with Berger Toombs, Elam, Gaines & Frank to Perform the Audit for Fiscal Year 2017, 2018 & 2019 (Presenter: David deNagy)

On MOTION by Mr. Wing seconded by Mr. Simmons with all in favor the engagement letter with Berger Toombs to perform the audit for fiscal years 2017 in an amount not to exceed $3,525, 2018 in an amount not to exceed $3,525 and 2019 in an amount not to exceed $3,525 was approved.

C. District Management Request for Proposals (Presenter: Brian Wing)

Mr. Wing stated in your package is an announcement that has been used by other CDDs in the area and we will change the dates on it. I included a description of district management services that I pulled from the original documentation of Murabella.

On MOTION by Mr. Wing seconded by Mr. Clabots with all in favor district counsel was authorized to solicit bids for district management services to be due mid-December and presented at the January meeting.

D. Roof Repair Proposals (Presenter: Lourens Erasmus)

Mr. deNagy stated you should have the summary of roof repair proposals in your agenda package, the items denoted with an (A) are included in the reserve study and we recommend proceeding with that work. The total cost is $8,134 plus another $2,726 for tile. The items marked with (B) would be optional and these are not included in the reserve study and would have to be funded through O&M and they total $10,728. There were a couple of thoughts on the bandstand, one was to convert it to a storage space for Lourens for equipment and the other was to demolish it. It is not used for anything.

Mr. Erasmus stated last year I got a price to demolish it and it was almost $4,000 to demolish it and take it away and $5,000 if they take the tile off and save it for us and then demolish it and take it away. We can fix the tile, enclose it, put a rolling door on it and we can use it as a storage facility and I think that quote was $4,196 and replace the roof with a metal roof.

On MOTION by Mr. Wing seconded by Mr. Labanowski with all in favor the items marked (A) for roof repairs were approved.

Mr. deNagy stated we will table the items marked with (B) for now.

FIFTH ORDER OF BUSINESS Discussion Items

A. Floating a Bond for District Repairs (Presenter: David deNagy, Jennifer Kilinski & MBS Capital Markets)

This item taken earlier in the meeting.

B. Staffing the Amenity Center Easter/Thanksgiving (Presenter Dan Fagen)

This item taken earlier in the meeting.

The board took a short recess after which the meeting reconvened.

C. Installation of a Fence between the Amenity Center and Storage Shed (Presenter Chuck Labanowski)

Mr. Labanowski stated we have a number of issues with people coming in and out of our community, using our facilities and nothing can control it. Also there is a bypass walkway from the middle school to the shopping area. I propose we run a fence from the corner of the building across all the way out to the berm and a small section of that will have an electric gate with card access and a double gate for access to the field. The cost for 402 feet of fence is $15,000 and single gate would be $5,500 and non-electric double gate would be $3,900. This is something to look at and there are other possibilities such as fence in the basketball court but this would take care of the whole area.

Mr. deNagy stated we could add this to the capital list and look at our financing later in the year.

Mr. Simmons stated I like the idea of fencing in the playground and basketball court.

D. Demolishing Gazebo (Presenter: Lourens Erasmus)

This item discussed earlier in the meeting.

SIXTH ORDER OF BUSINESS Staff Reports (Part 2)

A. Attorney (Presenter: Jennifer Kilinski)

There being none, the next item followed.

B. Manager – Ratification of Meeting Schedule for Fiscal Year 2018 (Presenter: David deNagy)

On MOTION by Mr. Labanowski seconded by Mr. Clabots with all in favor the fiscal year 2018 meeting schedule was ratified.

Mr. deNagy stated as an update on the criminal mischief occurring earlier this year I did file a notarized affidavit with the St. Johns County Sheriff's Office at the end of October. I have not heard back from the deputy in charge and he has to file that affidavit with the state attorney's office. The insurance company is pursuing action regarding restitution which will include everything including the deductible and if they receive the deductible the District will get that money back.

It was brought to my attention that there are some dog obedience classes being held in the Pescara amenity center parking lot. There was a concern since it is on district property that we should have a license agreement with the person conducting the obedience classes to be able to use district property for their classes and ask them for insurance.

On MOTION by Mr. Labanowski seconded by Mr. Clabots with all in favor staff was authorized to reach out to the person in charge of the dog obedience classes and talk to them about getting a license agreement and insurance for dog obedience classes being conducted on district property.

C. Operations Manage (ASG) (Presenter: Lourens Erasmus)

A copy of the operations report was included in the agenda package.

D. Amenity Center Update (Presenter: Mark Insel)

1. Report

2. Amenity Facility Social Hall Use Policy

A copy of the amenity center management report was included in the agenda package.

> On MOTION by Mr. Wing seconded by Mr. Clabots with all in favor the social hall use and rental policy were approved and will be included in the amenity center policies.

SEVENTH ORDER OF BUSINESS **Consideration of Consent Agenda (Presenter: David deNagy)**

A. Approval of Minutes of the September 20, 2017 Meeting

B. Balance Sheet as of September 30, 2017 and Statement of Revenues & Expenditures for the Period Ending September 30, 2017; Month-to-Month Income Statement; Assessment Receipt Schedule

C. Approval of check Register

> On MOTION by Mr. Clabots seconded by Mr. Labanowski with all in favor the consent agenda items were approved.

EIGHTH ORDER OF BUSINESS **Other Business**

There being none, the next item followed.

NINTH ORDER OF BUSINESS **Supervisor's Requests and Audience Comments**

Mr. Simmons asked can we have Lourens look at the playground where the moms sit there may be room for a swing set for the kids who are 5 – 9 years old. I think it would be worth exploring.

Mr. Schroder stated when I looked at the bandstand there is an area where there are valves and a wooden crate and I would like you to look at that.

Mr. Erasmus stated there is an artesian well right there. There is a cap with a lock on it.

Mr. Schroder stated we may need to fence it at some point. There were a couple things we talked about that I'm not sure have been addressed and one is adjusting the pond maintenance contract. Has anything been done on that.

Mr. deNagy stated we have reached out to Future Horizons.

Mr. Erasmus stated we instructed them to spray according to St. Johns River Water Management District and they provided me with an adjusted contract. We have had some people complain about the way it looks and wanted exceptions because of the growth being too much or not enough. I think it is valid to spray areas where the stormwater inlets into the ponds are located and they are spending more time driving to all those areas and spraying them separately where in the past they used to drive and spray the whole bank. I don't know if that is going to make an adjustment back to their contract.

Mr. Clabots stated I watched the pond behind my house. They park the truck, back up the truck with the trailer and they putz around the trailer and the boat. If you only have to spray two or three areas I don't know how that is more work.

Mr. Erasmus stated on your pond there is barely growth and we talked about if we can go with the St. Johns River Water Management District guidelines of 10 feet on an open big pond like that you don't see that big of a difference when you do that. When you have a pond that makes a little horseshoe and go 10 feet here and 10 feet there you are basically making a big mat. That is the complaint I have heard from residents. If you tell me we need to do 10 feet I will tell them spray a 10 foot barrier. I have asked them on the smaller ponds to spray a 5 foot barrier so that we don't have a big marsh so we can at least keep those areas open.

Mr. Schroder stated I think the issue was not to spray the vegetation on the bank itself, spray the water not the bank.

Mr. Erasmus stated they were not supposed to spray shoreline anymore.

Mr. Clabots stated the motion we passed was the St. Johns River Water Management District guidelines it was 10 feet away from the bank and that we kept things like outfalls and drains clear. That was the motion we passed at the last meeting.

Mr. Labanowski stated right now there is not aquatic growth, right now it is a weed mat that is out there. If we have another major storm those 10 foot weed mats break off and it will block the drainage system and we will have flooding.

Mr. Clabots asked do we have a problem now?

Mr. Labanowski stated right now you don't but there is an issue that could arise if those drainage outfalls are blocked.

Mr. Clabots stated we have only done this for two months and I think we need to let it have time to take place before we start making modifications to it. The outflows and drains need to be kept very clear.

Mr. Schroder stated I need to look into it more because I don't understand the mats. Leave the rough vegetation so we don't have wind/wave erosion problem. You are saying the policy is to not spray anything within 10 feet of the bank.

Mr. Wing stated he shouldn't be spraying anything except the drain areas.

Mr. Erasmus stated he sprays in the big ponds in the center. If you aren't going to spray for 10 feet and you don't spray anything it is going to continue to grow, grow, grow. He has to keep treating so he can get that 10 foot barrier of growth.

Mr. Labanowski stated there are going to be some areas that are totally shut down if you do 10 feet. Those weed mats are growing and my concern is those mats are going to break loose and block the drainage.

Mr. Schroder stated we also discussed talking to St. Johns Utilities about adjusting our water bill because so much of it is for irrigation where we don't have a load on the sewer system. Has anything been done about that?

Mr. Labanowski stated that was a couple faucets.

Mr. deNagy stated the District's irrigation water is pulled totally out of our ponds.

TENTH ORDER OF BUSINESS **Next Scheduled Meeting – January 9, 2018 at 6:00 p.m.**

On MOTION by Mr. Labanowski seconded by Mr. Clabots with all in favor the meeting was continued to December 12, 2017 at 2:00 p.m. at the same location.

Secretary/Assistant Secretary

Chairman/Vice Chairman