

TURNBULL CREEK
COMMUNITY DEVELOPMENT DISTRICT

A special meeting of the Board of Supervisors of the Turnbull Creek Community Development District was held Monday, March 28, 2016 at 6:00 p.m. at the Murabella Amenity Center, 101 Positano Avenue, St. Augustine, Florida.

Present and constituting a quorum were:

Aage G. Schroder, III	Chairman
Kathleen Venezia	Vice Chairperson
Joseph Quinto	Supervisor
Brian J. Wing	Supervisor
Chuck Labanowski	Supervisor

Also Present were:

David deNagy	District Manager
Mike Eckert	District Counsel
Bob Gang	Greenberg Traurig (by telephone)
Kevin Mulshine	MBS Capital Markets (by telephone)
Several Residents	

The following is a summary of the actions taken at the March 28, 2016 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.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Update on Refinancing Efforts

A. Consideration of Commitment Letter from Hancock Bank

Mr. Eckert stated you have a document in front of you that supersedes the document dated March 15th that is in your agenda package and is the commitment letter from Hancock Bank. At our last board meeting your underwriter presented you with two different scenarios.

We initially thought we would do a public offering of the bonds but given the small assessment area that made the financial transaction not as attractive for the district as looking at a private placement. In front of you is a commitment letter from Hancock Bank for you to consider where they would refinance all of the Series 2006 bonds that are outstanding. The basic terms are on it but the interest rate would be a tax-exempt bank qualified fixed rate of 3.70% compared to our current interest rate, which I believe is 5.25% on those bonds. There is significant interest rate savings if we go this route.

We have the assessment hearing scheduled for today and we will ask you to continue that again until we actually get to a closing on these bonds, which will be around the end of April but we will go into it a little bit more later in the meeting.

The maturity on the bonds is not changing so people will not have an increase on the back end in terms of the number of years for these bonds. The collateral is the same collateral that you have securing the 2006 Bonds. You may recall that we have 219 units within this special assessment area, 3 of which have fully prepaid their debt assessment so they will not get an assessment on the refinanced bonds and 3 more of which have partially prepaid their assessments so the amount they pay will correspond to the amount of prepayment they made before so it will be less than everybody else.

There are a couple things I want to point out in the commitment letter that are a little bit different that we need to talk about. On the top of page 2 Hancock Bank is requesting that the district's primary operating accounts be moved to Hancock so long as Hancock's fees remain competitive with market rates. We have seen this request before. There is language that says they can't touch our operating accounts and they are not collateral or anything like that but you need to be aware of that if you go with this commitment letter we would be moving our bank accounts to Hancock Bank. That would be a requirement.

Mr. Wing asked on this point does that make much difference to us?

Mr. deNagy responded not materially.

Mr. Eckert stated the second one is under trustee relationship. Hancock Bank has also requested that they be trustee for these bonds. You currently have U.S. Bank as trustee for your 2015 Bonds, which are really the only other series outstanding and U.S. Bank would continue to be the trustee there but Hancock Bank would be the trustee for the 2016A bonds. Currently you are paying about \$3,717 for trustee fees on the 2006 Bonds. The proposal from Hancock Bank

that I received quoted a \$2,000 initial trustee fee plus a \$4,500 a year trustee fee after that so that is about \$800 difference in trustee fees each year so you should be aware of that as well. I think it is just that a different bank has a different rate schedule for these types of things but I want to bring that to your attention. It is a little higher and if you spread that cost among the folks that will just be in the assessment area and I'm not saying you have to do that because we haven't really done that before it is about an extra \$4 on an annual basis per person, however, Kevin is going to talk about the savings we are able to generate by doing this on an annual basis, which will far exceed that number.

There is no prepayment penalty; if we want to prepay our bonds early we can. The rest of the information on there is pretty standard. It does have a kicker that if your bonds ever became taxable bonds our interest rate would increase to 5.25%, which is what we are currently paying.

I will be happy to answer any questions. When we get to the delegated award resolution a little later on it approves this commitment letter and authorizes the chair to sign the commitment letter.

B. Consideration of Information Provided by Underwriter

Mr. Mulshine stated the old reserve was 100% at \$306,000 and the new reserve is only \$115,000, which is 40% of the maximum annual interest.

Mr. Eckert asked do you want to go into the financial transaction in terms of the structure you have been able to work out?

Mr. Mulshine stated when we met in March you wanted to see if we could nail down very firmly a commitment letter for the private placement to the bank. In this case we are going with \$1,000 denominations and we will borrow a little less money and smooth out the payments a little bit thus reducing the maximum annual debt service, which is used in the calculation of the assessments by your manager. At your March meeting you instructed us to see if we can negotiate a commitment letter that works for the district and I believe you sent notices to the residents that the savings are going to be \$135.17 per resident for the 219 residents, that savings is actually going up to \$142 per year, which is right at 10% reduction from the current \$1,435 assessment. The letter you sent to your constituents we would be beating that by \$7.23 a year.

FOURTH ORDER OF BUSINESS

Public Hearing to Impose Special Assessments

On MOTION by Mr. Wing seconded by Mr. Labanowski with all in favor the public hearing was reconvened.

A. Resolution 2016-06 Supplemental Assessment Resolution for the Series 2016 Bonds

Mr. Eckert stated there is a resolution in your agenda package 2016-06 we are not going to deal with that today. It needs to be revised based on the board's direction that they are going to go the private placement route. We will ask the board to receive any public comment anybody has in relation to the assessments on the refunding bonds then we will once again ask the board for a motion to continue the hearing in progress and we are looking at a bond closing of April 28th and we are asking the board if they could change its April meeting to April 26th instead of the 12th so that we could correspond with the actual bond closing.

Before we do that I will open the floor to any members of the public that have any comments on the proposed reduced assessments for the 2006 area.

Mr. Conticella stated this refinancing is going to save money. What does it mean to us as residents in our annual assessment that we have to pay? You mentioned \$140 before is that the key number?

Mr. deNagy stated the \$142 is the annual savings on the CDD assessment. Keep in mind this only affects the people who live in the Pescara and San Marino areas. The bonds were refunded on the remainder of the homes last year.

Mr. Eckert stated I will ask for a motion to continue the public hearing on assessments in progress until April 26, 2016 at 6:00 p.m.

On MOTION by Mr. Wing seconded by Mr. Labanowski with all in favor the public hearing on assessments in progress was continued to April 26, 2016 at 6:00 p.m. at the Murabella Amenity Center, 101 Positano Avenue, St. Augustine, Florida.

B. Resolution 2016-07 Delegated Award Resolution

Mr. Eckert stated the next item is the delegated award resolution. This is the resolution that the board needs to adopt so that your bond counsel and district counsel and everybody else

can put everything in place with Hancock Bank to make this refunding occur. In your agenda package was a version of this resolution, 2016-07. I passed out to the board a redline version, which shows some minor changes that were made and there wasn't anything substantive other than we authorize the execution of the commitment letter and then we also clarified that there was not a purchase contract; the form of this transaction is really embodied within the commitment letter and the supplemental trust indentures. This document also approves the form of the fifth supplemental trust indenture as well as an escrow deposit agreement. The fifth supplemental trust indenture just governs our relationship between Hancock Bank and the ultimate bondholders of the 2016 Bonds and the escrow deposit agreement is something that is necessary any time you refund bonds because when you refund bonds you have to pay off the old ones. The money to pay off the old ones comes from the new ones. That money instead of coming in the district's operating account will flow into a separate account to be held there and the old bonds to be taken out at the end of May. Having an escrow agreement is something that is required to be able to do that. By approving this resolution you are approving the form of those two documents and authorizing the chairman to execute them at the appropriate time.

Mr. Schroder stated even though Hancock Bank is the trustee they are not the escrow agent that is still U.S. Bank.

Mr. Eckert stated I believe that is the way this escrow deposit agreement was structured because U.S. Bank is the trustee for the old bonds.

Mr. Wing moved to approve Resolution 2016-07 and Mr. Quinto seconded the motion.
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Mr. Wing asked page 8 of the escrow deposit agreement says "Hopping Green & Sams."

Mr. Gang stated good catch.

Mr. Eckert stated just so you are aware there have been comments to both these documents submitted by the future trustee and the past trustee and we may have some extra comments on it as well. You are just approving this document today in form and to the extent I can answer any questions between now and the 26th off line I will be glad to do so.

Mr. Schroder stated the escrow deposit agreement although Hancock Bank was mentioned they are not a signatory on this.

Mr. Gang stated the escrow is for the benefit of the Series 2006 bondholders so U.S. Bank is still the trustee for the 2006 Bonds and should be the one to hold escrow to pay them approximately 30 days after the closing on April 28th. They get paid off May 31st, which is after Memorial Day weekend.

Mr. Schroder asked on Schedule B the interest is 5.25%.

Mr. Eckert stated that was the old one and it was fixed.

Mr. Schroder stated on the last page it talks about 28% will be withheld if tax ID no. is not properly certified.

Mr. Gang stated that is a standard notice that U.S. Bank and all trustees put in because there is a federal law that requires that.

On voice vote with all in favor the motion passed.

Mr. Gang and Mr. Mulshine left the conference line at this time.

FIFTH ORDER OF BUSINESS

Other Business

Mr. Eckert stated I sent a draft of an engineering RFQ that was submitted by email. I know we talked about doing that at the April meeting but we pushed the April meeting to April 26th so I want to see if the board was okay with that or if you want to try to authorize us to issue it with approval from one member of the board.

The board could direct staff to issue the RFQ and incorporate whatever comments we get by the end of this week. If we get comments that we can't reconcile between board members and since you can't talk about it we will just bring it back to your April meeting.

Mr. Wing asked could we authorize the chairman to make the decision on it? He has an engineering background and I would be comfortable with that.

Mr. Eckert responded yes.

Mr. Schroder asked what is it going to cost us?

Mr. Eckert stated the newspaper ad is going to cost a couple hundred dollars and then you are going to have staff time reviewing it and putting it in front of you, which shouldn't be too terrible. I don't know how many responses you will get but if you ask us to we can reach out to

the engineers we know in the area that do this kind of work and let them know it is out there and if they want a package, provide that to them.

Mr. Schroder asked is there any cost to terminate?

Mr. Eckert stated there is no termination fee.

Mr. Schroder stated this would be separate from the ETM contract.

Mr. Eckert stated right now you have a contract with ETM that either party can terminate. My understanding was based on the fact that we could not come to an agreement with ETM on the last work authorization that the board wanted to solicit proposals for district engineering services and then also highlight the fact that we wanted someone who had pond bank construction and reconstruction experience in the RFP and we have tried to do that. My understanding of the RFP going out is that it is an RFP for you to consider whether or not you want to change your district engineer. ETM is not required to submit a proposal on that and neither the District or ETM is required to go through the next two or three years if we are not comfortable. The way the RFP is structured is for district engineering services to involve pond bank work as well. If you want to change that you need to let us know.

Mr. Quinto asked if we terminate the engineer right now is it 30 days we have to give them or 60 days?

Mr. Eckert stated I can look but I have been through this type of thing before and usually it is a mutual agreement we pick a day and go from there. You pay them hourly for the work they do so even if it is 60 days you don't assign them any work for 60 days.

Mr. Labanowski asked what date were we looking at putting in here to get proposals back to Dave's office?

Mr. Eckert stated you have to do at least 14 days. The shorter you make the time the less opportunity people have to respond. If we sent it out the first week of April we could do it so you have them back one or two days before your meeting on the 26th of April.

Mr. Labanowski asked would we be better off to wait until the May meeting since it is going to be a week and a half later?

Mr. Eckert stated that is fine. I would like to have them due to us eight days before the board meeting so we can get them in the agenda package for you.

Mr. Wing moved to direct staff to issue an RFQ for engineering services with any comments to be received by the end of the week and delegating authority to the chairman to have final review and approval and Mr. Labanowski seconded the motion.

Mr. Eckert asked does any member of the audience wish to comment on the district soliciting qualifications for potentially changing district engineers?

There being none,

On voice vote with all in favor the motion passed.

SIXTH ORDER OF BUSINESS

Supervisor’s Requests and Audience Comments

Mr. Wing stated the lady whose property backs up to the mail kiosk asked if Jeff and our landscaper could stop by. She wanted to point out a couple issues with the trees and some trees that are growing to ensure the landscapers don’t whack them down.

Mr. deNagy stated we know who it is and I will get with Jeff on that.

The board discussed conducting an online survey to see what possible capital improvements residents may want that would be funded by the HOA with available funds. The issue is to go back to the HOA for further discussion and consideration before the board proceeds with a survey.

Mr. Quinto stated I have called Jeff Branch five times about cable installation to make adjustments and nobody has come to my house in response.

Mr. Labanowski stated there are two foremen out here and you can grab one of them and tell him you need him at your house.

Mr. Quinto stated I did that and he said he will be back and he never came back.

Mr. Labanowski stated I will follow-up when I see one of them.

Mr. deNagy stated we have a change order for the pond bank work.

On MOTION by Mr. Labanowski seconded by Mr. Quinto with all in favor change order no. 4 to the contract with Besch & Smith in the amount of \$2,434.76 was approved.

Mr. Allen asked what is wrong with these pond banks?

Mr. Schroder stated we have pond bank failures, in some places there is erosion, some places there is settling because of the soil conditions. It is not everywhere. It is certain locations and we did the most critical last year and what we are doing now is completing that work.

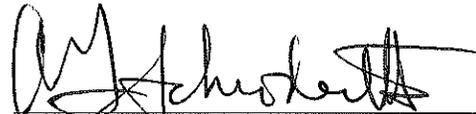
SEVENTH ORDER OF BUSINESS

**Next Scheduled Meeting – April 12, 2016 at
2:00 p.m. at the Murabella Amenity Center**

Mr. deNagy stated our meeting is continued in progress until 6:00 p.m. April 26, 2016 and we will cancel the April 12th meeting.



Secretary/Assistant Secretary



Chairman/Vice Chairman