

TURNBULL CREEK
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Turnbull Creek Community Development District was held Tuesday, November 25, 2014 at 2:00 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:

Dave deNagy	District Manager
Mike Eckert	District Counsel
Preston Doub	District Engineer
Mark Insel	Vesta/Amenity Services Group
Jeff Branch	Vesta/Amenity Services Group
Joe Montagna	Vesta/Amenity Services Group
Brian Moore	Austin Outdoor
Greg Dunn	Florida Forest Service
Bob Gang	Greenberg Traurig – by telephone
Rhonda Mossing	MBS Capital Markets by telephone
Kevin Mulshine	MBS Capital Markets by telephone
Several Residents	

The following is a summary of the minutes and actions taken at the November 25, 2014 meeting and 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 2:00 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Organizational Matters

A. Oath of Office for Newly Elected Supervisors

Mr. deNagy being a notary public of the State of Florida administered the oath of office to Mr. Labanowski and Mr. Wing.

B. General Information for New Supervisor

Mr. Eckert stated I handed out a supervisor notebook, we typically give these to new supervisors and it includes some historical information, a location map of the district, rules of procedure, various summaries of the laws that apply to you in terms of the sunshine law and public records. I encourage each one of the supervisors to familiarize yourself with what is in the book. Also in the book is Chapter 190, Florida Statutes, which is the district charter.

Mr. Eckert then reviewed the sunshine law and public records law.

Mr. deNagy stated if you did not file the form 1 when qualified for the general election let me know and I will get that to you. That needs to be filed within 30 days of today's meeting. With regard to compensation under Florida law supervisors are allowed to receive \$200 per meeting up to \$4,800 per year. I will ask if you accept or waive compensation.

Mr. Wing stated I will accept.

Mr. Labanowski stated I accept.

Mr. deNagy stated you will need to fill out W-4 and I-9 forms that I will get to you and then return it to me after you will those out.

C. Consideration of Resolution 2015-02 Election of Officers

Mr. deNagy stated this is an opportunity for the board to recast its slate of officers. At the present time I, Jim Oliver and Patti Powers serve in the positions of assistant secretary and assistant treasurer, Jim Perry serves as secretary and treasurer. Those positions are for purposes of signing checks and executing documents on behalf of the board.

On MOTION by Ms. Venezia seconded by Mr. Labanowski with all in favor Mr. Schroder was elected chairman.

On MOTION by Mr. Labanowski seconded by Mr. Schroder Ms. Venezia was elected vice chairperson.

On MOTION by Mr. Labanowski seconded by Mr. Quinto with all in favor Resolution 2015-02 was approved as follows: Aage Schroder chairman, Kathleen Venezia vice chairperson, Brian Wing, Joseph Quinto and Chuck Labanowski assistant secretaries, James Perry secretary and treasurer, Dave deNagy assistant secretary and assistant treasurer, Jim Oliver assistant secretary and Patti Powers assistant treasurer.

Mr. deNagy presented a plaque to Mr. DeFranzo in appreciation of his service on the Turnbull Creek Community Development District Board of Supervisors.

A resident stated we have formed a women’s group in Murabella and we were told we couldn’t use the amenity center unless we pay \$50. This is a non-profit group to get some sense of community, which I find lacking in Murabella. We won’t need it very often, why can’t we use it on occasion?

Mr. deNagy responded I was going to bring that up under my staff report.

Mr. Schroder stated that is fine I would like to be reminded of what our policy is because I know organizations have met here before. We will defer that to your report.

The next two items taken out of order.

SEVENTH ORDER OF BUSINESS Consideration of Proposal for Dive Blocks

This item was deferred to the January 27th meeting in order to give board and staff the opportunity to compile a list of questions for Ms. Spillers to include but not limited to installation, safety, height of blocks prior to the next meeting and research with ASG their experience in other districts, issues with the high water table and common safety concerns along with funding being available for this item.

EIGHTH ORDER OF BUSINESS Discussion of Diplodia Disease in Pine Trees

Mr. deNagy stated as you know we have been taking pine trees down for pitch canker. We have discovered another issue with our trees and Jeff invited Mr. Dunn of the Forestry Service to the meeting to speak on this issue.

Mr. Dunn stated about two months ago I got an email from the University of Florida and they are investigating this new disease to Florida called diplodia. It is running rampant in

Central Florida along areas where planted pines from 1 and 3 gallon containers were planted but not seedlings. It looks and mimics what is called pitch canker. That is why we sent out the sample to see if it is dipodia or pitch canker but either one is going to kill the trees. As soon as I get the results I will get in touch with Jeff. The recommendation is to cut them down just as we are doing with pitch canker. In a natural setting they are fine they have plenty of space, plenty of nutrients, they are planted at the proper height because of the seed and they have the proper water.

Mr. Schroder stated our plan is when they show signs we remove them.

Mr. Dunn stated that would be my recommendation. Just remove them because it could be either one until I get the results. The pitch canker trees are still going to die and once you remove that problem that is where you stop the pitch canker. Plant seedlings rather than container pines and they will have a much better tree in the long run. The trees in the median are struggling, they are turning yellow, too much water and it is leaching out all the nitrogen because of the way they are mowing it, also the weed whackers are killing the trees, there is no mulch around the trees to keep the lawn people out from those areas. I recommend getting a tree expert and have him or her maintain your trees, not a lawn care service. I'm seeing the same problems in other districts I'm working with because when the lawn maintenance people do it they whack a limb off and that's it. I will give you a list of trees that will grow well in that area, one will give you a sound buffer and one will give you a sight buffer. Those pine trees aren't giving you that.

Mr. Schroder stated thank you very much and you will be hearing from us.

FOURTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Eckert stated Chuck Bowen of my office accepted a position with an insurance company in Tallahassee as in-house counsel and he is no longer with us. At least for the next several months it is just me so you can reach out to me with any questions. As part of our firm protocol we will bring somebody else in so that we have two people that know what's going on but at least through the first part of the new year it will just be me.

B. Engineer

Mr. Doub stated I talked to the contractor on the Areas 1 and 2 drainage project and they are going to be out there next week to work on the punch list items and we will continue to monitor that and follow-up with him.

C. Manager

Mr. deNagy stated I met with Chuck Labanowski, Jeff, Mark and Dan a couple weeks ago with Shirley Smith and Art Dyer of the HOA. They have asked to be able to put a bulletin board right outside the door here, which will be opposite the CDD bulletin board for HOA business and it is a policy decision if you want the HOA to have a bulletin board. I don't think there is an issue with the bulletin board.

Mr. Eckert stated from a legal perspective I don't have a concern.

Mr. Schroder stated we addressed this in a previous meeting and we felt that it was important to help people understand the two entities.

On MOTION by Wing seconded by Mr. Labanowski with all in favor the request of the HOA to put up a bulletin board was approved.

Mr. Wing asked did we work out the ability for them to post on the marquee signs?

Mr. deNagy stated we talked about that and they are going to have small planter signs posted for meetings except the regular board meetings, the ARC committee and elections, which we will put on the bulletin boards and marquees.

We did talk about the use of the amenity center by entities as was noted earlier, the women's group. I will note the amenity policies state that a patron, as defined in the policies, is a person or entities who own real property within the district and those persons or entities who do not own land within the district but pay the annual user fee may have use of the Social Hall by paying a rental fee for use of the amenity center.

Mr. Eckert stated our policy is if you are a patron you are paying a fee. The board can talk about that and reconsider that given the new circumstances. The board can have a discussion on how to make adjustments. The only thing I will caution you on is right now it says a patron can reserve it once a quarter, that's all a patron can do in terms of this facility but if you don't have some limitations you are going to have members of the community who are going to

rent it every Monday, Wednesday and Friday for happy hour every week and it becomes a situation where people get even more excluded. The fee to some extent is to offset that concern as well as the actual cost the district incurs. It appears we have some exceptions to the policy that have occurred over time that we are going to need to deal with but rather than focus on the past I would rather the board hear your concerns and then discuss what they think a sensible policy is and you may not be able to resolve it here today but I do think it is something that should be discussed. You do have to be careful because once you have the facility open for one group you have to make it available on the same condition to other groups.

Mr. Wing stated I will volunteer to look through that and draft a proposed policy for the next meeting or the January meeting. My take on this would be to make it as open as we possibly can without assuming new costs but make it available to our residents for their benefit.

Mr. deNagy asked do you want to bring this back at the December 8th meeting or the January 27th?

Mr. Wing stated I can have something ready for the December 8th meeting.

Mr. Eckert stated he can have something ready and the board can consider it but keep in mind you are talking about a rate and by law in Florida rates have to go through rulemaking proceedings. There is a 29 day and 28 day published notice on the proposed change so whatever you come up with on December 8th we can't implement until at least our January meeting. We will come back with a policy on the 8th so follow the rates you have until such time as you have changed those rates.

D. Landscape Manager

Mr. Moore updated the board on his activities during the month.

E. Operation Manager (ASG)

Mr. Branch highlighted the items accomplished during the month.

F. Amenity Center Update - Report

Mr. Insel reviewed work items for the amenity center and highlighted items in his report.

- A. Approval of the Minutes of the October 28, 2014 Meeting**

- B. Balance Sheet as of October 31, 2014 and Statement of Revenues & Expenditures for the Period Ending October 31, 2014**

- C. Month-by-Month Income Statement**

- D. Assessment Receipt Schedule**

- E. Approval of Check Register**

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

The board took a short recess after which the meeting reconvened at 3:57 p.m.

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

SIXTH ORDER OF BUSINESS

Consideration of Matters Relating to Pond Bank Reconstruction

A. Consideration of Engineer's Report for Pond Bank Reconstruction

Mr. Doub highlighted the engineer's report that was prepared for the first three ponds to be reconstructed that includes removing unsuitable soils, installation of underdrains, removing some temporary drain pipes in various locations, installing some yard drains in a couple places to help with erosion, importing new fill on the pond banks, reconstruction, grading and sod and restoration of the construction access.

Mr. Mulshine joined the meeting by telephone at this time.

Mr. Eckert stated this is a preliminary engineer's report and the numbers we are talking about will be refined once we get bids from contractors, which we don't anticipate happening until January 20th. Adopting this report is something that is necessary before we can proceed with filing a validation complaint to get the court's authority to issue bonds for reconstruction activities for this particular project.

Mr. Gang joined the meeting at this time by telephone.

The board members made a few amendments to the report, which will be reflected in the final document.

On MOTION by Mr. Wing seconded by Mr. Labanowski with all in favor the engineer's report was approved with the modifications made on the record.

Mr. Eckert stated our bond counsel has been moving things around today to meet our schedule and before we get into the presentation of validation report and bond validation complaint maybe we can have a presentation from Bob Gang. He is with Greenberg Traurig and one of the preeminent bond counsels in the State of Florida and I ask Bob to present his proposal that is in your agenda package.

D. Consideration of Proposal from Bond Counsel

Mr. Gang stated in your package is a flexible proposal that if the district is just going to borrow money to do pond bank reconstruction then it is likely to get a bank loan or something like that and in that case we would charge hourly up to a cap of \$15,000. If the district undertook to refund the 2005 bonds, which we served as bond counsel for then you might be dealing with a public offering and might be combining some new money with the refunding in which case a flat fee of \$48,000, which would include the public offering of the refunded bonds plus the new money that you would add in because it would make sense to combine them. We are assuming you would do something in the next six months. We understand there is an issue that has to be resolved, which we are prepared to work with Mike Eckert and others to get resolved with the deferred costs.

Mr. Eckert stated I want everyone to understand the roles that different people have in these transactions. Mr. Gang if retained would be the one who also prepares the bond resolution that you consider on December 8th, which will authorize the steps necessary to move forward. If we do a refunding he is the one who delivers an opinion that the interest earned on the refunding bonds is tax exempt and that is what makes it possible to market them so that people will actually loan us money. He will also be the one to draft the supplemental trust indenture that is needed or indentures that are needed to deal with the new money and deal with the refunding of the bonds. They have a substantial role in the transaction if you proceed to move forward. That is why we

reached out to him based on his familiarity with this district and invited the proposal. I can tell you that the fees that are quoted here are certainly within the bounds of what we have seen recently in terms of bond counsel and what they charge districts for refunding. The \$15,000 fee I haven't had another situation where we have done just a straight loan like that but I can tell you if he is doing hourly with that cap you have to consider but I don't think it is out of line from.

On MOTION by Mr. Wing seconded by Mr. Quinto with all in favor the proposal from Greenberg Traurig to serve as bond counsel was approved.

Mr. Gang left the conference call at this point.

B. Presentation of Validation Report

Mr. Eckert stated this is a combination of the district manager looking at the engineer's costs and coming up with an amount that we would want to validate to make sure we have sufficient funding. This is what we would ask the court to approve. Their conclusion is that we should ask the court to validate up to \$1.96 million and for purposes of today I would ask the board for authorization for us to prepare a validation complaint with a not to exceed amount of \$2 million. We anticipate the actual construction cost of these ponds will be significantly less than that but it gives us flexibility.

C. Authorization to Prepare Bond Validation Complaint

On MOTION by Mr. Wing seconded by Ms. Venezia with all in favor the staff was authorized to prepare the bond validation complaint in an amount not to exceed \$2 million.

Mr. Mulshine stated from a strategic standpoint we need to resolve the deferred cost issue on the bonds with the developer and get that all set first. As far as to when to refund the first issue versus the second issue it is a matter of refunding any time you can once you have a savings level you are comfortable with. Ms. Mossing will discuss the difference between a bank loan versus a public offering.

Ms. Mossing stated the nice part about the bank loan is they won't focus so much on the concentration of debt that you currently have, 24% of your debt is concentrated in your top 10 assessment payers, which means you have approximately 181 vacant lots between Phases 1, 2 and 3 and those lots have a concentration of debt on them that when you try to get a rating through a rating agency they don't want to see that, they want to see a built out project to get an investment grade rating. The investment grade rating gets you a lower interest rate. The banks don't focus on that as much as the rating agencies do. The lower we can get from that 181 that is going to improve the credit. The more up to date information we have on that number will greatly improve our credit package.

Mr. Mulshine stated banks do what is called bank qualified that are extremely attractive to banks because the bank can buy your bonds, treat them as tax-exempt and write off all the interest it costs to carry those bonds. Banks are usually good on rates and lowering the closing costs and we don't have to do a lot of documents that public offering requires that are mandated by the SEC the one downside is they can let you amortize the loan for a period up to 20 years but normally they will want a put feature and say we will do a fixed rate of 4% or 3 ½% but we want the ability to change that rate in 10 or 12 years. It comes down to an analysis of the risk of the unamortized balance versus the costs and the interest rate differential to make it more attractive. You are constantly searching for an aggressive bank that is willing to go the longest period before they have a reset date.

Mr. Eckert asked is there a consensus among the board that the strategy we should be pursuing at this point is the refunding of the 2005A bonds and use that to create some new money to deal with the particular issues we have here? I need that direction, I know they are going to need that direction because we have to deal with the deferred cost issue and put that to rest at some point because they are going to need to know that before they go out to the rating agencies and go along that track. In my conversations with the developer I provided them with the geotechnical reports that we had as well as the construction plans, I also sent copies to all the board members and they are reviewing those and I will follow-up with them on Monday to find out but we have to resolve the deferred cost issue if we are refunding the bonds. Refunding the bonds seems to me to be the best avenue to pursue even though you have the deferred cost issue to deal with.

The majority of the board was in consensus.

E. Consideration of Proposal to Prepare Special Assessment Methodology

Mr. deNagy stated in our contract we have under other services assessment methodology preparation of \$15,000 and this would be contingent upon the loan for the reconstruction project whether it be bond or bank loan.

On MOTION by Mr. Labanowski seconded by Ms. Venezia with all in favor the proposal to prepare the assessment methodology was approved.

Ms. Mossing and Mr. Mulshine left the conference call at this point.

F. Consideration of Selecting Pond Bank Reconstruction RFP Committee Members

Mr. deNagy stated item F is consideration of selecting the pond bank reconstruction RFP committee members.

Mr. Eckert stated you want at least three and an odd number of people. The purpose of the committee is not to come up with the criteria, we have all been doing that but when the proposals come in to rank them according to the criteria you have approved.

Mr. Schroder stated this will involve reviewing the proposals, applying the criteria we approved at the last meeting and scoring the firms and make a recommendation to the full board.

Mr. deNagy stated keep in mind the committee members can't talk to each other when the committee is formed outside of a publicly noticed meeting.

On MOTION by Mr. Wing seconded by Ms. Venezia with all in favor Mr. DeFranzo, Mr. Schroder and Mr. Labanowski were appointed to be the RFP committee.

Mr. Eckert stated I brought this up at the last meeting but I don't think we voted on it and that is whether or not to appoint a member of the board to have the final sign-off on the RFP package before it gets published because that is scheduled to happen before your January meeting. Changes have been made and none have been material from what you have previously

seen and there are also the actual specs that Preston has been circulating that the board doesn't need to pass on.

Mr. Doub stated I assumed that would be Aage because we have been working back and forth.

On MOTION by Mr. Labanowski seconded by Ms. Venezia with all in favor Mr. Schroder was authorized to have the final sign-off on the RFP.

NINTH ORDER OF BUSINESS

Discussion of Map Outlining Pond Bank Reconstruction Project

Mr. deNagy stated we have a map that has been provided and I didn't know if there were any questions or discussion about this but we did include it in the agenda package.

Mr. Labanowski asked can we have a large map so that members of the community can look at it?

Mr. Doub stated we have really good aerals and it is very easy for us to put the work in graphic form on those aerals.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Wing stated I would like to add an item to the agenda the issue of having Austin cut the pond banks and what the policy will be.

Mr. deNagy stated we will add that to the January 27th meeting agenda.

Mr. Schroder stated we have discussed this in the past and never took any formal action.

Mr. Eckert stated you did by approving the contract for them to do the work.

Mr. Schroder stated we didn't decide on the issue of whether it is the CDD or the owner to mow the pond banks because there was a conflict with the HOA documents.

Mr. Eckert stated I don't subscribe to the belief that there is a conflict because the CDD owns the land and we can maintain our land. The HOA documents put an obligation on homeowners to maintain down to the water's edge, which are two different things. I think that

gives the board the ability to say we are not going to mow the pond banks we are going to let the residents do it. I think the board has that ability because there is something built into the documents for somebody else to do it. It is a policy decision for the board on who you want to maintain the pond banks, whether or not you want to pay for it and if you do want to pay for it what equipment you want to allow the contractor to use on there. Those are all parts of the discussion that Supervisor Wing wants to have.

Mr. Schroder asked does anyone want to take on that review and recommendation?

Mr. Labanowski stated sure.

Mr. Eckert stated if you are going to change the scope you have to be prepared to talk about whether or not it is a change order to the price. If you pay more for that and the result is you are not repairing a pond bank, my guess is you are going to come out ahead.

A resident stated I was concerned about a bank loan let alone finding a bank that would be interested in financing the work. Obviously, there is a financial consultant that seems pretty confident about it. I have a comment about refinancing the first bond and I understand that bond only covers those of us who were first here. If those contracts come in at \$800,000 and we went for a bond refinancing, which we would get the benefit of a reduced rate and you work out the differences with the developer it might give us extra money on top if we went for the \$2 million mark even though the contracts were for \$900,000, which might give us leverage to do the next set of ponds without having to refinance. There are homeowners who are going to incur expenses on their own besides putting the fence back and whatever they had there in the middle of their yard if it is not draining. I'm cautiously concerned about homeowner pushback.

TWELFTH ORDER OF BUSINESS

**Next Scheduled Meeting – January 27, 2015
at 6:00 p.m. at the Murabella Amenity
Center**

Mr. deNagy stated we have a special meeting scheduled for December 8, 2014 and I need a consensus whether we want to meet at 2:00 p.m. or 6:00 p.m. or some other time.

Mr. Eckert stated there is one thing that is time critical and that is the approval of the bond resolution. You just hired bond counsel and they are going to prepare a resolution, I have to take that resolution to court when we file a bond validation complaint. I can get the complaint prepared but I can't technically file it until you adopt that resolution. We have a presentation by MBS on financing options and I think that is a bit premature based on what we just heard but if I

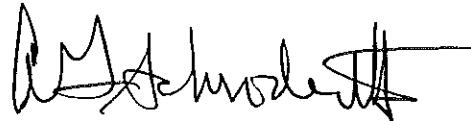
can get some information to them on the deferred costs they would be able to talk to you then about refunding and what some of the savings would be once we have that issue put to rest. Then authorizing the trustee proposal. If you are going to do the bond option you need to get a trustee lined up. You have a trustee right now, U.S. Bank, they would have an additional fee for administering a new series of bonds. It is not a significant fee but it is something you would have to approve. That could slip until January but the one big thing is the bond resolution can't slip.

It was the consensus of the board to have the meeting at 6:00 p.m.

On MOTION by Mr. Wing seconded by Mr. Labanowski with all in favor the meeting adjourned at 5:35 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman