

MINUTES OF MEETING
PINE RIDGE PLANTATION COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Pine Ridge Plantation Community Development District was held on Tuesday, July 30, 2019 at 6:00 p.m. at Pine Ridge Plantation Amenity Center, 4200 Pine Ridge Parkway, Middleburg, FL 32068.

Present and constituting a quorum were:

Matt Biagetti	Chairperson
Maria Haney	Vice Chairman
Jeff Arp	Supervisor
Jerry Ritchie	Supervisor
Nancy McNulty	Supervisor

Also present were:

Ernesto Torres	District Manager
Jason Walters	District Counsel (by phone)
Chris Hall	Operations Manager
Maria Cranford	Amenity Manager
Josh Feagin	R&D Landscape
Sete Zare	MBS Capital Markets (by phone)

FIRST ORDER OF BUSINESS

Roll Call

Mr. Torres called the meeting to order at 6:00 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There being no audience comments, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

Mr. Torres stated included in your agenda package is a copy of the affidavit of publication for the public hearing today.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the May 21, 2019

Mr. Torres stated included in your agenda package is a copy of the minutes of the May 21, 2019 meeting. Are there any additions, corrections or deletions?

On MOTION by Mr. Biagetti seconded by Mr. Arp with all in favor the Minutes of the May 21, 2019 Meeting were approved.

FIFTH ORDER OF BUSINESS**Presentation by MBS Capital Markets, LLC for Potential Refinancing**

Mr. Walters stated we wanted to put together a deal based on the discussions we have had with the board, with previous landowners, with the bankers and everyone else to come up with a deal that we thought would be advantageous to the District to realize the savings for the residents based on a number of factors. We have had a lot of conversations with the folks at MBS Capital Markets and District staff. Based on certain assumptions MBS has put together an outline of what a refinancing might look like. I believe Ernesto handed out a summary sheet, which was prepared by MBS. The good news is it looks like we should be in a position to refinance the bonds and realize a savings. This isn't a final deal. There are some assumptions they do.

Ms. Zare stated the current outstanding debt is about \$2.66M with a coupon of 5.4%. The bonds are currently callable. There are some assumptions that we did make with putting the numbers together that you see in front of you. We assumed that we would get a BBB- from S&P, as well as AGM. Those are both credit enhancements. If we do secure those credit enhancements based off of the BBB-, we are looking at 12.84% annual debt service reduction. Your debt is increasing to just over \$11M. We will have to notify resident that their debt is increasing but their assessments are decreasing. There is a possibility for this District to take a savings in the form of construction proceeds that the District can use towards capital improvements that get identified. Just to give you an idea of what that looks like in terms of annual debt service reduction, we will take a single-family home with a 55 foot lot with a current debt assessment of \$1,255 per year and there would be an annual debt reduction of \$160.

Mr. Ritchie asked I see that the refunding new par for a new bond would be \$11,660,000, correct?

Ms. Zare responded the current outstanding debt is \$10,660,000. The estimated refunding par is \$11,060,000.

Mr. Ritchie asked so it is going to cost us \$400,000 to refinance based on this in front of us?

Ms. Zare responded that is part of the cost of issuance. There are also things to consider in that. There is cost of issuance, which is the working team that is providing the effort to get you all of the bond documents ready. There is also a premium attached to AGM to give you credit enhancement, but those credit enhancements provide for substantially lower rate when you go to price those bonds, so there is an expense to it but there is also a significant benefit to it. There are tax laws that forbid you from using credit enhancements unless it generates a savings. When we are looking to refinance any bonds, governmental entities typically look at a benchmark of 3% savings. You can see the matrix in the table that shows you have a 4.2% savings, which is well above government benchmark.

Ms. Haney stated the savings is quite substantial. How many years is it to pay the bond off if we didn't do the refinance?

Ms. Zare responded I believe the maturity is in 2037 but the refinance does not change the maturity date.

Mr. Biagetti stated I know you said right now we are not in a favorable position to get construction funds to upgrade some of the amenities that we have or add to what we have. What is the reason for that? Is it the number of rooftops right now?

Ms. Zare responded given the current status of the development within the assessment area, you are showing an even investment grade. There is a certain matrix that they look at to determine if it is an investment grade. Right now, at a BBB- that is on the low end. If you go the other route with trying to generate construction proceeds, then that actually increases your total debt. If we move forward, we would put out an offering memorandum. The market has been pretty stable, and we hope that it continues to be that way.

Mr. Biagetti stated I still don't like the fact of this whole deferred cost situation. I don't agree with it.

Mr. Walters stated I share some of those frustrations. This deal is a little bit unique in the way that it was structured. At the end of the day, they have contributed millions of dollars and they are still contributing millions of dollars' worth of infrastructure. I can see both sides. The problem we have from the Districts side is without a release from them saying there are no deferred cost liabilities, it really opens us up to some issues moving forward and it could cause even further concerns on the investors sides when they go to market these bonds. In terms of getting out of paying it, we could say we are not going to refinance and we are not willing to

do anything about this and we are going to continue on as we have but under that scenario, we don't realize that savings on the spreadsheet. We do have an opportunity to refinance the existing debt at a much more favorable rate and provide a savings but there is nothing mandating that we move forward. The number you see under the deferred cost liability is where we have come down from the \$1M plus that they claim we are owed. The \$373,000 is the number that we have tentatively agreed to. We have included it in the analysis. The one good thing about getting this deal done is we are then getting a release document from the landowner to say upon payment of these funds, we waive any and all claims we may have under any agreement with the District. I have provided them with a form of release that we require, so when we get to the next steps this will have to be in writing well in advance to a closing because we need that certainty. What would happen on a general timeline is if the board is comfortable moving forward under the assumptions, we have then we would provide that direction to Sete and to MBS. They would put together a credit package to obtain a credit rating. They will also talk to the insurance provider in terms of securing a commitment letter. Assuming everything goes well on that then we would get to the September 17th meeting and that is when we would start the assessment process. We would inform all of the residents in the notices that there is a slight uptick in par based on the refinancing costs but that your annual amounts will go down, so you will have a savings every year on your assessment. We will get to the assessment hearing and then MBS would have already gone through and marketed the bonds. We would put together those offering statements and they would be put out to potential investors. We would come back to the subsequent assessment hearing meeting with final numbers. We will hold an assessment hearing. We would levy the assessment and then soon thereafter you would anticipate closing on the sale of the bonds. The September meeting would also be when we would have a formal agreement on the deferred cost issue. We would hope to finalize the assessments and then close on the bonds thereafter. The months of November and December would be when we would finalize everything and close on the bonds.

Mr. Biagetti stated in going back to these construction proceeds based on the savings to the homeowners, we are looking at anywhere from \$13 to \$16 a month but overall it would be a \$2.3M savings. If we were to then pass the savings onto our residents and then assess them their savings back, then it will take some time to build up a hefty cash fund to do any major

improvements within the community. Off the top of your head, what figure would you guess if we could get approved to have construction proceeds?

Ms. Zare responded right now you are looking at about \$1.4M in construction proceeds if you were to take that savings upfront. We are happy to do either scenario for you guys. I do want to mention that if you do try to go to the construction proceeds route that there are tax implications with that, which means that you have to identify capital improvements and 85% of those funds have to be spent within a three-year period.

Mr. Arp asked if we go the construction route, would we still owe the \$373,000 deferred costs?

Mr. Walters responded yes. The \$373,000 would stay the same.

Mr. Arp stated if we are not obligated to anything then I don't see the harm in pursuing it a little further.

Mr. Biagetti asked is there a way to have both scenarios provided at the next meeting?

Ms. Zare responded you can choose to do a portion of the savings as construction proceeds and a portion of it is an annual debt service reduction.

Mr. Walters stated I think his question is if we looked at the maximum savings versus full construction proceeds. Is that a scenario that could be run simultaneously with the credit rating agency or do we have to choose a path on that?

Ms. Zare responded we could absolutely do that.

Mr. Arp asked let's say we don't pay the deferred cost liability and then let's say they take us to court, what would we possibly be looking at with legal expenses?

Mr. Walters responded I will never go down a deferred cost litigation fight before but I can tell you that given the numbers involved and given the parties involved that you could not get to a trial with less than six figures in attorneys fees. It would be extraordinarily expensive but if we prevailed then we could recover those attorney fees but that assumes no appeals and that assumes someone that takes the defeat and pays whatever the verdict is and that is a rare occasion. My concern is the exposure to the District because we are flying solo at that point. There is no debt service reserve fund to pay a settlement at that point. It is gone. We would have to be very confident before I would advise this board to proceed down that path.

On MOTION by Mr. Ritchie seconded by Mr. Arp with all in favor to Direct MBS to Move Forward Seeking Credit Rating & for Staff to Prepare a Refunding Scenario to Start the Assessment Process in September was approved.

SIXTH ORDER OF BUSINESS

Acceptance of Fiscal Year 2018 Audit Report

Mr. Torres stated included in your agenda package is a copy of the Fiscal Year 2018 audit report.

On MOTION by Mr. Biagetti seconded by Ms. Haney with all in favor the Fiscal Year 2018 Audit Report was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Proposal from Riverside Management Services for Fiscal Year 2020

Mr. Torres stated included in your agenda package is the proposal from Riverside Management Services for Fiscal Year 2020. There is a 3% increase for the Riverside Management Services proposal. The amenity center manager fee went from \$50,923 to \$52,451. There is an increase in field services, which went from \$20,000 to \$20,700.

On MOTION by Mr. Biagetti seconded by Ms. McNulty with all in favor the Proposal from Riverside Management Services for Fiscal Year 2020 was approved.

EIGHTH ORDER OF BUSINESS

Public Hearing to Adopt the Budget for Fiscal Year 2020

A. Consideration of Resolution 2019-06, Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2020

Mr. Torres stated there were minor adjustments made to accommodate the services you just approved for RMS but other than that there has been no change to the budget from our last meeting. There is no assessment increase for Fiscal Year 2020.

On MOTION by Ms. Haney seconded by Ms. McNulty with all in favor the Public Hearing to Adopt the Budget for Fiscal Year 2020 was opened.

Mr. Torres stated this is an opportunity for the residents to ask any questions or make any comments regarding the budget.

A resident asked if we go through with the refinancing, will that affect our budget?

Mr. Torres responded it will affect next year's budget in 2021.

A resident asked what is the purpose of the gate guard that we are paying for?

Ms. Cranford responded once we leave and the gate attendant is still here then they are responsible for cleaning up the pool deck, putting out the sign, cleaning up the bathrooms, etc. They are here to keep an eye on things, since we are no longer here. Last year, we had the gate attendants every single day. I haven't seen a reason to have them here all week this year but we did do extra staffing with the lifeguards to be able to cut back on the gate attendants.

A resident stated I just wondered if it was cost effective to get rid of the gate attendants.

Mr. Torres stated there is a not to exceed amount in the facility assistant line and we monitor that. That line item is budgeted for \$24,561 and your actual expense in that line is \$3,700. That line item is maintained under budget. It is nice to have and then you are not short staffed when you need it.

Mr. Biagetti stated the board has approved that position to secure the facilities. I think once everything comes into play then I think will be a great thing.

On MOTION by Mr. Biagetti seconded by Mr. Arp with all in favor the Public Hearing to Adopt the Budget for Fiscal Year 2020 was closed.

Mr. Torres stated included in your agenda package is Resolution 2016-06 adopting the budget for Fiscal Year 2020.

On MOTION by Mr. Biagetti seconded by Mr. Ritchie with all in favor Resolution 2019-06 Relating to Annual Appropriations and Adopting the Budget for Fiscal Year 2020 was approved.

B. Consideration of Resolution 2019-07, Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2020

Mr. Torres stated included in your agenda package is Resolution 2019-07 imposing special assessments and certifying an assessment roll for Fiscal Year 2020.

On MOTION by Mr. Biagetti seconded by Ms. McNulty with all in favor Resolution 2019-07 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2020 was approved.

NINTH ORDER OF BUSINESS**Discussion of RV and Boat Storage Facility**

Mr. Torres stated I have handed out a map, which was prepared by the District Engineer. He identified an area right here, which is along Tynes Boulevard on the north end, which is about 2.29 acres and there is an area in the new area by the back has an area of about 1.17 acres for the District to consider a storage facility. Staff has had some discussion regarding this. There are some concerns.

Mr. Walters stated the two issues that we have with this. There is not a good place for this facility. You have an access issue, as well. This would be in some people's backyards and it will also be very close to roadways. You also have to worry about securing the facilities and you would be taking position of other people's personal property. I understand the desire for these types of things but the reality is there are businesses that are in the business of providing these services and the reason is because they have the proper facilities and expertise and staffing to deal with those type of things.

Mr. Ritchie stated I feel like Pine Ridge Plantation is a community development. I don't think we should introduce a commercial function to it. I don't think that is appropriate. I don't even know if there is a great demand for it.

Ms. Haney stated a brand-new RV and boat storage facility just opened up on 218 right next to an apartment complex. There is a huge fence around it. I am sure the neighborhood didn't appreciate it when it came in but it is there and it is right around the corner for the residents of this community.

Mr. Biagetti stated I agree that it could be a good amenity for this community but I would like to not pursue this any further.

TENTH ORDER OF BUSINESS**Discussion of .177 Acre Parcel Adjacent to 4770 Creek Bluff Lane**

Mr. Torres stated in between the last meeting I received an email from a resident that lives at 4770 Creek Bluff Lane. The property is adjacent to a lot that is owned by the CDD and he is asking the board if it can be maintained more often that it has been maintained but he is also offering to maintain it himself. There would be an additional charge for the landscapers to maintain it.

Mr. Ritchie stated I would like to go look at it first.

Mr. Arp stated I would like to drive by it too.

Mr. Torres stated we will table this item.

ELEVENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

TWELFTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. District Manager – Discussion of Fiscal Year 2020 Meeting Schedule

Mr. Torres stated included in your agenda package is a proposed meeting schedule for Fiscal Year 2020. This schedule is based off of the prior years' schedules.

On MOTION by Mr. Arp seconded by Mr. Biagetti with all in favor the Fiscal Year 2020 Meeting Schedule was approved.

C. Engineer

There being none, the next item followed.

D. Operations Manager – Report

1. Report

2. Down to Earth Proposal

Mr. Hall stated included in your agenda package is the operation manager's report.

Mr. Ritchie stated I took a walk through the pool area and I noticed that the iron on the slide tower steps is peeling.

Mr. Hall stated the slide stairs need a lot of work. We are probably going to have to repair the whole stairs. We have repainted it in the past but it doesn't seem to do much because it is coated with a plastic rubber coating. It is safe but there are some brackets we can install under the stairs.

Mr. Ritchie asked can it be replaced by aluminum products instead of steel products?

Mr. Hall responded I am sure. We can look into that.

Ms. Haney stated I noticed there is a mattress in the dumpster. Does that happen often?

Ms. Haney responded I was able to identify the truck on our cameras. It was a rental that was moving out and they dumped their stuff before they moved out. It does happen sometimes but not too often.

Mr. Torres stated I would like to send the reserve study to the board members in regards to the slide repairs. We will put it on the next month's agenda.

Mr. Hall stated these proposals are for the islands. We are going to remove the jasmine and rep

E. Amenity Manager

Ms. Cranford provided the amenity manager's report.

On MOTION by Mr. Arp seconded by Mr. Biagetti with all in favor the Proposal from Tonia Pristyak for Zumba Classes on a Trial Basis for Residents Only was approved.

**THIRTEENTH ORDER OF BUSINESS Audience Comments / Supervisor's
Requests**

A. Discussion of Electronic Agenda Packages

Mr. Torres asked the board if they would like to receive electronic agenda packages going forward. The board was split on receiving packages electronically or by paper.

FOURTEENTH ORDER OF BUSINESS Financial Statements

**A. Balance Sheet and Statement of Revenues & Expenditures for the Period
Ending May 31, 2019**

Mr. Torres stated included in your agenda package is a copy of the balance sheet and income statement.

B. Assessment Receipts Schedule

Mr. Torres stated included in your agenda package is a copy of the assessment receipts schedule.

C. Approval of Check Register

Mr. Torres stated included in your agenda package is a copy of the check register, which totals \$73,379.98.

On MOTION by Mr. Biagetti seconded by Ms. McNulty with all in favor the Check Register was approved.

FIFTEENTH ORDER OF BUSINESS

Next Scheduled Meeting – 9/17/19 @ 6:00 p.m. at the Pine Ridge Plantation Amenity Center

Mr. Torres stated the next scheduled meeting is September 17th at 6:00 p.m. at this location.

SIXTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Biagetti seconded by Mr. Arp with all in favor the Meeting was adjourned.


Secretary / Assistant Secretary


Chairman / Vice Chairman