

**MINUTES OF MEETING
PINE RIDGE PLANTATION COMMUNITY DEVELOPMENT DISTRICT**

A special meeting of the Board of Supervisors of the Pine Ridge Plantation Community Development District was held on Monday, June 15, 2020 at 6:00 p.m. via Zoom Conferencing.

Present and constituting a quorum were:

Matt Biagetti	Chairman
Jeff Arp	Vice Chairman
Jerry Ritchie	Supervisor
Jeff Lewis	Supervisor
Nelson Nazario	Supervisor

Also present were:

Ernesto Torres	District Manager
Peter Ma	District Engineer
Jason Walters	District Counsel
Maria Cranford	Amenity Manager
Sete Zare	MBS Capital Markets

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 none, the next item followed.

THIRD ORDER OF BUSINESS

Update on Financing Options and S&P Results

Mr. Walters stated if you recall over the last meetings, we have had discussions about putting together the credit package, so that it could be submitted to S&P. That has been completed. Sete has put together the preliminary numbers on the two scenarios that we discussed at the last meeting. Option one would be your straight savings scenario. The second option was looking into the equity portion of the debt service that we now still owe to the bondholders and potentially using that equity portion for some enhancements and improvements within the District.

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Ms. Zare stated we were very successful in obtaining an investment grade rating on the senior portion of the refinancing. We obtained a BBB+ rating evaluation, as well as secured credit enhancements from ATM. Both providing for additional savings in the refinancing depending on which scenario you go. I will start with the far right column and then we can move into project funds. For a quick overall of your current debt structure, you have \$10,265,900 outstanding with a maturity of May 1, 2037. You have a coupon of 5.4% and your annual debt service \$933,000. If we provide for a refinancing that provides for an annual debt service reduction then we will maintain par neutrality. What does that mean? That means that your current debt is at \$10,265,900 and we will maintain that same amount in the refinancing, so there will be no increase in your principal amount and that will eliminate the need for us to go through the Chapter 170 process, where we have to notify all 737 residents within the District that their principal portion of their debt is increasing while their annual assessment is decreasing. You will see that refinancing provides for about \$1.1M in net present value savings, which translates to 11.3%. Governments are typically benchmarked for net present value savings is at 3% to 5%, so we have far exceeded that. The estimated maximum annual debt service is going to decrease to \$810,000 and just note that your current debt service is \$933,000, so it would decrease by roughly \$123,000 for the next 17 years, which is through the life of the bonds. We would not increase or decrease your maturity. It would stay level until May 1, 2037. If you look at that, that is \$123,000 over the life of the bonds for 17 years, so approximately \$2M in annual debt service reduction. Your second scenario is to take those savings back to the current market and that will generate \$1.45M in project funds that the District can choose to use towards capital improvements within the District boundaries. As I mentioned your current debt is \$10.265M. If we do proceed with the project fund route your debt will increase to approximately \$12.4M, so that is a \$12.4M, so that is a \$1.875M increase in your principal amount. That will trigger the Chapter 170 process and we will have to notify all 737 residents within the District that your principal debt is increasing. Take a look at your current maximum annual debt service that is about \$933,000. Your estimated maximum annual debt service is about the same, so you won't see an increase of your annual debt service but you will see an increase in your par amount and that is why we have to go through Chapter 170. We are maintaining the same principal term. It is just a matter of which option the District wants to move forward with, upfront savings or annual debt

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service reduction. I have actually detailed what that looks like on a per unit basis on the next two pages and I am happy to go through that with you.

Mr. Ritchie asked how much are we going to save per year?

Ms. Zare responded you would save \$123,000 on a net basis for the next 17 years on an annual basis.

Mr. Ritchie asked what is our upfront costs?

Ms. Zare responded these numbers are inclusive of all of the costs, so the \$1.4M of project funds generated already consider the costs to get this refinancing done. We were very fortunate to get credit enhancements here. We will put an offering document together. We will put an indenture together. All of these documents are to market the bonds to potential investors.

Mr. Ritchie asked if we go with option A, the average savings per household would be about \$1,230 annually?

Ms. Zare responded it is done on a benefit basis, so we can go to that slide and I'm happy to go through how each resident will benefit from each scenario. I will start with the annual debt service savings and then move towards the project. If you look at page four of the slide, your current outstanding debt is \$10.265M. Your estimated principal is matched at \$10.265M, so there is no increase in your debt per unit. There is no need to notice all 732 residents that their principal is increasing because it is not. In this financing only 732 residents are actually impacted and that is because for residents that prepaid in full will not benefit from this savings because they have already paid off their debt. The gross assessment is \$993,000 and we are reducing it down to \$861,000 and that is \$131,000 in annual debt service reduction for 17 years. Let's take a single family home, their original annual assessment is \$1,255. Their proposed estimated gross assessment is \$1,089, so that is \$166 savings. Every resident benefits by 13.2% but that doesn't necessary translate to the same dollar value in the next column over but overall everyone benefits by 13.2%. That is a little bit over \$2M in total annual debt service reduction, while maintaining par neutrality. It is really a win-win for the District. I will go back to the upfront project scenario. If we look at the first set of columns, you will see your current outstanding debt is \$10.265M. The proposed debt on your 2020 bonds is \$12.14M and that is because you are generating about \$1.4M in construction proceeds, so that is 1.875M increase in principal amount and that will trigger the Chapter 170

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process and by Florida Statute, we have to notice all 737 residents that their debt principal amount is increasing. You will see it is roughly about \$2,000 per unit for this scenario. In this scenario all residents, including those that are partially prepaid and prepaid in full will be impacted by this scenario, so all 737 residents will be noticed for this refinancing. If you move to the far right columns, you will see your current gross overall assessment is about \$993,000 and it is about level for your 2020 gross assessments. Let's look at it on a per unit basis. Let's look at the 385 single family 55 units. Your principal amount went from \$12,969 to \$15,305. Your gross assessment that these residents are seeing on their tax bill is \$1,255. Let's take that same single family 55 and look at your prepaid lots. You have two residents that have prepaid. They don't have any 2006 debt assessment because they have chosen to prepay in full but there is project fund attached to this and it is going to be used for capital improvements that is actually going to benefit them, so they have to allocated their prorata allocation of the new money component, so they will see \$165 increase on their tax bill. They will realize a flat annual assessment but an increase in their principal amount. The Chapter 170 process is a 30 day notice process. The District Manager will put together notices and send out a letter to all residents that their principal amount is going to increase. Another thing we discussed at the last board meeting was that we do have to identify projects and we do have put those in the engineer's report. Those projects have to be identified with a proposed cost estimate. At least 85% of the \$1.4M has to be reasonably expended within a three year timeframe.

Mr. Arp asked is the 737 residents on here including all of the new lots that are in the back that are not built yet?

Ms. Zare responded yes. It will impact every lot within the District, whether it has a home on it or not.

Mr. Ritchie asked if the board chooses option A, how would they handle future capital development?

Mr. Walters responded you can do it in a couple of different ways. Each board will have to make those kinds of decisions. On a transaction I worked on last year, they thought of an approach to say if there is \$100,000 in annualized debt savings then we can add that into the O&M budget as a capital reserve and build up reserves, which is one way to do that. You can also add future financings. The perspective purchasers of refinancing bond here would ask for no parity debt status. I don't know what the current market looks like for that but there are

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some other financing mechanisms. The investors on the refinanced bonds will say you can't dilute our security by issuing additional debt on top of it. It does limit the ability to have future financings moving forward. We have looked at providing limitations to say that maybe the investors would allow for a certain amount of debt to be issued at a future date, which limits their exposure. You can slowly accumulate capital reserves. You can have a special assessment for capital reserves. Those type of options are still in place but your financing is limited a little bit by the investor.

Mr. Navario asked how much will a homeowner be paying if we went with option B?

Ms. Zare responded most resident's principal amount is \$18,366 and that is \$2,800 more than what they currently have on their property. They won't feel the impact of that \$2,800 increase unless they opt into completely prepaying their debt in full but on an annual basis, they won't see an increase in their annual assessment. It will look pretty similar to what they are paying right now.

Mr. Navario asked how much is it going to cost me on a monthly basis?

Ms. Zare responded so assuming you are one of the 183 residents, your tax bill currently reflects \$1,506 and it will be \$1,504, so it is a wash on your tax bill that you will receive next year. You won't feel the impact on the principal side unless you choose to prepay your debt in full.

Mr. Ritchie asked of the 737 residents, what percentage would have to approve the bond issue?

Ms. Zare responded the board is who ultimately decides, which direction we move in. The board is ultimately decides what improvements that you put in your engineer's report. The board is representative of all of the residents in the District. You will typically see the residents having some input but it ultimately comes down to the board.

A resident asked what if someone decides to move into the community before the 17 years it out, what would happen at that juncture?

Ms. Zare responded the debt runs with the land, so the landowner is responsible for payment.

Mr. Ritchie asked on the second option when the refinancing is completed, does that \$1.4M come to the District immediately?

Mr. Torres responded yes.

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Ms. Zare stated it will be deposited into a construction account under the 2020 trust estate. For the annual debt service reduction, I believe the County cutoff is around September to get your assessments finalized and on the roll. I do believe if we push hard and fast that we could get the savings on the next tax bill.

FOURTH ORDER OF BUSINESS

Discussion of Capital Projects to Consider (Presenter: District Engineer)

Mr. Ma stated we have two examples of recent capital improvement projects that we did for refinancing of the bonds. One project is the Bartram Springs CDD that has about 1,700 units and the other one is the Sweetwater Creek, which has about 736 units. Both scenarios is about \$1.6M. They used some of the money in Sweetwater Creek to resurface the pool and repaint the guardhouse and the amenity center.

Mr. Ritchie asked when you do park, are you required to have restroom facilities?

Mr. Ma responded you may. There is a State guideline requirement for that. I don't know what it is off of the top of my head.

Mr. Ritchie stated I see here where Sweetwater Creek got a park for \$55,000.

Mr. Ma stated that is probably a tot lot for that amount. It was relatively small.

Mr. Arp stated I see here where Bartram had a tennis court expansion. I know there has been talk about us putting tennis courts. Is that the same price or what price would you think it would cost for tennis courts in here?

Mr. Ma responded the price would be different if you were starting from scratch. Their tennis courts were just expanded. You would need lights and nets and screens.

Mr. Lewis asked did you do Greyhawk?

Mr. Ma responded our company did but I was not involved in that personally.

Mr. Lewis stated because I was looking at the way the tennis courts were set up with the half basketball court. It is a pretty nice setup. I would like to get a quote on that one.

Mr. Ma stated absolutely. We have all of the numbers for that.

Mr. Ritchie asked what does Azalea Ridge have as far as amenities?

Ms. Cranford responded they have their family pool, which is smaller pool than what we currently have and then they have a separate kiddie pool. They have an amenity building, which is just a rental room. They have a small fitness center and then they have an open field with soccer nets on it. A few residents here show interest in tennis courts and basketball courts

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here. Another thing to think about is we use the field space now for special events, so that is something to consider. Another thing to look into is putting in a splashpad in the open areas in the pool area by the shower.

Ms. Zare stated obviously, we don't have a crystal ball to see where rates are going but we have started to see the rates stabilize. Our rates are still at historic lows but we are facing uncertainties in our environment and that includes maybe a second rise in COVID-19 and the elections. These are just estimates based off of current market conditions.

Mr. Torres asked is there a lock in period?

Ms. Zare responded the lock in period is only once we price the bonds and the Bond Purchase Agreement is executed. The board will have to decide which projects they want in the engineer's report. Peter will have to provide cost estimates within the engineer's report. We will start the Chapter 170 process, which includes an assessment methodology. There is a 30 day notice period attached to that process. Within that timeframe, we are going to put a Delegated Award Resolution and all of its attachments, which includes the Preliminary Offering Statement, as well as the indenture that goes towards marketing the bonds. Upon approval of the Delegation Award Resolution by the board that allows for us to go out and market the bonds with investors. Upon pricing and execution of the BPA is when your price is set but until that point and time it is a moving target.

A resident asked I understand the residents don't get a vote on these items but are they made aware of it?

Mr. Biagetti responded once decisions are made, residents would be made aware. If we chose option two then residents would get notified. I think it would be wise for us to generate some input before we make final decisions on what improvements we are going to make. We can send a survey out or put it out on Facebook. We live in a great community. I think we can make it better if we can provide more amenities to our residents.

Mr. Lewis stated with all of these communities popping up around us, we are kind of lacking on the amenities to draw people in. I am personally up for option two because I want to see us grow.

Mr. Ritchie stated you brought up some good points about being competitive with other communities. Do you agree with that?

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Mr. Biagetti responded 100%. Maybe amenities are not important to everyone but to a lot of people that is why they move into the community. We are in a very good area in Clay County with some very amenity rich communities for those home values. We are very lucky to live where we do with a great school system and the different businesses and the expressway. I think we should have more of an attractive feature in the community to make someone decide to move into Pine Ridge.

Mr. Arp stated it seems to me like that is some of the biggest complaints we hear on the board. It is usually between landscaping and amenities. If we went with the other option and had \$160 savings a year, which is \$14 a month.

Mr. Biagetti stated that is a valid point.

On MOTION by Mr. Ritchie seconded by Mr. Arp with all in favor to Move Forward on Option B for Financing was approved.

Mr. Walters stated we will make sure we are on the gun and try to move this forward as quickly as possible. The only other timeline issue we have lingering is on the deferred cost issues, so we have that tentative arrangement with the Developer to settle that issue but they are a little itchy on timeframes. I do expect that whatever agreement they sign that they are going to say we need an end date to that, meaning if you don't close by the end of January in 2021 that we have to reevaluate this. That will be another driving force to keep this thing moving.

FIFTH ORDER OF BUSINESS

Discussion on Phase 2 Reopening Standards

Mr. Walters stated you may have seen there has been a new executive order issued 21-39 and that is what people are referring to as phase 2. It changes a lot of the restrictions that we were most concerned with under the prior executive orders. The two factors we were trying to manage were the groups of larger than 10 people and enforcement of social distancing. The group size change has gone from 10 to 50 and it has gone from required to encouraged. There are still suggestions and encouragements to follow CDC guidelines in terms of social distancing, handwashing, cleaning procedures, etc. We have moved into the second phase of this, which gives us a lot more freedom. Our suggestion has been that we continue to follow those CDC guidelines.

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Mr. Biagetti stated I would say that we open up the pool area more. Do we still need to have reservations?

Ms. Cranford responded I will leave that up to you. I have gotten a lot of good feedback about doing the reservations. We have limited the reservations to staff hours only. I have had a lot of residents ask when we are going to start running the slide. I have some ideas of how we can social distance the kids while they are not all on the stairs at the same time. Our fitness center has been open for seven days a week during staff hours.

Mr. Arp stated you mentioned social distancing on the slide, so maybe we could get stickers along the way to the slide, so kids don't bunch up along the line. I think opening up for phase 2 is good at this point.

Mr. Walters stated we can have manage social distancing on the slide.

Mr. Arp stated I think it is important to try and get the slide open.

Mr. Biagetti stated I agree.

Mr. Navario stated I like the reservation protocol. It gives us a certain amount of control. I just feel like Maria and her assistant are doing a good job of keeping the pool under control with this reservation system. I think you should keep that reservation system in place.

Mr. Arp stated I definitely agree with Nelson. I think that is very important.

Ms. Cranford stated the amenity center is open Monday through Friday from 9 a.m. to 5 p.m. On weekends the amenity center is open from 9 a.m. to 6:30 p.m.

Mr. Arp asked do you see any need to push the closing of the amenity center to 7 p.m. during the week?

Ms. Cranford responded we can. The last time block during the day seems to be the one that has the least amount of people signing up for it. Are we going to do rentals in the clubhouse with the capacity limit?

Mr. Biagetti responded I am fine with that, as long as you don't mind managing it.

Mr. Torres stated one of the first milestones that we have to accomplish in order to get the funding moving is going to be the engineer's report and the assessment methodology report. We have a meeting on July 21st and we don't have a meeting in August, so most likely we will be adding a meeting in August. Staff has to make sure that we are moving this along to make sure we are getting the best possible interest rate. I would like to come up with a strategy

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as to how you want to approach this as a board. I would recommend that everyone comes to the table with their own projects and then we can discuss them.

Mr. Walters stated it sounds like our categories that the board members are looking at are pretty uniform. I would say it is amenity enhancements and expansions and perhaps some park work through some of the vacant parcels we have. If we can settle into some of those categories with some generalized improvements then we can get language included in both the engineer’s report and the indenture that provides some flexibility within those categories. We will send a mailed notice to each resident. There is going to be a public hearing on the assessments, so that is a good time to get some feedback. I think we should keep the July meeting date.

Mr. Arp stated I would like the resident’s feedback. Maybe we should share the ideas on Facebook or by email.

Ms. Cranford stated I can do that.

SIXTH ORDER OF BUSINESS

Audience Comments / Supervisor’s Requests

Mr. Navario asked are you going to get with us individually on our ideas?

Mr. Torres responded yes.

Mr. Lewis asked am I able to contact Peter Ma if I have some?

Mr. Torres responded yes.

Mr. Biagetti stated I think we need to have a precursor to the resident’s email and posting about how we are going to fund some of these things.

Mr. Torres stated I have a template that I have used in other Districts that introduces what we are doing. I will get with Maria to make sure we include that.

Mr. Lewis asked are the security camera’s that we have expandable?

Ms. Cranford responded yes.

Mr. Lewis asked about how far out?

Ms. Cranford responded I am not sure but we can look into it.

SEVENTH ORDER OF BUSINESS

Next Scheduled Meeting - 7/21/20 @ 6:00 p.m. at the Pine Ridge Plantation Amenity Center

Mr. Torres stated the next regularly scheduled meeting is July 21st at 6:00 p.m.

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EIGHTH ORDER OF BUSINESS

Adjournment

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

DocuSigned by:

Ernesto Jones

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Secretary / Assistant Secretary

DocuSigned by:

Matt Biagetti

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Chairman / Vice Chairman