

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, August 24, 2020 at 6:00 p.m. via Zoom Teleconference.

Present and constituting a quorum were:

| | |
|----------------|--------------------------------------|
| Matt Biagetti | Chairman |
| Jeff Arp | Vice Chairman (<i>joined late</i>) |
| Jerry Ritchie | Supervisor |
| Jeff Lewis | Supervisor |
| Nelson Nazario | Supervisor |

Also present were:

| | |
|----------------|-----------------------|
| Ernesto Torres | District Manager |
| Jason Walters | District Counsel, HGS |
| Maria Cranford | Amenity Manager |
| Sete Zare | MBS Capital Markets |
| Rick Harb | Nabors Giblin |
| Pat Szozda | |

FIRST ORDER OF BUSINESS

Roll Call

Mr. Torres called the meeting to order at 6:02 p.m., and a quorum was present. Mr. Arp joined the meeting late.

SECOND ORDER OF BUSINESS

Audience Comments

Mr. Torres asked for any public comments on agenda items from anyone attending via Zoom. Mr. Walters noted that due to the bond refinancing the Board decided to have a special meeting to go over documents such as the methodology and Engineer's Report, and that they would be discussing the Series 2020 Bonds. He added that there was a public hearing for that specific item and would be discussed later. He explained what the current meeting would entail as far as the agenda items regarding the bond refinancing. He noted that if any of the audience

members had any comments about any other item that was on the agenda, that it would be the appropriate time to speak on it. Hearing no comments, the next item followed.

THIRD ORDER OF BUSINESS**Consideration of Matters Related to Series
2020 Bonds****A. Presentation of Supplemental Engineer's Report**

Mr. Torres explained that they would be discussing tab 3 of the agenda packet, adding that District Engineer was not on the line but that he had signed off on the Engineer's Report. He noted there had been no changes to the Engineer's Report as it was presented at the July meeting. Mr. Torres asked if Mr. Walters could concur with that statement, to which Mr. Walters responded that he believed it to be correct. He added that it would be useful for Ms. Zare to give a brief overview of where the CDD stood currently on the deal side with respect to expected pricing.

Ms. Zare explained that at the last Board meeting they had started the process for the refinancing for the 2006 bonds at \$10.265 million with a 5.4% coupon and a maturity date of May 1, 2037. She added that the Board had decided to move forward with the refinancing. It would take the high interest rate debt and trade it with a lower interest rate debt, benefiting the District with some amount of savings in the form of project funds for capital improvements as detailed within the Engineer's Report. She noted the refinancing of the bonds made the annual assessment for the majority (why majority instead of all?) of the residents within the District is maintained level. She added that the estimated par amount would be increasing, but that it would only affect residents who decide to prepay their debt in full. She noticed residents at \$12.835 million total, and what they would be conservatively estimating a not-to-exceed principle amount. She noted that with current market conditions, the District was at \$12.445 million dollars with an estimated average coupon of 2.78%, pointing out the that original interest rate was 5.4%. She explained that in the final maturity it was a matched maturity, meaning it would not be extended past the original date of May 1, 2037. She added that if the Board did not have the presentation in front of them, she would explain it to them. She stated that the generalities of where they stand were similar to those they had in the past, but with an added depiction on where they stood with current market conditions. She reiterated that the principal would increase for those residents who decide to prepay their principal in full, and added to keep in mind that in 2006, only 5 residents out of 737 opted to prepay their debt in full, with 11 partially pre-paying.

She pointed out that when looking at it from an annual assessment level, most residents that had not currently prepaid or partially prepaid their 2006 debt would have attained the same assessment level that they were currently paying on their tax roll. Ms. Zare also added that there would be only an increase in the principal debt assessment and not in the annual assessment, and that the advantage of the refinancing was that they would be generating a substantial amount in bond financing to be used towards recreational and amenity improvements and expansions. She noted that residents that choose to prepay their 2006 debt, they have the choice until the day after this meeting, and if they opt in after the next day, they would have to prepay under the 2020 refinancing debt level. She asked if the Board had any questions.

Mr. Biagetti asked why Ms. Zare's interest rate of 2.33% listed in the presentation was different from the 2.78% that she had discussed to the Board. Ms. Zare asked Mr. Biagetti to keep in mind that there were senior subordinate structures that were being implemented, and that they were able to access investment rate markets prior to credit maturity. She pointed out that there were 131 lots that were vacant and did not have vertical homes on them, and in order to access the investment rate market, they employ a senior subordinate structure, which would be rated and insured and allowed them to price to an investment grade scale. This would provide for a lower interest rate, but she also added that the subordinate was priced to a nonrated scale and would have a slightly higher coupon. She added that the coupons that were identified in the presentation were estimates until they priced, so she was hoping that the market would maintain its stability and they could have that or a similar rate.

Mr. Biagetti asked for confirmation that either way they would still have two bonds to which Ms. Zare responded that they were two series, but in the issuance it was still one assessment area, making it 737 lots within the District that benefit from the refinancing and are subject to the Series 2020 A-1, being rated and insured, and Series 2020 A-2, being the non-rated. She also noted it was a blended rate that all 737 residents, including the 131 vacant lots, would benefit equally from the blended rate. She clarified that it was 2 bonds with the benefit of a blended rate between the two series.

Mr. Torres asked if there were any more questions for Ms. Zare, and hearing none, moved to the next portion.

B. Presentation of Assessment Methodology Report

Mr. Torres stated that this was a document that the Board had seen before and it had been approved at the last meeting, adding that it was an exhibit to the Assessment Resolution. He recapped that they had some identified projects but that they were not locked into an exact type-up, scope, price. This would just be a guidance tool for what they were intending to build, so any numbers listed were estimates provided by the Engineer, having language that allows for flexibility as they go forward. He added that if plans and numbers changed, they would update accordingly.

Mr. Walters explained that the methodology was very similar to the one they had before, but that it was an updated version. He walked through the numbers in the charts that were based on the numbers that Ms. Zare provided per market conditions, and that after they gotten the prices within the next week, the bonds would sell at the current market conditions. He explained Table 5 on the Assessment Roll, noting the current gross assessment versus the proposed and there was a slight decrease on any existing 2006 bonds. He asked if Mr. Torres wanted to add anything, to which Mr. Torres responded that they approved it in substantial form and updated it with the current numbers that were provided, but that was all he had unless there were any other questions.

Mr. Torres added that as they walked through the assessment process, at the last meeting they proposed the assessments, sent notices to all the residents, and published noticed. He noted that as they would get to the Resolution 2020-10, it would be the resolution that would levy the assessments. He explained that it would set the high-water mark, and depending on pricing they would not be able to exceed those assessments. He added they would come back at the next meeting with a final numbers resolution. After they were through with the current meeting, Ms. Zare would market and sell the bonds based on the next resolution. Based on the final pricing, he stated they would have a supplemental resolution that would include the final numbers.

Mr. Torres stated Resolution 2020-10 was the levy resolution, pointing out the list of findings, similar to the findings they would make 14 years prior when the initial project was proposed and the 2006 assessments were levied to repay the debt on that series of bonds when they were issued. He noted they were proposing to utilize some of the interest rate savings to generate funds for additional projects as outlined in the Engineer's Report. He pointed out the assessment process with making findings regarding the prior actions that the Board approved at the last meeting, which declared the assessments, defined the projects that were in the previous Engineer's report, as well as the notices that were put out, etcetera. He noted that there was a list

included of those finding, as well as the Assessment and Engineer's Reports, which were approved with the Resolution. He stated that the costs were set forth as found in Section 4, and presented Section 5 as the equalization and approval of the proposed assessments, consistent with the numbers set forth in the methodology. According the assessments, Mr. Walters stated the lots were platted, and that the collection was done through uniform method through the County Tax Collector. He also listed miscellaneous provisions regarding government and HOA property. He then asked Mr. Torres to open the public hearing.

C. Public Hearing to Impose Special Assessments

Mr. Torres asked for motion to open the Public Hearing.

On MOTION by Mr. Biagetti, seconded by Mr. Ritchie with all in favor, Opening the Public Hearing, was approved.

Mr. Torres explained the process for all members on the call that would allow participants to speak. He asked if there were any questions regarding the consideration of matters related to the Series 2020 Bonds. He asked residents to state their name and address for the record and to limit their comments to 3 minutes. Hearing none, the Public Hearing was closed.

On MOTION by Mr. Biagetti, seconded by Mr. Lewis with all in favor, Closing the Public Hearing, was approved.

Mr. Torres asked if the Board had any questions, to which Mr. Nazario asked for confirmation that they were saving approximately \$1.5 million dollars with the refinancing of the bonds. Ms. Zare replied that they would be taking the savings in the form of construction funds for purposes of Capital Improvement, estimated at about \$1.4 million in the Engineer's Report. She made sure to note that the savings amount would be based off the current market conditions and interest rates at the time of pricing. Mr. Nazario also asked if, to get access to the \$1.4 million, it would cost the District \$500,000. Ms. Zare asked Mr. Nazario where he got that number from. Mr. Nazario replied by saying he didn't remember how he came to the conclusion, but asked Ms. Zare to correct him. Ms. Zare explained that there were fixed costs within every financing, with fixed costs to pay the financing Team, as well as Bond Counsel. She also

explained that there were costs attached to the bond insurance, which they would use because it would allow them to price to investment grade scale and further drive down the estimated interest rate. This would help to generate additional project funds by having AGM provide credit enhancements, including partial surety, further driving the proceeds generated for project funds. She noted again that the principle amount is increasing while the annual assessments were maintaining the same levels, driven off the fact the interest rate was decreasing but the annual assessments were staying the same. This allowed for a generation of construction proceeds to purchase capital improvements while maintaining the annual assessment at the same level during pre and post financing.

Mr. Nazario asked if there was a rough estimate of what all the costs would be, to which Mr. Torres asked Mr. Nazario if he could look at the methodology report under Table 2, it listed a breakdown of the sources and uses, which he used to estimate what the cost of issuance, the bond insurance, and all the other fees associated with that. He noted that the cost was not just to get the \$1.4 million, but that there was a cost for the entire refinancing. Ms. Zare noted her agreement and offered to show Mr. Nazario every use of how they derived the \$1.4 million, while adding that fixed costs are usually around \$175,000, and the premium for the credit is driven off of the total principle amount. She noted that there were other uses that were very standard in any financing that she would be happy to explain to the Board, but noted that the net effect of the refinancing is that they would be generating construction funds for purposes of capital improvements. She stated that the \$1.4 million was already considered "all costs" therefore that would be the estimated amount that they would be putting in the construction amount at the end of the financing. She also added that there were underwriters to account for, being Ms. Zare's fee, which was per the investment banking agreement and was 1.5% of the total par.

Mr. Nazario stated he wasn't worried about individual details, but that he was trying to sort out how much it would cost the District to be able to get that refinancing, but he clarified that he understood after the explanation.

Ms. Zare reiterated that she would be happy to explain more later on, if need be, but clarified that the major takeaway was that the net assessment was the amount that was being generated for the construction account for purposes of capital improvement. She added that the

estimated amount, including all costs and sources, was that estimated \$1.4 million based off the market conditions at that time.

Mr. Torres asked if any other members had questions, and hearing none they moved to the next item.

D. Consideration of Resolution Equalizing and Imposing Special Assessments, Resolution 2020-10

Mr. Walters stated that included were the presentation of both reports in the resolution, noting that they would be approving those with the resolution itself, and asked for a motion to approve Resolution 2020-10, authorizing the projects and levying the assessments as set forth in the methodology.

On MOTION by Mr. Biagetti, seconded by Mr. Lewis with all in favor, the Resolution 2020-10 Equalizing and Imposing Special Assessments, was approved.

E. Consideration of Delegation Resolution, 2020-11

Mr. Harb presented Resolution 2020-11—the Delegation Resolution—noting that it was being presented in order to approve the various aspects of the proposed Series 2020A bonds. He noted it included the approval of the forms of certain documents that were necessary to close on the bonds, which were attached as exhibits to the resolution. First, he ran through the approvals that were given in the Resolution, noting that page 2 gave an overview of the bonds, including if they would be sold by a negotiated sale process rather than a competitive bid and purchased by MBS Capital Markets and the underwriter pursuant to a bond purchase agreement. He noted that paragraph 2 approved the form of the bond purchase agreement, delegating the Chairman the authority to execute the purchase agreement, so long that the terms of the bonds are within certain delegated parameters which were listed as Schedule 1 that was attached to the Resolution. He explained that they were maximum amounts to make sure that once MBS took the bonds into the market and priced them with investors, that the results could not exceed the listed amount. He noted the maximum principle amount could not exceed \$12,835,000, the maximum coupon rate was limited to 5% under Florida statutory law, the underwriting discount could not exceed 1.5% of the par amount, and that the maximum maturity date could not go past May 1, 2037. He also noted that as far as redemption, the bonds would be set forth in the forms of the bonds which

were attached as part of the agenda package as an exhibit to the supplemental indenture. He added that the optional redemption could be no later than May 1, 2033 at par. He explained that paragraph 2 of the resolution provided exempt from negotiated sales bond, and listed MBS's underwriter for the reasons indicated. He also noted that paragraph 4 approved the form of a second supplemental trust indenture, as well as ratifying the master trust indenture which had been in place since September of 2006. It appointed U.S. Bank as the Trust Agent and Registrar for the bonds.

Mr. Harb explained that paragraph (should a number be stated?) set forth the general terms of the bonds, and approved the form of the bond mention that was attached as an exhibit for the supplemental indenture. He noted that paragraph (number?) also authorized the Chairman and Secretary to execute the bonds. Paragraph 6 approved the form of the preliminary Limited offering memorandum, memorandum, which authorized the Chair to deem it final within the rule meaning of 15c212 of the Securities and Exchange Commission. He explained that once the PLOM was finalized amongst the financing team of the District, it would be ready to send out into the bond market to prospective investors for marketing. Prior to that point the chair will execute particular certificates which deemed the PLOM final except for what they call in the security clause permitted omissions like the interest rate, maturity dates, and par amounts, which don't get set until after the bonds are priced. He also explained that paragraph 6 approved the form of continuing disclosure agreement. He explained that paragraph 7 confirmed that the Board complied with the Sunshine Law, with respect of the approval of the bonds. He noted that paragraph 8 was a catch-all paragraph, authorizing all Board members various other consultants retained by the District to take all actions and execute all other documents necessary in order to close on the bonds. He also noted that paragraph (number?) provided that the vice chairman could step into the shoes of the chairman, and that any assistant secretary could step into the shoes of a secretary to do anything authorized while the party is under the resolution. He explained that paragraph 9 provided directions to the trustee to deposit money from the sale of the bonds into the applicable accounts as provided in the supplemental indenture. He also noted that the paragraph contained certain directions with regards to the refunding of the District Capital Improvement revenue bonds Series 2006A and approved the form of an escrow deposit agreement, which they use in order to effectuate the refunding and transfer the funds appropriately. He explained that paragraph 10 approved the insurance commitments with AGM

that were attached to the resolution and authorized the chairman to execute those commitments. He explained that paragraph 11 the refunding of the Series 2006 Bonds and the undertaking of the series 2020 project. He noted that the paragraph also authorized the execution by the chairman and secretary of any documents that were required in respect to the refunding of the 2006 bonds or the construction of the Series 2020 project.

He explained that paragraph 12 approved and ratified all prior actions taken by the District and Board in respect to the Bonds, and explained that paragraphs 13 and 14 authorized the supplementation of the Assessment Methodology Report and Engineer's Report related to the original 2006 bonds as necessary in connection with the issuance of the new 2020 bonds.

He explained that paragraph 15 provided severability and paragraph 14 provided for an effective date and asked if the Board had any questions before he moved on.

i. Bond Purchase Agreement (Exhibit A)

Mr. Harb first presented the Bond Purchase Agreement, which was an agreement between the District and MBS as underwriter for the sale of the bonds noting that it contained all of the conditions that we need to be satisfied in order for the bonds to be issued. He explained that once the underwriter and the chairman execute and deliver the agreement after pricing, it would become a binding obligation on both parties and imposed on MBS as underwriter to purchase all the bonds on the date of closing.

ii. Supplemental Trust Indenture (Exhibit B)

Mr. Harb moved on to the next Exhibit, the Second Supplemental Indenture, which was just a document under the master indenture that contained all the terms, conditions, and details of this particular issue of bonds. After pricing, he noted that they would fill in all of the blanks listed in the form.

iii. Preliminary Official Statement (Exhibit C)

Mr. Harb then presented the Preliminary Offering Memorandum, which was the disclosure document related to the bonds, required under applicable law. He explained that it was just like an investment perspective, and that the document was provided to potential investors in the bond market prior to the sale, setting forth a detailed description of the District.

iv. Continuing Disclosure Agreement (Exhibit D)

Mr. Harb presented the Continuing Disclosure Agreement, a document required under Federal Securities Law. It required that the District provide certain ongoing information to the Municipal Securities Rule-Making Board.

v. Escrow Deposit Agreement (Exhibit E)

Mr. Harb also presented the Escrow Deposit Agreement, which was a document that provided the mechanisms for the redemption of the 2006 Bonds. He added that upon the closing of the 2020 bonds, the trustee would send notice to all the bond holders that their bonds would be called for redemption within 30 days, and they would then place the funds used to redeem those bonds in the Escrow Account. He explained that once the bonds were called for redemption and the money was put into the Escrow Account, they would then pay off the 2006 bonds, and these funds would come from proceeds of the new bonds as described. He added that there was money leftover and currently on deposit in the trust account that secured the 2006 bonds.

He then presented the Insurance Commitments, which set forth the requirements that the District would need to follow in order for the Bond insurer to insure payment of principle and interest on the bonds in case of a default, and also for them to provide a surety bond to be deposited into a debt service reserve account in partial satisfaction of that requirement. He asked if the Board had any questions.

Mr. Ritchie asked where the documents were attached, and Mr. Torres replied that they were probably emailed to him because they were very lengthy. Mr. Harb added that they were on the electronic version of the agenda, but that he did not have the hard copy that was sent around. Mr. Nazario stated he still could not see it, and Mr. Torres pointed out that it was in Tab E on page 47 on the digital version, and asked if everybody got the digital version. The Board responded that they did and that everybody else noted that they could see all of the Exhibits. Mr. Torres asked if there were any other questions.

Mr. Arp asked Mr. Harb if all of the exhibits and presentations looked standard across the Board. Mr. Harb replied that they were indeed standard documents that would be seen in any refinancing of this type. He added that the entire team of attorneys and professionals had

reviewed the package as well. Mr. Harb concluded that he would require a motion for the Resolution.

On MOTION by Mr. Biagetti, seconded by Mr. Arp, with all in favor, Resolution 2020-11 the Delegation Resolution, was approved.

FOURTH ORDER OF BUSINESS

Authorization to Publish RFQ for Architectural Services

Mr. Torres stated that it was a standard RFQ and that they also included the criteria. The next step would be to publish the request for qualification and solicit architect firms to provide their services qualifications to the Board for consideration as they move to the next phase in which the funds are available. He asked Mr. Arp (Is the correct person? Seems odd that bond counsel would have input on this.) if he had anything to add, to which he replied that he thought it made sense to start the process, adding that it did not obligate the District to do anything, but that they started just to see if they could find a firm that was a suitable fit.

Mr. Torres added that it allowed the project to keep moving so that they could take advantage of the time that they have. He asked for a motion to approve.

On MOTION by Mr. Biagetti, seconded by Mr. Arp, with all in favor, Authorization to Publish the RFQ for Architectural Services, was approved.

FIFTH ORDER OF BUSINESS

Consideration of Proposals from Down to Earth for Entry Median

Mr. Torres stated that this was sent out in a separate email because it was received after the packet was sent to the Board, adding that Mr. Szozda would be presenting the item.

Mr. Szozda explained that this would finish out the project, including the Amenity Center Area, new irrigation, finishing the median, removing plants by signage. He noted that there were approximately 600 plants to be added to the project, but that it should be the end of the project itself. He explained that the additional irrigation that would be put in would be based partly on maturity as well as new sod that was installed.

Mr. Torres asked if there were any questions, to which Mr. Biagetti asked if any of this would interfere with the construction that was proposed to be done in the near future, to which Mr. Szozda answered that it should have limited impact, and that it would be addressed right

away. He noted that he also had residents that were concerned that only one side was done on the amenity center side, but that this would address that issue.

Mr. Arp asked if the main plants that were going in would accentuate the main sign, to which Mr. Szozda responded that they would be enhancing it correctly.

Mr. Biagetti noted that they neglected to include all areas to make it uniform, but depending on discussion from the Board, he believed that it would tie it in, and the materials being used would fit the needs of the area as discussed in previous meetings. Mr. Szozda added that the plants they would be adding would be of a larger variety as well.

Mr. Torres asked if there were any more questions from the Board, and Mr. Arp asked for confirmation that they were trying to match what they just did with the project on the one side, and Mr. Szozda replied that there would be no sod on the other side, but that they would be taking out a substantial amount of plants, and putting in a larger variety of plants, including areas by the clubhouse as well. He added, for example, that part of the project would be raising the irrigation to the level of maturity of the roses, etcetera.

Mr. Arp asked what the total amount for the project would be, and Mr. Szozda answered that the total was approximately \$13,500 and that included the irrigation costs. Mr. Arp asked what they would cap the costs at due to there being the possibility of extra costs being added. Mr. Torres replied that the total they were currently looking at was \$13,454, but they could cap it at \$15,000 in case that something unforeseen occurred. Mr. Szozda noted that when he did the walkthrough, he thought that the price was mostly firm, and that if anything was to be added, it would be minor and that \$15,000 was a good not-to-exceed amount. Mr. Arp argued that they should keep the amount at \$13,500 due to them going back and forth with landscaping. Mr. Szozda replied that this would put an end to the majority of the landscaping issues, and that any additional costs would be minor. He added that he went through a thorough walkthrough, and that this cost should cover everything, and therefore he agreed with keeping the cap at \$13,500.

On MOTION by Mr. Arp, seconded by Mr. Biagetti, the Consideration of Proposals from Down to Earth for Entry Median, with a not-to-exceed amount of \$13,500, was approved.

Ms. Cranford interjected that she apologized that this item was not added to the agenda, but she wanted to announce that the Oak Leaf Youth Sports was requesting to use the field for

practicing. She explained that she had been discussing it with the president of the program, who provided her with their liability insurance and a schedule. She also added that a handful of the members were also Pine Ridge Residents, and that they were asking to use the field 2 days a week from now until October 23, 2020. She noted they were not asking to use any of the facilities, and that it would strictly be use of practice space. Ms. Cranford asked how the Board felt about it and asked if they had any additional concerns. Mr. Torres pointed out he responded to the email, and replied that she should bring a proposal for consideration to the Board. He added that due the COVID-19 restrictions that were in their current agreements, they would require a new agreement and also waivers that would need to be signed.

Mr. Walters added that they have had experience with this group before, and that they could have those discussions with the group and follow up with the Board at the regular meeting in the next month.

Mr. Nazario asked when Ms. Cranford would need a decision back, and she replied that they were looking for an answer as soon as possible, but that if it was something that required further discussion, that would be fine.

Mr. Biagetti added that in his experience, it did lead down a path of possible issues, and was a small amount of concern for him. He pointed out that the Board could discuss it during the meeting, or that the group could submit a proposal to the Board.

Mr. Nazario asked that, hypothetically, something did happen, they could stop the agreement, to which Mr. Walters replied yes. Mr. Torres added that he liked to have these types of things out in the public and on the agenda that way the residents that would be opposed or in favor would have the opportunity to speak to the supervisors about it. Mr. Torres asked if the Board had any other questions, and hearing none, asked Ms. Cranford if she had anything else to present. Ms. Crabtree asked how the Board would feel about opening up the facility to normal operating hours during the week due to school starting back up, while still keeping the signups for the weekend since that would be the only time that they had the water slide open.

Mr. Biagetti stated he agreed and asked if they should keep the signups on the weekend, to which Ms. Crabtree responded that she recommended they keep it through Labor Day. The rest of the Board agreed as well.

