

MINUTES OF MEETING
GARDENS AT HAMMOCK BEACH
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Gardens at Hammock Beach Community Development District was held on Thursday, February 27, 2020 at 10:00 a.m. at City Centré at Palm Coast Town Center, 145 City Place, Suite 300, Palm Coast, Florida.

Present and constituting a quorum were:

Clint Smith	Chairman
David Lusby	Vice Chairman
William Livingston	Assistant Secretary

Also present was:

George Flint	District Manager
Michael Chiumento III	District Counsel
Diane Vidal	Chiumento Dwyer Hertel Grant
Parker Mynchenberg	District Engineer
Lo Etienne (<i>via phone</i>)	Bond Counsel
Justin Rowan (<i>via phone</i>)	MBS Capital Markets
Ken Belshe	Palm Coast Intercoastal, LLC
Danielle Ferguson	Palm Coast Intercoastal, LLC

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order at 10:00 a.m. A quorum was present.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Flint: Only Board Members and Staff are present.

THIRD ORDER OF BUSINESS

Organizational Matters

A. Appointment of Individuals to Fulfill the Board Vacancies in Seats 4 & 5

Mr. Flint: We have two vacant seats, 4 and 5. We are just keeping this on the agenda to the extent there are any nominations to fill those seats. Are there any nominations at this time?

Mr. Smith: No.

Mr. Flint: Hearing none, we will place this item on the next agenda.

- B. Administration of Oath of Office to Newly Appointed Supervisors**
- C. Election of Officers**
- D. Consideration of Resolution 2020-03 Electing Officers**

These items were tabled.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the December 16, 2019 Meeting

Mr. Flint: Did the Board have any additions, deletions, or corrections to the minutes of the December 16, 2019 meeting? Hearing none,

On MOTION by Mr. Livingston seconded by Mr. Smith with all in favor the minutes of the December 16, 2019 meeting were approved as presented.

FIFTH ORDER OF BUSINESS

Public Hearing

- A. Consideration of Resolution 2020-04 Expressing the District's Intent to Utilize the Uniform Method of Collection**

Mr. Flint: We will open the public hearing. For the record, no members of the public are present to provide comment or testimony, so we will bring it back for Board discussion. The Board previously authorized us to advertise this public hearing. It's called a Chapter 197 hearing, which allows the District to use the Tax Bill as the form of collection for debt service and operation and maintenance (O&M) assessments. Four notices had to be published weekly for four consecutive weeks in advance of today's public hearing. Are there any comments or questions for District Counsel on the resolution? Hearing none, are there comments or questions from the Board? Hearing none, we need a motion to adopt the resolution.

On MOTION by Mr. Lusby seconded by Mr. Livingston with all in favor Resolution 2020-04 Expressing the District's Intent to Utilize the Uniform Method of Levying, Collecting and Enforcing Non-Ad Valorem Assessments which May be Levied by the District in Accordance with Section 197.3632 Florida Statutes; Providing a Severability Clause and Providing an Effective Date was adopted.

Mr. Flint: At this time, we will close the public hearing.

SIXTH ORDER OF BUSINESS

Financing Matters

A. Consideration of Engineers Report

Mr. Flint: The Board received a prior version of the Engineer's Report that included the entire project or development project, not just what the District was considering financing in the first bond issue. The Engineer's Report still stands on its own for purposes of the bond validation process, so this is not amending that report. The approach going forward from a financing perspective, is that we just want to create what we are calling Assessment Area 1, which is east of John Anderson Highway. It includes the 335 lots that are proposed to be developed initially, in addition to any stormwater ponds or any other land associated with that first portion of the project. That way we are only placing a lien on this area. This Development Plan is fairly solidified. There is some potential change in a future Development Plan in other areas of the District, so rather than adopting a Master Methodology covering everything with the flux and development program, we felt the best approach was to create an initial Assessment Area 1, just over the area we intend to finance the improvements with the first bond issue. I will allow Parker to summarize his report for you. The actual legal description for this report had some future development area in it, east of John Anderson Highway, so the intent is that would be actually taken out of Assessment Area 1. It would include the areas associated with the 335 lots. So we would ask the Board to consider adopting this in substantial form, understanding that the legal description is going to be modified to take some of those future development areas out.

Parker, did you want to summarize this?

Mr. Mynchenberg: Yes. I think you pretty much hit it on the head. We came up with a revised document addressing the 335 lots and the proposed infrastructure. The maps were revised to reflect that. The Site Surveyor is in the process of tweaking the legal to take out the portion east of John Anderson Highway that is not in this initial development.

Mr. Flint: You attached the Opinion of Probable Costs, attached as Exhibit E, which is on the last page.

Mr. Livingston: Is the 271.5 acres with or without this change in the legal?

Mr. Mynchenberg: That is what will be left; however, it still has what I call the donut or this white spot. So that acreage may be less once we have the surveyor finish the legal.

Currently, the legal in there is everything east of John Anderson Parkway. So we need to take out the southern end and the donut out of the middle.

Mr. Flint: Those areas would be picked up in a future assessment area, Assessment Area 2.

Mr. Livingston: The 271.5 will be lower?

Mr. Flint: It would be lower somewhat. Are there any questions on the revised Engineer's Report? If not, we need a motion to approve it, subject to refining the legal description.

MOTION by Mr. Smith seconded by Mr. Livingston with all in favor the Engineer's Report, subject to refining the legal description was approved.

B. Consideration of Assessment Methodology

Mr. Flint: The Assessment Methodology is for Assessment Area 1. Once the final legal description and acreage are completed, it will be incorporated into this report. This version of the report still has the prior acreage number. So that would be modified, but if turn to Page 9, which has the tables, Table 1 shows the development program for Assessment Area 1. There is the proposed 335 units comprised of 50, 60- and 80-foot lots. We signed Equivalent Residential Unit (ERU) factors to those product types, resulting in 428.8 ERUs. Table 2 shows the estimated cost that Parker has in his Engineer's Report, which is \$20,286,000. Those are restated here. The reference to the date on his report is at the bottom. This revised report just came out yesterday, so that reference would be to today's date. Table 3 is the bond sizing, taking the \$20,185,000, assuming a Debt Service Reserve of one year's maximum annual debt, Capitalized Interest (CI) of 24 months, Underwriter's Discount of 2% and Cost of Interest (COI). The COI is probably a little low.

Mr. Livingston: It looked low.

Mr. Flint: It's probably closer to \$175,000 or \$150,000. What we are doing here, is assuming a 6% interest rate, which we believe is a lot higher than the actual interest rate we are going to see. The Board will make a decision that we will be able to fund 100% of the improvements. There will be some contribution from the developer. So what this is doing is setting a ceiling that we can issue up to in Assessment Area 1. That interest rate gives us some flexibility as well.

Mr. Livingston: What do we think the interest rate might be?

Mr. Flint: Justin, do you want to throw a number out?

Mr. Rowan: All I can tell you is where yields are pricing today. Then you would just have the long-term 30-year debt on them for projects with development underway, experienced developers. Generally, it's around 4%, but obviously we are in a volatile interest market right now. I don't have a crystal ball.

Mr. Livingston: So it's not a tenth of a point. It's pretty significant.

Mr. Flint: Right. We have to assume. We don't know when they will actually issue, so we are assuming a high number in this report, to make sure if the Board for some reason doesn't issue for a year and interest rates go up, you don't have to go back through this assessment process again. So once we move forward with the financing and the bonds are actually priced, we will prepare a Supplemental Methodology that will tie in the actual interest rate. That will be part of that process. The next table shows the improvement cost per unit by product type. Table 5 shows the par debt per unit by product type, if we were to finance 100% of the improvements. Table 6 shows the annual assessments by product type. If we were to fund the entire \$20,185,000 and assess the 335 lots, that would be the per unit amount. In conversations with the developer, the market is going to have a bearing on what the actual target assessment ends up being, but again, this is just giving you maximum flexibility. Table 7 is the Preliminary Assessment Roll. That is subject to change as well, based on a revised legal description. We will attach the legal description to this Preliminary Assessment Roll so it's clearly defined what Assessment Area 1 is. Are there any questions on the Assessment Methodology Report? If not, I would ask that the Board consider approving it in substantial form, subject to incorporation of the revised legal description.

MOTION by Mr. Lusby seconded by Mr. Smith with all in favor adopting the Assessment Methodology Report in substantial form, subject to incorporation of the revised legal description was approved.

- C. Consideration of Resolution 2020-05 Declaring Special Assessments**
- D. Consideration of Resolution 2020-06 Setting a Public Hearing for Special Assessments**

Mr. Flint: There are two resolutions that the Board is considering. The first one declares the Board's intent to levy assessments. It does not actually levy them. It's a two-step process. The first is you are declaring your intent to levy assessments. The second resolution sets the actual public hearing where you would consider levying. Again, it's just expressing intent and then setting the public hearing. At the public hearing, to the extent the Board chooses to, at that point, you would actually levy the assessments. We will fill in the blanks and revise the dates in the resolution with the proper dates based on the final reports.

Mr. Lusby: Resolution 2020-06 wasn't in the agenda package.

Mr. Livingston: I think we have two of the same resolution.

Mr. Smith: I have both resolutions.

Mr. Flint: It was in what was emailed to the Board, but not a bound book. I apologize for that. We have it in the electronic version. I have two copies for signatures. Resolution 2020-06 sets the public hearing. So it's just a matter of filling in the date to set the public hearing. The first resolution for approval is Resolution 2020-05. The final version of the Engineer's Report for purposes of noticing is attached to this, once the legal descriptions are finalized. Are there any questions on Resolution 2020-05? Hearing none,

MOTION by Mr. Smith seconded by Mr. Livingston with all in favor Resolution 2020-05 Declaring Special Assessments; Indicating the Location, Nature and Estimated Cost of those Infrastructure Improvements which Cost is to be Defrayed by the Special Assessments; Providing the Portion of the Estimated Cost of the Improvements to be Defrayed by the Special Assessments; Providing the Manner in which such Special Assessments Shall be Made; Providing when such Special Assessments Shall be Paid; Designating Lands Upon which the Special Assessments shall be Levied; Providing for an Assessment Plat; Adopting a Preliminary Assessment Roll; Providing for Publication of this Resolution was adopted.

Mr. Flint: For Resolution 2020-06, we have to decide on a hearing date before you vote. I think we want to do it in June. Correct?

Mr. Chiumento: It will be whenever they come back with the final Methodology and final Engineer's Report. Then Justin will take these documents to market. You are right. The closer you are to going to market is when you want to have this hearing.

Mr. Rowan: To make sure I understand it correctly, generally, there is a 30-day notice requirement for the public hearing and generally we would schedule that as quickly as possible, either in conjunction with the next meeting or the meeting thereafter. My understanding is that we want to hold off on finalizing the master lien until such time as the property is free and clear of any mortgages. The intent was to set the public hearing or pick the June date with the understanding that any note on the property would be paid off. Is that accurate? Is that why we are choosing the June date?

Mr. Flint: I think that is why we are pushing it to June, which is to resolve the lien issue prior to levying assessments. Once we have the assessment hearing, we can close that day or shortly thereafter. I think that works with the timeframe the developer would like to see the bonds issued. I don't think we have a date set in June. We meet on the fourth Thursday and I don't know if we want to wait that late in the month in June. How about early in June?

Mr. Lusby: If we pick a date today, is it in stone or something that can be revised?

Mr. Flint: You can revise it at a future meeting if you wanted to, but you are setting it by resolution. We could change it.

Mr. Chiumento: We could bring this resolution back next time as long as it is 30 days before when you want to do it.

Mr. Lusby: Pick a date in June.

Discussion ensued regarding a date in June.

Mr. Flint: So we will hold it on June 12 at 1:00 p.m.

Mr. Smith: What is the purpose of this meeting?

Mr. Flint: To hold the public hearing for the Board to consider levying the assessments.

Mr. Smith: So in the meantime, there can be meetings.

Mr. Flint: Yes. As District Counsel indicated, there is a 30-day notice for this hearing. So we need to push it out to June, but there likely will be other meetings in the interim because the Board will need to approve a Proposed Budget. We could wait and do that on June 12 if we needed to, if there wasn't anything else the Board needed to act on, but we can play that by ear.

MOTION by Mr. Smith seconded by Mr. Livingston with all in favor Resolution 2020-06 Setting a Public Hearing to be Held on June 12, 2020 at 1:00 P.M. at City Centre at Palm Coast Town Center, 145 City Place, Suite 300, Palm Coast, Florida 32164, for

the Purpose of Hearing Public Comment on Imposing Special Assessments on Certain Property within the District Generally Described as The Gardens at Hammock Beach Community Development District in Accordance with Chapters 170, 190 and 197, Florida Statutes was adopted.

SEVENTH ORDER OF BUSINESS

Staff Reports

Mr. Flint: Parker, did you have an Engineer's Report?

Mr. Mynchenberg: No.

Mr. Flint: District Counsel, did you have anything?

Mr. Chiumento: No.

A. District Manager's Report

i. Balance Sheet and Income Statement

Mr. Flint: We have the unaudited Financial Statements through January 31, 2020. No action is required by the Board. If you have any questions, we can discuss those.

ii. Ratification of Fiscal Year 2020 Funding Requests #4 & #5

Mr. Flint: Funding Requests #4 and #5 were included in your agenda package and submitted to the developer under the Funding Agreement. We would ask the Board to ratify those.

On MOTION by Mr. Livingston seconded by Mr. Lusby with all in favor the Funding Requests #4 & #5 were ratified.

EIGHTH ORDER OF BUSINESS

Other Business

Mr. Flint: Is there any other business that the Board would like to discuss that was not on the agenda? Hearing none,

NINTH ORDER OF BUSINESS

Supervisor's Request

Mr. Flint: If there's nothing else, we need a motion to adjourn.

TENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Smith seconded by Mr. Lusby with all in favor the meeting was adjourned.


Secretary / Assistant Secretary


Chairman / Vice Chairman