

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 Monday, December 16, 2019 at 9:00 a.m. at City Centre 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
Lo Etienne ( <i>via phone</i> )	Bond Counsel
Parker Mynchenberg	District Engineer
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 9:00 a.m. A quorum was present.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

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

**THIRD ORDER OF BUSINESS**

**Organizational Matters**

- A. Appointment of Individuals to Fulfill the Board Vacancies in Seats 4&5**
- B. Administration of Oath of Office to Newly Appointed Supervisors**
- C. Election of Officers**
- D. Consideration of Resolution 2020-01 Electing Officers**

Mr. Flint: Do we have any nominations at this time to fill Seats 4 or 5?

Mr. Smith: No.

Mr. Flint: We will keep this item on the agenda.

Mr. Livingston: Do we actually need anyone else? The biggest concern is the quorum. I'm not sure they need anyone else for the time being, but the quorum could be an issue at some point.

Mr. Chiumento: Probably until we have regular scheduled meetings. You're right, you need three Supervisors.

Mr. Lusby: I think we are fine until further down the road.

Mr. Livingston: That's my feeling. I know that Dave is going to be off in January.

Mr. Lusby: I think someone said awhile back that if one Supervisor calls in and another was sick, you don't have a quorum. I don't know.

Mr. Livingston: You must have three bodies.

Mr. Lusby: So no one could call in.

Mr. Livingston: Right. That was the main issue.

Mr. Flint: We will keep this item on the agenda and if you have nominations, let me know.

Mr. Livingston: If we run into a problem, we can handle it then.

Mr. Flint: If not, the Board can defer it. With the assessment hearings coming up and the potential bond issue, we are setting public hearings. So if someone gets a cold and all of a sudden, they can't show up, you might lose 30 days. The only issue is getting a quorum. So we will defer action on Resolution 2020-01.

#### **FOURTH ORDER OF BUSINESS**

#### **Approval of Minutes of the September 25, 2019 Meeting**

Mr. Flint: Did the Board have any additions, deletions, or corrections to the minutes of the September 25, 2019 meeting? Hearing none,

On MOTION by Mr. Livingston seconded by Mr. Smith with all in favor approval of the minutes of the September 25, 2019 meeting were approved, as presented.

#### **FIFTH ORDER OF BUSINESS**

#### **Ranking of Proposals for District Engineering Services and Selection of District Engineer**

Mr. Flint: The Board previously retained Parker Mynchenberg & Associates as interim District Engineer and directed staff to issue a Request for Qualifications (RFQ) for engineering services. We published it in the local newspaper and received one response from Parker Mynchenberg & Associates. Since you received only one bid, you have the ability to reject and re-notice or accept the proposal and authorize staff to negotiate an agreement with Parker Mynchenberg & Associates. So no ranking is necessary because you only have one response.

Mr. Livingston: I gave them a score of 40.

On MOTION by Mr. Livingston seconded by Mr. Lusby with all in favor ranking Parker Mynchenberg & Associates as the number one ranked firm to provide District engineering services and authorizing staff to negotiate an agreement, was approved.

## **SIXTH ORDER OF BUSINESS**

### **Designation of Meetings and Hearing Dates**

#### **A. Designation of Regular Monthly Meeting Date, Time and Location**

Mr. Flint: We tried to do this at the last meeting, but we were unsuccessful in coordinating with the meeting location. So we are back at square one.

Mr. Livingston: Didn't we actually agree on the third Thursday of every month?

Mr. Flint: Yes. I think the direction was to try to schedule the meeting in conjunction with the other two CDD Board meetings at the hotel or motel. Since the first meeting started at 9:00 a.m., we were thinking of holding it at 8:00 a.m. If it started at 10:00 a.m., we were looking at 9:00 a.m. I think the other District comes in as early as 45 minutes before their meeting to set up and get ready, but the hotel is not willing to work with us on another day. So we came up with a date today that worked for everybody. So we still need to set the regular monthly meeting date.

Mr. Smith: Do we need to have a schedule?

Mr. Flint: No. You can meet on an as needed basis.

Mr. Livingston: Since we only have three Board Members and we all have to be here, it would be easier to know when a meeting is.

Mr. Lusby: For some reason, we couldn't do it after those meetings?

Mr. Flint: The problem is that you can't predict.

Mr. Smith: You never know when they are going to end. To be safe, you can have the meeting at 1:00 p.m. or 2:00 p.m.

Mr. Lusby: If you wanted to coordinate on the same day, I would be open to meeting at 8:00 a.m. That gives us plenty of time.

Mr. Flint: The meeting location wasn't cooperative. We needed to reserve for 12 months out and they didn't seem interested in tying up their meeting room for an extended period of time. So we can end up agreeing on a date and time, but if they get a party in there, we are going to be kicked out.

Mr. Livingston: We have to pay for it anyway, so what's the point?

Mr. Flint: Well if they have groups staying at their hotel, then they are going to take priority.

Mr. Livingston: How frequent are meetings going to be to get us through the bond issue?

Mr. Flint: My suggestion would be to advertise monthly and then cancel the meeting if you don't need it.

Mr. Livingston: We don't need anything more frequent.

Mr. Flint: No.

Mr. Smith: To be safe, we probably should meet at least once a month between now and the end of June. We can always cancel it.

Mr. Flint: How does the third Tuesday at 9:00 a.m. work for everybody?

Mr. Livingston: Dave probably won't be here in January.

Mr. Lusby: It corresponds with TRT in Daytona, but I can send one of my other PEs. I am at that meeting at least twice a month on Tuesdays. Thursday is a much better day, at least in January. I will be back on the 23<sup>rd</sup>.

Mr. Flint: The third Thursday works for me. It's just working around those other Board Meetings because Michael is tied up. Right?

Mr. Chiumento: The third Thursday works for me.

Mr. Lusby: I won't be here on the third Thursday. The fourth Thursday is what I was looking at.

Mr. Livingston: The fourth Thursday in January would be when you are back?

Mr. Lusby: Yes.

Mr. Livingston: Our other meeting is not until the 29<sup>th</sup>.

Mr. Flint: The fourth Thursday looks good.

Mr. Smith: Could we just have the meeting on the 23<sup>rd</sup> and then figure it out then?

Mr. Flint: Yes.

Mr. Livingston: That's a good idea.

Mr. Flint: We are going to end up needing to set the 197 hearing in February.

Mr. Livingston: Are we meeting at 9:00 a.m. on January 23<sup>rd</sup>?

Mr. Smith: That works for us.

Mr. Flint: 9:00 a.m. is fine with me.

**B. Designating Date of Public Hearing Expressing the District's Intent to Utilize the Uniform Method of Levying, Collecting and Enforcing Non-Ad Valorem Assessments in Accordance with Section 197.3632, Florida Statutes**

Mr. Flint: This allows you to use the Tax Bill as the collection method. It has to be noticed four consecutive weeks, so we would not be able to do that in January. We would need to do it in February. The fourth Thursday in February would be the 27<sup>th</sup>. Would that be okay for the 197 hearing?

Mr. Livingston: Yes.

Mr. Flint: Then we need a motion to set the 197 hearing for February 27, 2020 at 9:00 a.m.

MOTION by Mr. Livingston seconded by Mr. Smith with all in favor setting a public hearing for the District's intent to utilize the uniform method of levying, collecting and enforcing non-ad valorem assessments February 27, 2020 at 9:00 a.m. at this location was approved.

**SEVENTH ORDER OF BUSINESS**

**Financing Matters**

**A. Consideration of Engineers Report**

Mr. Flint: I provided a slightly revised version from what was in your agenda. Parker, did you want to highlight the report and any changes?

Mr. Mynchenberg: From the report presented last time, we looked at Phases 1A, 1B, 1C, 2A, 2B and 2C, 1,000 square foot, especially retail and 230,000 square feet of commercial, as well as the infrastructure to support that. So the Engineer's estimate reflects those improvement costs. Those are the majority of the changes from the draft previously presented.

Mr. Flint: We talked about modifying some of the exhibits, such as the legal description.

Mr. Mynchenberg: Yes. There are currently two legal descriptions; Exhibits E and E-1. Exhibit E represents my understanding of what's currently owned. Exhibit E was the original legal description for the CDD.

Mr. Livingston: Does Exhibit E contain the Flagler Beach property?

Mr. Mynchenberg: It does not.

Mr. Flint: We need the entire boundaries of the District. That is the most important legal description in here. The project area is less important for this report.

Mr. Livingston: That's what Exhibit E-1 is for. Correct?

Mr. Mynchenberg: Yes. That's my understanding.

Ms. Ferguson: It should not be in this report.

Mr. Livingston: Is it okay to have this over property you don't own?

Mr. Flint: Yes.

Mr. Mynchenberg: Then what I need to do is change Exhibit E-1 to Exhibit E and eliminate Exhibit E, if that's what I'm understanding.

Mr. Flint: Is that correct?

Ms. Ferguson: Yes. On Page 3 of 9, at the top in the second column, there is a gross acre amount of 824.13. That's incorrect. That number should represent the District boundary, which is 953.37.

Mr. Mynchenberg: That number is in a number of locations. Its right at the introduction.

Ms. Ferguson: That's supposed to represent the project area.

Mr. Lusby: Just the development.

Ms. Ferguson: The development.

Mr. Livingston: The development is what we own.

Mr. Mynchenberg: What is the exact acreage?

Ms. Ferguson: 953.37.

Mr. Flint: I think we need to take the reference of 824.13 out of here because we are validating bonds that we may issue over the entire District.

Mr. Lusby: So everywhere that shows 824.13 needs to be 953.37?

Mr. Flint: Yes. It needs to be defined.

Mr. Smith: We have the CDD, which has 953.37 acres. We are validating bonds over the CDD.

Mr. Flint: Correct.

Mr. Chiumento: The amount that we are validating for is only for what we are calling the development. There is a piece of property in the District that is not part of this engineering plan because its owned by somebody else.

Mr. Lusby: It is a commercial piece that we were discussing, plus what you sold or deeded to the county.

Mr. Chiumento: So the project itself, the development that is being identified in these cost estimates is just for what we are calling the development, which is 824.13 gross acres. For the validation itself, the complaint will say, "*Over the whole CDD.*"

Mr. Flint: That's what I was saying.

Mr. Chiumento: The validation will be.

Mr. Flint: Right.

Mr. Chiumento: But the Engineer's cost estimate is only for 824.13 gross acres. It includes a county park and mosquito control.

Mr. Flint: My point was that we are validating bonds for the entire District. We may choose to issue them on a subset of the entire District. I thought on the call we talked about issuing a Supplemental Engineer's Report. When we go through the assessment process, it would define the specific area we are issuing bonds for.

Mr. Chiumento: That Engineer's Report would just be for the three phases, but the Supplemental Engineer's Report will just be for the 2020 bonds.

Mr. Flint: It's only for the area we are going to issue bonds for. Then there could be a Second Supplemental Engineer's Report and a third one.

Mr. Chiumento: Correct.

Mr. Lusby: I think there's an additional subset in there. The CDD boundary is a subset of what we own, and a subset of what Phase 1 is going to be.

Mr. Flint: I thought we mentioned that the subset was for purposes of issuing bonds. We want to treat this as a master report that covers the entire District. Even though the improvements are defined as a subset of the District, we are validating for the entire District.

Mr. Chiumento: That's all true. We just need to make sure that the District Engineer's Report for the validation talks about the scope under the umbrella for what the \$37 million is called for and that is this project. If you notice, we don't have any infrastructure improvements in any of those other parcels that are within the District.

Mr. Livingston: Will you do another validation?

Mr. Chiumento: No. This is the master validation, the umbrella for Palm Coast Park of \$225 million. The Phase 1 bonds is just for Phase 1.

Mr. Livingston: What is the total amount of bonds that we are going to validate?

Mr. Chiumento: The total amount validated is \$37 million. How many lots will be in Phase 1?

Mr. Mynchenberg: 53 lots.

Mr. Livingston: So the \$37 million is the validation for the entire project and may or may not someday be issued.

Mr. Chiumento: Correct.

Mr. Flint: We could always come back and re-validate if need be if the project expands.

Mr. Chiumento: You could, but the plan right now is not to do that.

Mr. Flint: The Board can always approve the Engineer's Report subject to the incorporation of comments from District Counsel. We can handle it that way. That way, you can approve the report. To the extent we need to incorporate any changes that Michael might have, we could do that.

Mr. Chiumento: I just saw the one little change that Danielle noted, but I need to review this again.

Mr. Mynchenberg: Michael, there are a couple of changes that we will get with you on, so it may be worth maybe spending just a minute on this acreage. I don't know if it's appropriate to discuss that right now.

Mr. Chiumento: I think the Board needs to approve the Engineer's Report, with respect to the probable cost of construction. The scope in Section 3 refers to the master infrastructure that the District theoretically improved.

Mr. Mynchenberg: I have maybe four or five things that I would like to talk about, and I don't know if I should discuss it here or after this meeting.

Mr. Flint: If the Board approves it subject to changes from District Counsel, you could do it afterwards. It's up to the Board.

MOTION by Mr. Livingston seconded by Mr. Smith with all in favor the Engineer's Report, subject to District Counsel and District Engineer's revisions, was approved.
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**B. Consideration of Resolution 2020-02 Authorizing the Issuance of Bonds and Authorizing the Commencement of Validation Proceedings**

Mr. Flint: This is a bond resolution authorizing the issuance of bonds and the commencement of validation proceedings. Ken, are you there?

Ms. Etienne: I am here.

Mr. Flint: Do you want to present the resolution to the Board?

Ms. Etienne: Yes. This is Resolution 2020-02, which approves the issuance of the 2020 bonds. It also approves a form of Master Indenture under which bonds will be issued pursuant to appointing US Bank as Trustee. US Bank will serve as Trustee under the Master Indenture and subsequent supplemental indentures. Lastly, it is approving the commencement of validation proceedings relating to these bonds.

Mr. Flint: Are there any questions for Bond Counsel?

Mr. Lusby: What is the validation amount?

Ms. Etienne: The amount that I received from validation is \$48,200,000.

Mr. Rowan: Just for everyone's information, that is a grossed-up bond amount, if the District were to fund 100% of the \$37,345,000 identified in the Engineer's Report.

Mr. Flint: Including the Cost of Interest (COI) and Capitalized Interest (CI). Are there any questions for Bond Counsel?

Ms. Danielle: It's not in the Master Indenture.

Mr. Livingston: The Master Indenture actually records it. Did the date change? It was dated December 1, 2019.

Mr. Flint: Lo, does the date on the Trust Indenture change when the bonds actually get validated or is it approved by this resolution today and starts on December 1? It's going to start as of December 1, but the 2020 bonds will be issued under the First Supplemental Indenture. It's going to have the issue date as of July 1 relating to the specific bond series.

Mr. Livingston: Does that create a lien?

Mr. Flint: No. The lien is created by the assessment process, which is a separate public hearing.

Mr. Livingston: So this process, if its recorded, does not create a lien.

Mr. Chiumento: I don't believe so. Let's ask Bond Counsel. There is an issue that we need to be very clear and have a clear understanding of when a lien against this property is not

recorded, but becomes legally effective. Does this Master Trust Indenture, the passing of it, de facto, create some type of lien or encumbrance of title on the property?

Ms. Etienne: I will have to consult with Ken, but I believe the lien starts when the assessments are legally issued and approved.

Mr. Rowan: Michael, this resolution is just authorizing the District to issue a not-to-exceed principal amount of bonds. Going forward, an actual lien would be established once we go through the Chapter 170 assessment process.

Mr. Chiumento: I believe that to be true, but there's an issue that we have, a mortgage on the property that has some type of language in the mortgage where we are not able to create a lien on the property. So we just need to belt the suspenders. We can have Ken indicate in writing that it is in fact accurate.

Ms. Etienne: Yes, I will relay that to him and have him send an email.

Mr. Chiumento: The passing of the resolution does not. It just authorizes the Board to move forward and commence the validation process.

Mr. Flint: In an article on Page 18, there is a blank that will be filled in with the amount of \$48,200,000. Are there any other questions on the resolution? If not, we need a motion to approve it.

MOTION by Mr. Lusby seconded by Mr. Livingston with all in favor Resolution 2020-02 Authorizing the Issuance of Not Exceeding \$48,200,000 Principal Amount of Special Assessment Bonds in One or More Series, For the Purpose of Financing the Construction, Acquisition and/or Installation by the District of the Public Infrastructure Improvements and Community Facilities Permitted by the Provisions of Chapter 190, Florida Statutes and the Ordinance Creating the District; Approving a Form of a Master Trust Indenture; Approving and Appointing a Trustee; Authorizing the Commencement of Validation Proceedings Relating to the Foregoing Bonds; Authorizing and Approving Other Matters Relating to the Foregoing Bonds; and Providing, was approved.

## **EIGHTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. District Manager's Report**

##### **i. Balance Sheet and Income Statement**

Mr. Flint: We have the unaudited Financial Statements through November 30, 2019. No action is required by the Board. Are there any questions from the Board? Hearing none,

**ii. Ratification of Fiscal Year 2020 Funding Requests #1 - 3**

Mr. Flint: Funding Requests #1 through #3 were included in your agenda package. Funding Request #1 totals \$8,548,028, Funding Request #2 totals \$4,788.34 and Funding Request #3 totals \$5,942.50. Any of the expenses that would be captured as part of the bond issue are being tracked as capital outlay. Then the District and developer can be reimbursed once we issue bonds. Are there any questions on the Funding Requests? If not, we need a motion to ratify.

On MOTION by Mr. Smith seconded by Mr. Livingston with all in favor the ratification of Funding Requests #1 - #3 were approved.

**NINTH 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? Is there anything else, Justin?


Mr. Rowan: No. I'm good. Thank you.

**TENTH ORDER OF BUSINESS****Supervisor's Request**

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

**ELEVENTH ORDER OF BUSINESS****Adjournment**

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

  
Secretary / Assistant Secretary  
Chairman / Vice Chairman