

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 Friday, May 21, 2021 at 12:30 p.m. at Hilton Garden Inn Palm Coast, 55 Town Center Boulevard, Palm Coast, Florida.

Present and constituting a quorum were:

Clint Smith	Chairman
David Lusby	Vice Chairman
William Livingston	Assistant Secretary

Also present were:

George Flint	District Manager
Parker Mynchenberg ( <i>via phone</i> )	District Engineer
Danielle Ferguson	Palm Coast Intracoastal, LLC
Ken Bryan	Flagler Beach City Commissioner
Sandra Mietubie	Preserve Flagler Beach
Carol Bycel	Preserve Flagler Beach
Robin Polletta	Preserve Flagler Beach

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Flint called the meeting to order at 12:30 p.m. A quorum was present.

Mr. Flint: Item four, which was the continued public hearing from the last meeting is not going to be held. We are going to let the public hearing lapse at this point. The Board is not going to consider any action from the floor at this point on that item.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

Mr. Flint: This is an opportunity for any members of the public to provide comment on anything on the agenda or not on the agenda that you would like to bring to the Board's attention.

Ms. Polletta: I am with Preserve Flagler Beach on Halifax Plantation Phase 1. From your last meeting, you indicated that you are looking to raise a \$21 million bond for your CDD.

Bear with me because I'm still learning this. I'm a novice in this respect. Of the 453 homes that are allowed under the existing hub, which is what Hammock Beach River Club is planning, that comes out to a per unit cost of about \$46,357 give or take. Is that cost going to be directly collected as each homesite is sold or is that something that eventually the HOA will have to take over and pay over time. I'm just curious.

Mr. Flint: Well, the Board is not taking any action in regard to the bond issue. We had the public hearing, which would've started the process. If the public hearing would've been held and the Board took action it, they would've put a master lien based on the Master Assessment Methodology. That would provide the cap on what the Board could ultimately issue in bonds. When we issue bonds, it would likely be a lower amount than what is in the Master Assessment Methodology. That just gives the Board maximum flexibility based on the Engineer's Report. So if the Board was to issue bonds to fund 100% of what they could pay for legally, the Engineer's Report is what the Master Assessment Methodology allows them to do. The reality of it is you can't pass all of those costs along to the ultimate homeowner because the annual per unit amount would be higher than what the market would bear. So it would be offset by developer contributions for the balance of whatever improvements couldn't be funded, that would be funded by the developer.

Ms. Polletta: Okay.

Mr. Flint: The way it works is typically the bonds are 30-year amortization bonds. So an annual debt service assessment would be reflected on the property tax bill each year. It would be collected just like a non-ad valorem assessment. Ad valorem is based on the value of the property and non-ad valorem is based on the benefit the property receives.

Ms. Polletta: Right.

Mr. Flint: You may have an \$800,000 house and a \$600,000 house, but because they both receive the same benefit from the improvements, their assessments may be the same. That sort of thing. The ultimate homeowner would have the ability to prepay the outstanding principal on that bond if they chose to.

Ms. Polletta: For their share.

Mr. Flint: For their share, but it stays with the land. So it's not something when they saw the house, they have to pay off or it becomes a personal obligation for them. It's just something

that would stay with that property for 30 years until it was paid off, unless someone chose to prepay it.

Ms. Polletta: The reason I ask is in talking to other sales office, they made it a point to note that the CDD has been taken care of by the developer and not passed on to individual homeowners. That's why I was curious.

Mr. Flint: I don't believe that's the case. In some instances, the developer may choose to, if the market doesn't allow and they have a problem selling houses because there's a CDD assessment, they may choose to pay it off, but it's not typical. You have a number of other CDDs in Flagler County and there may be some examples of that. Deer Run, which no one is unfamiliar with, the developer is not prepaying.

Mr. Smith: Could they do that selectively or are we going to have to be across the Board with all of the homes there?

Mr. Flint: They can do it selectively.

Mr. Smith: So they could use that as a selling incentive if they wanted to?

Mr. Flint: They could.

Mr. Smith: Okay.

Mr. Flint: Sometimes it is used. The developer may choose to prepay it because they are competing with non-CDD communities.

Ms. Polletta: It's why our homes are selling. I am the President of our HOA with Phase 1 and our homes are selling. I think we have one home for sale right now and that's it in our section.

Mr. Flint: The market is pretty good everywhere right now. Is there any public comment? Hearing none,

Ms. Polletta: Thank you.

### **THIRD ORDER OF BUSINESS**

### **Approval of Minutes of the March 5, 2021 Meeting**

Mr. Flint: Did the Board have any comments or corrections to those minutes?

Mr. Livingston: No.

On MOTION by Mr. Livingston seconded by Mr. Smith with all in favor the approval of the Minutes of the March 5, 2021 Meeting were approved as presented.

#### **FOURTH OF BUSINESS**

#### **Continued Public Hearing**

- A. Presentation of Engineer's Report**
- B. Presentation of Assessment Methodology**
- C. Consideration of 2021-07 Levying Special Assessments**

Mr. Flint: This is the continued public hearing for Assessment Area 1. At this point, my understanding is that we are going to let that public hearing die, basically. So no action is required on that. If the District or the developer wants to restart that process, we would have to re-notice it and start over again on the noticing process.

Mr. Livingston: So it is not going to be continued.

Mr. Flint: Yes. You typically continue these one time. It has been continued once and at this point, we are not prepared to move forward with this process. So I suggest that there be no action on the public hearing.

Ms. Polletta: Does this mean, at this time, you are not going to be having the public hearing, but the concept is not off the table?

Mr. Flint: The Board, at any time, could choose to restart the public hearing process. If they did, we would have to have the Board approve two resolutions and put the notices in the newspaper and re-start that process. They have the ability to do that at any time.

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

#### **Consideration of Resolution 2021-08 Approving the Proposed Budget for Fiscal Year 2022 and Setting a Public Hearing**

Mr. Flint: Each year, the Board is required to approve a Proposed Budget by June 15<sup>th</sup> and set the date, place and time of the public hearing for its final consideration. We provided Resolution 2021-08 in your agenda. We are recommending your September 17, 2021 meeting at 12:00 p.m. in this location for the public hearing.

Mr. Livingston: Is that what is in the resolution? Do we need 60 days?

Mr. Flint: We need 60 days from today because we have to send the mailing.

Mr. Livingston: I thought it was 60 days. I'm available July 23<sup>rd</sup> to July 30<sup>th</sup> and August 27<sup>th</sup> through September 10<sup>th</sup>.

Mr. Smith: That week of July, I will be gone, specifically July 20<sup>th</sup>.

Mr. Livingston: I only picked these days because they are Fridays. There are other days. It should be on a Friday.

Mr. Flint: Does July 30<sup>th</sup> work?

Mr. Smith: That's fine.

Mr. Lusby: That works for me.

Mr. Livingston: That is the day before I leave.

Mr. Flint: If that works, we will just have to verify this location is available. We can approve it with this location subject to availability. We will modify the resolution.

Mr. Livingston: Just change the venue.

Mr. Flint: We will advertise ultimately where we are going to hold it. You may need to amend the resolution.

Ms. Polletta: So it would be in late July. Would that also be at 12:30 p.m.?

Mr. Flint: We are looking at 12:00 p.m.

Ms. Polletta: Thank you.

Mr. Flint: Exhibit A that is attached to the resolution, is the Proposed Budget. It is not binding. At this point, it is preliminary and at your July public hearing, you will actually adopt the annual budget. This continues to be an Administrative Budget and doesn't include any operational expense. It is contemplated to be funded through a Developer Funding Agreement in lieu of imposing operating and maintenance assessments.

Mr. Livingston: So the only change from the current budget was in *Trustee Fees* and the increase in *Annual Audit*, right?

Mr. Flint: Yes.

Mr. Livingston: Otherwise, it's identical.

Mr. Flint: In the event you issue bonds between now and October 1, there would be some additional expenses associated with the Trustee Dissemination Agent and arbitrage. So those have been put in there. Insurance has gone up slightly for liability insurance and public officials liability insurance. That's the only change. Under the Developer Funding Agreement, the developer would only be obligated for the actual expenses incurred. So if we don't issue bonds, for example, those expenses would not be incurred by the developer.

On MOTION by Mr. Livingston seconded by Mr. Lusby with all in favor Resolution 2021-08 Approving the Proposed Budget for Fiscal Year 2020 and Setting a Public Hearing for July 30, 2021 at 12:00 p.m. at Hilton Garden Inn Palm Coast, 55 Town Center Boulevard, Palm Coast, Florida was adopted as amended.

Ms. Polletta: May I ask a question?

Mr. Flint: Sure. Normally, we have public comment at the beginning and during the public hearing, but it is fine to open the floor.

Ms. Polletta: At the last meeting we attended, there was a statement that the District was going to take over the operations of the site. I don't remember exactly what the date was, but it already passed. Are you not planning, in the near future to take over?

Mr. Flint: No, we are not taking over the operations of the site at this point.

Ms. Polletta: Thank you.

Mr. Flint: The site is private property. The CDD doesn't own any property right now.

Ms. Polletta: Right.

Mr. Flint: At some point, if we issue bonds and infrastructure improvements are constructed, there would be a conveyance from whoever owned the property to the CDD. At that point, the CDD would have ownership and maintenance responsibility.

Ms. Polletta: I understand. Thank you for commenting.

## **SIXTH ORDER OF BUSINESS**

### **Appointment of Audit Committee and Chairman**

Mr. Flint: Chapter 190 requires that the District have an annual independent audit. It also provides the process that we have to go through to select an independent auditor. Part of that process is appointing an Audit Committee and designating the Chair. The Audit Committee could be comprised of the Board or comprised of non-Board Members. The primary purpose for the Audit Committee initially is to approve the form of the Request for Proposals (RFP) and the Selection Criteria that are used. When the responses are received, the Audit Committee would review and rank them according to the criteria. Then the Board would ultimately make the decision on the selection. Typically, the Board sits as the Audit Committee. You are not required to do that, but for efficiency, at this point, you may want to consider appointing the Board as the Audit Committee and a Board Member as he Chair, but that's up to the Board.

On MOTION by Mr. Livingston seconded by Mr. Smith with all in favor appointing the Board as the Audit Committee and Mr. David Lusby as Chair was approved.

Mr. Flint: Immediately after the Board meeting, we will hold the Audit Committee meeting. We will open it and go through that short agenda. Then we will advertise, receive responses and prior to the next meeting, the Audit Committee will meet first, rank and then have the regular Board meeting.

Mr. Livingston: Is there Scoring Criteria?

Mr. Flint: We will get to that when adjourn the regular meeting.

Mr. Livingston: Does it have to be a local firm?

Mr. Flint: No. It's typically not local depending on where the District is located. There are only about four or five auditing firms that do CDD audits and they can do them remotely because we provide all of the files electrically. So there really is no desk work that they have to do. We have an audit server that has all of the documents on the server. Normally they can do the audit from wherever their office is. It is somewhat competitive pricewise. So if there are four or five, you may get three or four responses. Typically they are all equally qualified.

## **SEVENTH ORDER OF BUSINESS**

### **Staff Reports**

#### **A. Attorney**

There being none, the next item followed.

#### **B. Engineer**

There being none, the next item followed.

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

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

Mr. Flint: You have the Balance Sheet and Income Statement. No action is required. These are unaudited through March 31, 2021. Because we are developer funded at this point, there are basic financials on the Balance Sheet. Our actual expenses are under our monthly prorated expenses. Are there any questions?

Mr. Livingston: There is no Funding Request.

Mr. Flint: There are Funding Requests. The next item ratifies Funding Requests #4 through #6.

Mr. Livingston: Okay.

Mr. Flint: If there are no questions on the Financial Statements, the next item is the ratification of Funding Requests #4 – 6.

**ii. Ratification of Fiscal Year 2021 Funding Requests #4 - 6**

Mr. Flint: These have been submitted to the developer under the Funding Agreement. We placed it on the agenda so they would get into the record. Are there any questions on the Funding Requests? If not, we need a motion to ratify those. In most cases, they probably already have been funded. We are just asking the Board to ratify it.

On MOTION by Mr. Livingston seconded by Mr. Lusby with all in favor Funding Requests #4 – 6 were ratified.

**iii. Presentation of Number of Registered Voters- 0**

Mr. Flint: Each year, we are also required to announce the number of registered voters within the District as of April 15<sup>th</sup>. This is a statutory requirement under Chapter 190. Surprisingly there are no registered voters in the District as of April 15, 2021. That becomes more relevant once the District is in existence for six years and has 250 registered voters. Once you hit 250, it triggers a transition of how the Board is elected, from Landowner's Election to General Election. Two seats will transition to General Election and then in two years, two more seats and in two years the last seat. This is just something we announce annually, so when we hit that 250 it's on the record.

**EIGHTH ORDER OF BUSINESS**

**Other Business**

Mr. Flint: Is there any other business? Hearing none,

**NINTH ORDER OF BUSINESS**

**Supervisor's Request**

Mr. Flint: Are there any Supervisor's requests? If there is nothing else, we need a motion to adjourn the Board Meeting.



**TENTH ORDER OF BUSINESS**

**Adjournment**

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

  
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Secretary / Assistant Secretary

  
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Chairman / Vice Chairman