

The Crossings at Fleming Island CDD
Board of Supervisors Meeting Minutes
Thursday, July 28, 2016
1880 Eagle Harbor Parkway
Fleming Island, Florida

(Please note: This is not verbatim, a CD recording of the board meeting is available on file for review).

Board Members Present

David Herold, Chairman
John Tabor, Vice Chairman
Robb Rush, Supervisor
Mary Michaels, Supervisor
Zane Butler, Supervisor

Staff Present

Sam Garrison, District Counsel, Kopelousos, Bradley & Garrison
Dave deNagy, District Manager, Government Management Services, LLC
Steve Andersen, Operations Manager, Governmental Management Services, LLC
Steve Murray, Tree Amigos
Ryan Parr, Hampton Golf

Guests Present

Rhonda Mossing, MBS Capital Markets
Patrick Metcalf, Dream Finders Homes
Several residents

I - Call to Order

Chairman Herold called the meeting to order at 6:00 p.m.

II - Pledge of Allegiance

III - Roll Call

District Manager deNagy called the roll.

IV - Public Comment

Mr. DiMaio-Leach asked that we hold the item on utility bond refinancing until item six.

V. Organizational Matters

A. Review of Resumes Received for Seat 2 Vacancy

Mr. Andersen stated Haley Ramsay has bowed out from putting her name in for the appointment. She did not submit her name to run for the seat in the election and Zane Butler put in his name for the same position and is unopposed and she wanted to withdraw her resume.

B. Consideration of Appointing New Supervisor to Fill Unexpired Term of Office (11/2016)

Mr. Butler gave a brief overview of his background and community involvement

Vice Chairman Tabor moved to appoint Zane Butler to fill the unexpired term of office. Supervisor Rush seconded the motion. Motion passed 4 - 0

C. Oath of Office for Newly Appointed Supervisor

Mr. deNagy stated afterwards I have some information that I will give you pertaining to the District. The first will be a Q&A about community development districts, Chapter 190, F.S., information about the sunshine law, form 1 statement of financial interests that needs to be filed with the supervisor of elections within 30 days of today.

Mr. deNagy being a notary public of the State of Florida administered the oath of office to the newly elected supervisor.

Mr. deNagy stated as a board member you are allowed compensation of \$200 per meeting up to \$4,800 per year. Do you accept or waive compensation?

Mr. Butler stated I accept compensation.

D. Consideration of Resolution 2016-05 Election of Officers

Vice Chairman Tabor moved to approve Resolution 2016-05 keeping the same slate of officers and adding Mr. Butler as an assistant secretary. Chairman Herold seconded the motion. Motion passed 5 - 0

VI. Consideration of Agreements Related to Utility Bond Refunding

A. Consideration of Supplement to Investment Banking Agreement with MBS Capital Markets, LLC

Mr. DiMaio-Leach stated I'm in favor of refunding and most residents would like to see a reduction in their debt service payments and I would rather see that than shorten the term of the bond. In the current agreement we had to have 15% surplus coverage of the bonds every year and the problem arises at the end of the year when you have 15% surplus and you can't do anything with it. I strongly recommend that any refinancing does not include such a provision, what I would like to say at the end of the year is say we saved 15% and take that 15% out and do something with it, buy back bonds or whatever. If we take the 15% out then we do not have 15% coverage and we are in violation. Somehow we need a way around that situation.

Ms. Mossing stated the utility bonds become callable in October of next year but we have run some numbers and think it is favorable to start working on that now as an advanced refunding. Because of SEC laws we have to be under contract with the district before we can show you the numbers we have run and our agreement is before you to do that.

Chairman Herold moved to approve the supplement to investment banking agreement with MBS Capital Markets, LLC with regard to the utility revenue refunding bonds. Vice Chairman Tabor seconded the motion. Motion passed 5 - 0

B. Consideration of Agreement to Provide Utility Consulting Services with Public Resources Management Group, Inc.

Vice Chairman Tabor moved to approve the agreement with Public Resources Management Group, Inc. in the amount of \$34,300. Supervisor Rush seconded the motion. Motion passed 5 - 0

Ms. Mossing stated we talked to PRMG about preparing a report of the status of the system and based on the refunding we decided to move forward with how that could affect the

reduction in rates because staff tasked us with two scenarios to run, one was to reduce rates and one was to keep the rates the same and shorten the maturity. The third item was for him to give us some help with the restructuring of the indenture, the gentleman talked earlier about the 15% coverage requirement every year and we have known for a while that has been a problem because the extra 15% that is generated every year flows through and ends up where it accumulates because the bonds are call protected so you couldn't call bonds with the extra funds you couldn't do anything except renewal and replacement and you are only responsible for the reclaimed system because you transferred everything else to the utility authority and you don't have any capital requirements. If we refund the bonds we can get out from underneath the current trust indenture, write a new trust indenture and new rate covenant requirement that is different that may generate the 15% once, which you have already done, set that aside to be used year after year rather than continuously generating it.

Ms. Mossing reviewed in detail the background of the previous issues, refunding scenarios and private placement versus public offering.

The board took a short recess after which the meeting reconvened

C. Dream Finders Financing Area 3

Ms. Mossing stated we have had conversations with Dream Finders on what they want to do with their parcels and in order for us to continue to work with them and bring back some numbers to the board at a future date we need to be under contract to do that work.

Vice Chairman Tabor moved to approve the agreement with MBS Capital Markets for Area 3 Financing (Dream Finders) Chairman Herold seconded the motion. Motion passed 5 - 0

Mr. Metcalf gave an overview of the proposed development consisting of 148 45-foot lots that will be developed in two phases.

VII. Discussion of Hampton Golf Agreement

VIII. Acceptance of the Fiscal Year 2015 Audit Report

Mr. deNagy stated at the top of page 2 is the opinion of the auditor. It states, in our opinion the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business type activities and each major fund of the district as of September 30, 2015 and of the respective changes in financial position and, where applicable cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. On page 34 is the internal controls report and at the bottom of that page it says we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. The management report is on pages 36 through 40 and there is a prior year audit comment that has to do with the failure to make the debt service payments on the golf bonds, otherwise it is a clean audit.

Vice Chairman Tabor moved to accept the fiscal year 2015 audit report. Chairman Herold seconded the motion. Motion passed 5 - 0

IX. Discussion of the Fiscal Year 2017 Budget

X - Management Team Reports

A. District Counsel

B. District Manager – Discussion of the Meeting Schedule for Fiscal Year 2017

Vice Chairman Tabor moved approve the fiscal year 2017 meeting schedule. Supervisor Michaels seconded the motion. Motion passed 5 - 0

C. District Operations Manager - Report

A copy of the report was included as part of the agenda package.

D. Tree Amigos - Report

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A copy of the report was included as part of the agenda package.

E. Hampton Golf - Report

A copy of the report was included as part of the agenda package.

Hampton Golf Funding

Vice Chairman Tabor moved to approve funding in the amount of \$127,000 for Hampton Golf. Chairman Herold seconded the motion. Motion passed 5 - 0

XI - Financial Reports for June 30, 2016

A. Approval of Check Registers

Supervisor Rush moved to approve the June 28, 2016 check register in the amount of \$835,091.03. Supervisor Michaels seconded the motion. Motion passed 5 - 0

XII. Authorizing Chairman/Designee to Cancel the August 11, 2016 Meeting if No New Business Arises Within 72 Hours of the Meeting

The August 11, 2016 meeting will be held.

XIII - Supervisor's Requests

A resident asked who do I call when a snake comes onto my lanai?

Mr. Andersen stated you can call a trapper for that.

XIV - Minutes Approval

A. June 9, 2016

Supervisor Rush moved to approve the minutes of the June 9, 2016 meeting. Chairman Herold seconded the motion. Motion passed 5 - 0

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B. June 23, 2016

Chairman Herold moved to approve the minutes of the June 23, 2016 meeting. Supervisor Michaels seconded the motion. Motion passed 5 - 0

XV – Adjournment

Hearing no objections the Chairman adjourned the meeting.


Secretary/Assistant Secretary


Chairman/~~Vice Chairman~~