MINUTES OF MEETING
AMELIA WALK COMMUNITY DEVELOPMENT DISTRICT

The May 19, 2020 meeting of the Board of Supervisors of the Amelia Walk Community Development District was recessed and reconvened Tuesday, June 9, 2020 at 2:00 p.m. using Zoom communications media technology pursuant to Executive Orders 20-52, 20-69 and 20-123 issued by Governor DeSantis and pursuant to Section 120.54(5)(b)2., *Florida Statutes*.

Present and constituting a quorum were:

Gregg Kern	Chairman
Mike Taylor	Vice Chairman
Rose Bock	Supervisor
Mike Harbison	Supervisor

Also present were:

Daniel Laughlin	District Manager
Jason Walters	District Counsel
Michael Molineaux	Evergreen Lifestyles Management
Lynzie Chambers	Evergreen Lifestyles Management

FIRST ORDER OF BUSINESS **Roll Call**

Mr. Laughlin called the meeting to order at 2:02 p.m. and called the roll.

SECOND ORDER OF BUSINESS **Audience Comments**

There being no comments, the next item followed.

THIRD ORDER OF BUSINESS **Consideration of Capital Reserve Study**

Mr. Laughlin stated there are two different studies here. One includes road repairs and one does not include road repairs.

Mr. Kern stated I worked directly with Community Advisors on several of the parameters, dates and dollar amounts that are in the report. Both of those reports reflect what I believe to be accurate dates and costs for all of the items included in the report. The main difference being that one has included all roads for reserve funding. The roads estimated useful lifespan is 20 years, so that funding stretches out pretty far. Ultimately, on that summary sheet you will see the one that includes the roads has an increase of the assessment of $230 per unit but increases 3% in years following. It's a significant increase to reserve fund the roads today in their entirety, so the strategy behind the study that does not include the roads is the District has several options in the future for financing those improvements. One of them being refinancing existing bonds. When you get 20 years out and you have a significant amount of your current bonds paid down, refinancing becomes very enticing because you're rating goes up, so you can get a better rate and lower payment, and those projects can be funded in the future. To utilize reserve funding for the roads we would need to contribute $40,000 and what we're currently contributing is $100,000 so I think if we accepted the strategy of not fully funding the roads in the reserves, then we can maintain our current assessment level and feel confident that we're sufficiently funded moving forward based on the reserve study. My recommendation would be that we accept the reserve study without the roads and roll that into the budget, which means that we will be well funded for the reserves

Mr. Laughlin stated yes, that should put us at about 55% funded, which is a good place to be for just starting it.

Ms. Bock asked the roads in Amelia Walk are not County roads, we own them?

Mr. Kern stated correct. That is what creates that unique position where the district at some point will have an obligation as the roads near the end of their life cycle we will have to mill down and resurface the roads.

Mr. Taylor stated on the description it calls for an inch and a half overlay. Would that be typical?

Mr. Kern stated I would refer to the district engineer to really discuss the specs, but yes, in my experience that is a typical asphalt thickness. We do a single lift, and inch and a half that fills the roadway up to the curb. In other scenarios where the county might take ownership, they actually require you to do half a lift, we call it a two-lift process. In Amelia Walk we have a full single lift of asphalt applied at the time the roads are built and then the reserve study contemplates 20 years useful life based on that design standard and then you would expect at that time you're going to mill it down, basically take that inch and a half off, and fix any dips in your subgrade and then you will resurface it with a new layer of asphalt.

Ms. Bock stated I live in a 20-year-old CDD. We are just now doing our roads because St. Johns County would not take roads after a certain year and we have refinanced our bonds, maybe three times. I'm sure of two times at St. Johns Golf and Country Club. This time we are refinancing, and I think our annual payment goes up $100 per unit for the whole year and it's not a big deal, but with this refinancing I've had somebody ask me when we pay off the bond part. It's kind of like if you own a house. You're never through updating that house. There's always something that needs to be done to it and it's the same with a CDD. You're always going to have a payment and the refinancing is the best way and like you said, once the bonds are paid down some it becomes a very attractive thing for one of the bond groups to buy the bonds.

Mr. Harbison asked so I assume every year we set the CDD fee. Do we review this budget just to the extent that we need to, to set that annual fee?

Mr. Laughlin stated the budget process is a two-step process. Right now, we're starting it with approval, and we will set the approved amount. It cannot increase from there. Then you need 60 days between approval and adoption, so after we approve this in August, we will hold a public hearing, in which we can take resident comments and questions, and then we will discuss adopting it. At the point of adoption, we can lower the budget for expenditures, but we can't go any higher. We do this every year.

Mr. Harbison asked how often do we redo the whole study?

Mr. Laughlin stated it's supposed to be good for 20-30 years but in most of my communities we will redo them every five to ten years because things can get outdated and what happens sometimes too is this is really just a guide to help us plan so we have enough money set aside. We don't have to put away what is recommended and just because it says an A/C unit will need to be replaced in three years, it could break in two years or it could go for another six years. We did have an older reserve study done in the late 2000s and those numbers weren't holding up, so it was worth it to get a newer study done.

Mr. Kern stated when you expand your facilities too, that wasn't included in the previous study and as we've now added roads and will continue to add roads we will know what we have there so we can account for them and then for instance, the renovation on the amenity facility. Now that we can incorporate that into a capital reserve study, it gives you a more accurate expectation on that reserve funding. I think that's why when we approached this budget season, we asked Daniel to solicit for that reserve study so we could get it up to date.

Mr. Taylor asked how much did this study cost?

Mr. Laughlin stated I believe it was about $2,500.

Mr. Harbison stated I thought it was a great study, very detailed.

Ms. Bock stated I agree.

Mr. Harbison asked why not look at refinancing now?

Mr. Laughlin stated we could, but I don't think right now is the best time to do it. Once the Board gets interested, we can reach out to an investment banker and they can tell us what their thoughts are and whether they think it's a good time now or if we're better off waiting a bit.

Mr. Walters stated there are two other factors on the refinancing timeline that we have to think about. One is call protection on bonds, which generally prohibit them from being refinance for a certain period, usually 10 years, and we restructured these. The other thing that will really help us is once we get the project completed, because when they evaluate the credit what they're really looking for is rooftops. You can kind of consider that fully built out and that's their underlying security, so a vacant lot in the back that has no house on it doesn't provide as much security as if it's fully developed with a house on top, so once we get to that stage our credit becomes much better and we can go out to S&P, the rating agency, and get a rating, and you can often get those insured as well. With those two layers your rate really starts to plummet so you have to have a certain spread between rates to really make it worthwhile and those two factors amp up those savings and that becomes the ideal time to do it. The last component is if we're looking to take out equity, you referred to a mortgage, you can refinance a mortgage, leave your payment the same and take out whatever equity portion is there and if we're looking to fund the roads through a refinancing, that is the mechanism we would use. We want to make sure we don't issue those bonds until we need that money, otherwise you're accruing interest on additional funds you don't need at that time. Ideally, we would look to refinance just on the cusp of needing to expend those capital funds for the road repaving so that we get the maximum amount of savings and time it out so we're not having idle funds.

Mr. Harbison asked we wouldn't have to refinance all or nothing, right? You could do just some of the phases at a time?

Mr. Walters stated we could, conceivably. If we're looking at an overall project, we may have to combine those for the underlying security purposes, but you're correct in that there are multiple series of bonds so we can evaluate each series on its own so whichever section comes first, we can evaluate the refinancing of just that portion if that makes the most economic sense, or if we are able to do multiple series at the same time we can look at that. As we approach that we can engage the investment bankers who do the underwriting of those. They're very good at running the numbers through spreadsheets and saying, here are your options.

On MOTION by Mr. Kern seconded by Mr. Harbison with all in favor the capital reserve study excluding the roads was approved.

FOURTH ORDER OF BUSINESS **Consideration of Resolution 2020-04, Approving the Proposed Budget for Fiscal Year 2021 and Setting a Public Hearing Date for Adoption**

Mr. Laughlin stated the public hearing date would be the August 18th meeting. It's a pretty straightforward budget this year. We're not proposing an increase in assessments and this is including the $100,000 going into capital reserves.

Mr. Taylor stated I have two questions. One is on page two, facility maintenance. Daniel, if you could check the contract on that, because it does include fitness equipment for facility maintenance. Does that lease that we have for the fitness equipment include maintenance for the equipment?

Mr. Laughlin stated I'd have to look at the maintenance portion in the agreement. We do have that lease line item, which is the amount in the agreement.

Mr. Taylor stated you might want to make that description a little better. Also, I think keeping the budget level is good in today's times. However, we might have some feedback from residents. Do we want to have some line items increasing a little bit so we can have some discussion from residents when it comes to the hearing? If we lock it in today, we can't increase it going forward, right?

Mr. Laughlin stated correct. With no increase there's no notice that needs to be sent to residents.

Mr. Taylor stated I just wanted to get everybody's opinion on that.

Mr. Kern stated if there's an area in particular that you feel strongly that we need to consider or increase. I'd reiterate that I think we're more than sufficiently funded for reserves, based on that study that we've accepted, so to the extent that we have some additional costs that is not contemplated now, I think the funding would be there. I think it would be a good effort to keep this budget level without any increases. As we move forward into the next year you might consider something for future phases as new landscape areas come online and those kinds of things that we can capture in this budget, but I think we're well enough funded and could avoid any increases into this year.

Mr. Harbison stated my only concern is maybe we want to increase some so that it smooths out the budget more. Residents have short memories and if they look at a big increase the following year, they will forget there was no increase the previous year.

Mr. Laughlin stated I will say we have had an increase here pretty much every year since 2017. There are going to be increases every couple of years. That just happens with facilities getting older, repairs needing to be done, and costs increasing due to inflation. You have a point, but it's also nice to be able to take advantage of any year that we don't need an increase.

Mr. Kern stated it would be nice to give all of the landowners a break from any more in increases for a year, but certainly this is the opportunity to come in with a higher number if we want to and then we can dial back as we approach adopting the budget.

Mr. Harbison stated if we don't increase it, we should broadcast that and get credit for that.

Mr. Taylor stated if we had a 3% increase, that would level it I believe at $1,000 a year.

Mr. Laughlin stated if we want to increase it there are line items that you can never be too funded with, like repairs and maintenance, electricity, street lighting, water and wastewater.

Mr. Taylor stated the one that jumps out at me is a minor one, but it's the decorations and holiday expense line item. Supervisor Harbison and Michael Molineaux, could we spend $1,100 for holiday decorations?

Mr. Harbison stated yes. On the Facebook page for Amelia Walk neighbors there is always screaming about issues like that, however, it's the same three to five people that scream about everything. I thought the decorations were very appropriate. I wouldn't want to spend more, but I'm a scrooge. They were the same essentially as Amelia National. Just because North Hampton wants to overspend, that is no issue of ours.

Mr. Molineax stated you get a thousand different opinions if you go out to the owners and I did even reach out to them last year to say if you'd like to participate, we welcome your help, and I got zero response from that so we just went ahead with what I thought to be a fairly classy decorations. I got as many people complimenting as I did criticizing.

Mr. Kern stated I believe the HOA supplements that some too.

Mr. Taylor stated for what it's worth, I think costs go up every year and 3% is a reasonable increase and it could be debated at a hearing. The advantage of keeping it static is we wouldn't have to have a hearing.

Mr. Laughlin stated we would still have to have a public hearing.

Ms. Bock stated it's the notice we don't have to do.

Mr. Walters stated yes, we hold a budget hearing every year and I think that is what Daniel is referring to. If we raise the assessments, then we hold two hearings. One is the assessment hearing where we mailed notice to every landowner and then we have that second hearing on just those assessments and then we have the budget hearing, so we will still do a notice for the budget hearing and the meeting itself, it just won't be the mailed notice where you're increasing assessments.

Mr. Taylor stated I could go either way. I think keeping it even is a good strategy, we just let the residents know that we have been able to manage it appropriately.

On MOTION by Mr. Taylor seconded by Mr. Kern with all in favor Resolution 2020-04, approving the proposed budget for Fiscal Year 2021 and setting a public hearing date for August 18, 2020 at 2:00 p.m. was approved.

FIFTH ORDER OF BUSINESS **Supervisors' Requests and Audience Comments**

There being none, the next item followed.

SIXTH ORDER OF BUSINESS **Other Business**

There being none, the next item followed.

SEVENTH ORDER OF BUSINESS **Next Scheduled Meeting**

Mr. Laughlin stated our next meeting is scheduled for June 16, 2020 at 2:00 via Zoom. It's possible this might be our last Zoom meeting. I believe the executive order expires at the end of this month so we will take the appropriate steps to prepare for that.

EIGHTH ORDER OF BUSINESS **Adjournment**

> On MOTION by Ms. Bock seconded by Mr. Kern with all in favor the meeting was adjourned.

DocuSigned by:
Daniel Laughlin
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Secretary/Assistant Secretary

DocuSigned by:
Gregg Kern
D120ABE88FCF441...
Chairman/Vice Chairman