

MINUTES OF MEETING
HERON ISLES COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Heron Isles Community Development District was held on Thursday, February 2, 2017 at 6:00 p.m. at the Residence Inn Amelia Island, 2301 Sadler Road, Fernandina Beach, Florida.

Present and constituting a quorum were:

Ricky Rowell	Chairman
Don Lyons	Vice Chairman
Kathleen Blessing	Supervisor
Justin Blessing	Supervisor
Robert Martyn	Supervisor

Also present were:

Dave deNagy	District Manager
Jason Walters	District Council
Cheryl Graham	Leland Management
Sete Zare	MBS Capital Markets (by phone)
Cynthia Wilhelm	Nabors, Giblin (by phone)

FIRST ORDER OF BUSINESS

Roll Call

Mr. deNagy called the meeting to order at 6:00 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

Sandra Wise, 96662 Commodore Point Drive, asked are you going to address the beginning bond, what you are doing, and the length of time because the beginning bond was supposed to be 20 years, and now some of these ads in the paper stated this next part was going to be 20 years, and how is that going to affect somebody that has been paying 10 or 15 years.

Mr. deNagy responded we will talk about all of that, absolutely.

Mr. Ken Lunden, 84071 Swallowtail, stated as you drive in our development, they are building a brand new development right opposite ours, and the advertise in big bold letters "NO CDD FEES." How can that be?

Mr. deNagy stated when we finish with the Public Hearing, we will close it and will consider two resolutions. The first resolution, 2017-04, is equalizing and imposing special assessments, and resolution 2017-05 is the delegated award resolution. A number of documents are attached to the delegated award resolution. The delegated award resolution is the board's authorization to go ahead and issue the refunded bonds. Do I have a motion to open up the Public Hearing?

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor the Public Hearing is Open.

Mr. deNagy stated Sete Zare is on the phone from MBS Capital Markets, who is the underwriter on this project. She will talk about the refunding process. One of the audience members asked about the term of the bond and how it differs from the initial bonds that were issued.

Ms. Zare provided a copy of the presentation to the board members and discussed the presentation via phone.

Mr. deNagy summarized her remarks for those who could not hear her presentation. There are two components to the CDD assessment, which are debt and O&M. The debt piece is what we are talking about refunding tonight. The O&M pays for all the maintenance and upkeep of the common areas throughout the District, so the debt portion right now is \$505.40 a year. We are looking at a debt reduction of anywhere from a 4% savings that Sete outlined, which would be \$21 a year annual savings, reducing that down to about \$480 or a savings of \$41 or \$460 roughly per year versus the \$505 amount.

Mr. Walters asked the audience members if everyone had received their letter, and stated it is a statutory required notice to send out. Sometimes the language can be confusing. Hopefully everyone heard Sete, and the reality is this is always a beneficial thing for Districts because we are able to pass on savings to residents based on lower interest rates. It is similar to refinancing your home, when you get a better interest rate, you are paying closing costs for your mortgage to go down. The reason we have to send that notice to the residents is there are costs involved. If you refinance your mortgage, your principal goes up a little bit even though your payments go down. By law in Florida, the same thing happens here. We are looking to refinance that debt. The costs get rolled into the debt, so you don't write any checks, but the

principle goes up a little bit even though the payments will go down. That is the reason you got the notice. We want to make sure you understand this is a positive thing that we will be able to do for the District if it comes through. Sete mentioned a few months ago that rates were a little bit lower, so the savings projections were a little bit higher. Since that timeframe, rates have gone up, so the savings projected are a little bit lower. In the delegated award resolution, the first schedule that is attached to that resolution is the parameters that the board is going to approve. One of those is a minimum savings threshold. We will get into that discussion in terms of where the board is comfortable and where we think we might be able to pull the trigger. We are going to set that threshold here shortly. We can start with questions the board might have, and then we will open it up to the larger audience to get their input on the refinancing.

Mr. Lyons asked the CDD is not going to go away, is it? Does Florida law now say that all large developments will be run by CDD and maintained by CDD?

Mr. Walters responded Florida law doesn't say that. It is an option and growth management tool, but it is not required. You are correct in saying the CDD will not go away. The CDD is a perpetual entity. What will eventually go away in 2036 is this bond. It will be paid off, and those assessments will fall off the tax bill. It is the same term of the original bond, so there is no additional time or less time with the refunding. The District will own the infrastructure and will be in charge of maintaining that infrastructure and everything else.

Mr. Lyons asked if the interest rate is lower or higher, does that affect what we get for the maintenance cost?

Mr. Walters responded it does not. Those are two separate things. The total bill will go down. Assuming O&M costs stayed exactly the same, so you have what is called 500 and 500, assuming that stayed level, you have \$1,000 total bill. Under refinancing, if it drops \$30, you would go 470 / 500. So the total bill will come down, but it won't affect the O&M.

Mr. deNagy stated the O&M we set as part of the operating budget as opposed to the debt service budget. When we look at our operating budget when we get into budget season, that is when we determine what the O&M is going to be. Right now we are just talking about the debt portion.

Mr. Lyons stated I wanted to answer the question the gentleman alluded to earlier. The CDD portion can be peeled off, but there is still a maintenance fee that is in there that everyone

still has to pay. So these developers can pay that off and you in your current position could pay off your CDD, but you would still have a maintenance fee. Am I correct in that?

Mr. deNagy, Mr. Walters, and Ms. Zare all stated yes. Mr. deNagy stated if someone wanted to pay off the debt portion now, the \$505 per year, the payoff is at \$4,971, so that would eliminate that annual charge of \$505 from your CDD fees. It is \$4,971 and change, and it would have to be paid off by March 14. The payoff changes after March 14.

Ms. Blessing asked what would be an average percentage to limit yourself for the savings?

Mr. deNagy responded that is entirely up to the board. Sete has given you an outline of anywhere from 4% to 8%. If you are comfortable with 4%, we can set that tonight at 4%. If you would rather shoot for 6% or 8%, we can also move it to those numbers. Nobody knows what is going to happen with interest rates in the future.

Mr. Walters stated it is more determined by the market. There are some CDDs, when they issued the debt, it was at a really high percentage. If you were in the record low market interest rate period when you hadn't hit that 10-year window, it might be 15%. A lot of CDDs will never get to refinance their debt because they never get that delta in the rates. Currently the rates are at 3%, so we are going to need some movement to get to 4% and 6%. It is a very difficult market to predict, and that is why coming out of tonight, what we would look for, if the board is comfortable, is saying if we hit 6% or 4% or whatever the board is comfortable with, then we will pull the trigger and get the deal the done. It will fluctuate, and we have to find that period where it hits the threshold the board has set for us, and then we can close the deal. That is why we have started the assessment process and set the hearings so that once all those are done, if we can find the favorable market rates, we can then consummate the deal and move forward.

Mr. Lyons stated if we say we want to go 8%, and the market doesn't move to 8%, then next year it is going to be exactly the same as it was this year, correct?

Mr. Walters responded that is correct.

Mr. deNagy stated the board may, if they choose 8% tonight and we find after a few months it doesn't look like it is going to change, can come back and lower that threshold to maybe 6% if they choose.

Ms. Zare responded to a question asking what is her feeling for market by stating it is quite volatile right now and a lot of uncertainty.

Mr. Walters stated when we set that threshold, you are authorizing staff – your investment bankers, attorneys, assessment consultants – all to pull together that deal at the minimum threshold. If it is trending in a certain direction, and he thinks it is about to hit 5.5% instead of 4%, or 6.5 instead of 6, obviously we are going to maximize the savings for the District. It is not a maximum savings, it is a minimum savings. We have to achieve at least that much. We would always try to maximize those savings. These rates change on a daily basis, so that window of where we are in a "go period" could be as short as a week or two. In order to set a meeting to get the board together, we have to notice that. We are not as reactive, which is part of the reason we go with the Delegated Award Resolution so that the board can set the parameters, and then when the market timing works out, it can be finalized.

Mr. deNagy opened the discussion up to the residents.

Mr. Joshua Davis asked how much are the fees? Is there an estimation of what the fees are going to be to add on to the debt?

Mr. Walters asked are you talking about the total cost of issuance?

Mr. deNagy stated it is in the methodology, and it is almost \$204,000.

Ms. Zare stated it runs anywhere from \$165,000 to \$200,000. It should be around \$165,000. The current interest rate on the bonds is 5.75%. The blended rate now is 4.5%. In response to a question of the payoff amount, Ms. Zare stated what was noticed is the maximum amount that we can actually issue, but right now we don't know what the debt will be. The refunding amount right now is \$3.1 million.

Mr. Davis stated whatever we currently have plus the fees and divided among the units will be what each unit owes. So each unit owner will increase the total amount of debt they actually owe, is that correct?

Mr. deNagy responded that is correct.

Mr. Walters stated this debt is associated with the land. It is tied to your lot. If you sold this tomorrow, the purchaser would assume the remainder of those payments. The existing par plus all the costs associated with refunding the bonds divided out by lots would be the new par amount, and I think that goes up around \$400 to \$500.

Mr. Davis stated if I wanted to pay my portion off, you said I could. I would owe that principle amount plus that extra.

Mr. deNagy responded right now the payoff is \$4,971, but that amount will change when we refund the bonds, depending on what the new debt is.

Mr. Walters stated if you were going to pay off your debt, you would do it before the refinancing.

Another resident asked about the term of the bond.

Mr. deNagy responded it will be the remaining term of the bond.

Mr. Walters stated by law we are not allowed to increase the term of that debt. We are only allowed to issue it for 30 years.

On MOTION by Mr. Rowell seconded by Ms. Blessing with all in favor the Public Hearing is Closed.

A. Consideration of Resolution 2017-04, Equalizing and Imposing Special Assessments.

Mr. deNagy stated once we decide on how much of a savings we are willing to agree on, the resolution will impose the assessments.

Mr. Walters stated I will talk about both resolutions (2017-04 and 2017-05). This resolution, 2017-04, finalizes the numbers. Since we are in this delegated award position and we are setting a threshold, what we have done on all the notices that went to the residences is take a very conservative approach. I think it was around 3%. That is the absolute floor, and we set it conservative so we could notice that higher number because once we set that number, we can't go above that. Any assessments that are levied must be lower than what we noticed. We will come in with this resolution, and once the final numbers are in, we will have a short supplement to this resolution that has the final numbers. So this first resolution is going to levy the new assessment, which is the higher amount based on the cost of the issuance on the par debt. The annual amount will go down, but the par will go up a little bit. That will be the new levy of the assessment, and that is what the first resolution does.

Mr. Walters continued. The second resolution is the Delegated Award Resolution. The principal purpose of the Delegated Award Resolution is going to be to set the parameters, so whatever we settle on in terms of the minimum savings threshold, and also to approve several of those documents. I will note that all those documents are approved in substantial form, so they

can be changed and comments can be made. It allows the parameters to be set, and it approves the form of some of those documents, because those documents have to be sent out to others. This is a public offering, so these are securities that are being sold to the market. That is why the offering statement and other documents are required. It also authorizes the Chairman, staff, and Vice-Chairman in certain circumstances to take additional actions to finalize the deal. This sets the stage and all the parameters so that once we are in that position, and we achieve whatever savings threshold, we can finalize the deal. It authorizes the Chair to do that outside the meeting.

Mr. Walters stated if you look at Resolution 2017-04, this is our final assessment resolution. We had two resolutions at the last meeting. The first was to authorize us to start this process, and the second one related to setting this public hearing. If you walk through the findings, a lot of that is historical, and it relates to the original project, which are the roadways, water, sewer, storm water, and all the improvements we built with the original bonds. It makes findings that say "we find it in the best interest of the District and of the residents to proceed with this refinancing." The estimated costs are obviously not going to change regarding completion of that project with the funds that were issued by that bond. Tonight we are going to set that final level, and then we will come back with the supplemental with the final numbers. The payments are sent to the tax collector for collection on the tax roll. The District can also send direct bills, and sometimes the tax collector will say we are no longer going to do it for you, and we would have to send direct notices. This authorizes the different methods. This resolution, if approved tonight, will set the assessments at the new level, which were sent by mail in the notice and also published in the newspaper. Once we achieve those settings and know what our final numbers are, we will come in with that supplemental and set it up.

Mr. deNagy stated let's start with Resolution 2017-04. We will be approving this resolution in substantial form.

Mr. Lyons asked does this particular resolution set the assessment?

Mr. Walters responded it does in contemplation of a closing on the bonds. So if you never get to a deal, we are not going to increase that par amount obviously. Nothing would change. In the event we consummate the deal, we have a threshold to render assessments.

Mr. Lyons asked is that at 3%?

Mr. Walters responded no, it is at the par amount that they referenced. Don't think of percentages, don't think of savings or anything. This is just related to the par amount. The new par amount as date of reference per lot would be \$5,898.74.

Mr. deNagy stated nothing changes until we refund the bonds. This is setting the wheels in motion so when we get to the interest rate we are going to talk about next in the delegated award resolution, we can close this deal. Right now we are asking to go ahead and approve the resolution so we can impose those assessments when the time comes.

On MOTION by Ms. Blessing seconded by Mr. Rowell with all in favor Resolution 2017-04 equalizing and imposing special assessments was approved in substantial form.

B. Consideration of Delegated Award Resolution 2017-05

Mr. deNagy stated you are approving in substantial form five attachments for the delegated award in substantial form – the Bond Purchase Agreement, the Second Supplemental Indenture, the Preliminary Official Statement, the Continuing Disclosure Agreement, and the Escrow Deposit Agreement.

Mr. Walters stated it is pretty self-explanatory from the title. If you walk through the provisions, it actually should be somewhat straightforward. When we talk about the type of sale this is, the way this sale works is we actually sell the bonds to the underwriter who then sells them to the market. When you see Negotiated Sale in Section 2, that is what we are referring to. As you walk through some of the other provisions, it is referring to the documents. It is asking us to approve those in substantial form. One is the Master Trust Indenture being ratified and then our Supplemental Indenture. The indenture is your loan document. That is the agreement between us and the Trustee who serves on behalf of the bondholders. That is all the loan provisions that you would see in a large loan agreement. There is a description of the bonds and the form of those. There is a form attached to some of the documents in your package. The preliminary offering statement and the official statement, those are public securities. They are regulated by the SEC. We have an offering document, which is essentially the document that is given to potential investors that describes everything they are purchasing. Continuing disclosure agreement is an agreement, again, these are public securities, and we have obligations to continue to provide information. Other Actions will authorize staff and the Chair to take further

actions once we have reached certain thresholds to consummate the deal. It designates how deposits are done under the escrow and some other things. Just past the signature page, that is Schedule 1 and is the parameters page I was referencing. The key thing to look at there is the minimum annual debt service reduction. If you correlate that to the handout and MBS provided that Sete spoke about, we have at least a 3. You can choose any number. That is the parameter we are looking at for setting that minimum savings threshold.

Mr. deNagy stated we are going to ask the board to set that tonight.

Mr. Walters stated obviously it is a lot of paper, but you have heard from the main professionals that are working on this deal. These are always complex deals. Rest assured that I, bond counsel, Dave on the District management side, and Sete on behalf of the underwriter are all reviewing all these documents and making sure everything is done correctly.

Mr. deNagy stated Sete has gone over three different savings thresholds. Is there one you want to set tonight, either the 4, 6, or the 8 percent savings.

Ms. Blessing stated in my opinion, I would go higher. I wouldn't go 4. I would consider 6 or 8. You are really going to have one shot at this, and you are going to spend a lot of money to refinance. If you are a little patient, you might get more.

Mr. deNagy stated I think the next opportunity is in 10 years.

Mr. Walters stated if you refund this year, you can refund again in 10 years. Generally there is a call protection where the bonds can't be refunded for 10 years. Interest rates are about as low as they have been, and to think that is going to last forever is not going to happen. With the percentages we are looking at, it is something you want to achieve the maximum savings. We will try to achieve the best deal possible.

Mr. Lyons asked in order to achieve an 8% threshold versus a 6%, would the interest have to be lower to reach the 8%?

Mr. deNagy responded yes.

Mr. Walters asked Ms. Zare in the current interest rate environment, we are at about 4.5%?

Ms. Zare responded right.

Mr. Walters asked can you give us any guidance on where that rate would have to go to go from a 3% annualized savings to a 6% or 8% annualized savings?

Ms. Zare I will come back to that. I will see what I can find for you quickly.

Mr. Walters stated if it moved to 4%, the question is what does that look like, and what are the odds of it going to 4%.

Mr. Lyons stated I would like to know if you can give us some insight as to what the market has done over the last six months?

Mr. Walters responded you can look on that first chart, and you can see the spikes and the valleys we have seen.

Ms. Zare stated the market rate would have drop 50 basis points, or to about 4%, to get an 8% savings.

On MOTION by Mr. Lyons seconded by Mr. Rowell with all in favor Resolution 2017-05, Delegated Award, with the caveat that refunding savings meet a minimum threshold of 8% was approved.

FIFTH ORDER OF BUSINESS

Approval of the Minutes of the December 15, 2016 Meeting

Mr. deNagy stated a copy of the minutes is in your agenda package.

On MOTION by Mr. Rowell seconded by Mr. Blessing with all in favor the minutes of the December 15, 2016 meeting were approved.

SIXTH ORDER OF BUSINESS

Ratification of Audit Engagement Letter with McDirmit Davis for FY 2016

Mr. deNagy stated I would look for a motion to ratify that agreement. The cost for the audit is \$3,600, which is \$100 less than what is in our budget.

On MOTION by Mr. Lyons seconded by Ms. Blessing with all in favor to ratify the FY16 audit engagement with McDirmit Davis was approved.

SEVENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS**Staff Reports****A. Attorney**

Mr. Walters stated I don't have any action items for the board tonight.

B. Engineer

Mr. deNagy stated I do not have anything from Mr. Lucas.

C. Manager

Mr. deNagy stated at our next meeting on May 4 we will be looking at the first part of our budget process, which is the budget approval process. It is a 2-step process, and we will be talking about the O&M budget. The first step is approving a budget, and the second step is adopting the budget. Once we approve the budget and if there are no changes, we submit the budget to the country for their review and comments. There has to be at least a 60-day lapse, so we will probably come back in August for the purposes of adopting our budget. The process for the budget will be started at the next board meeting. If there is anything you want in the budget, let me know. I will be working with Cheryl on the operating budget. We have not changed that budget for several years.

D. Property Manager

Ms. Graham stated Martex Landscaping has been approved to install mulch in the landscape beds. All repairs to irrigation have been addressed. There has been a change to their Project Manager, and Daniel Todd now holds that position. We will hold regular discussions once a month to ensure all areas are being maintained properly. Lake Doctors has been providing aquatic maintenance to the ponds, and All Repairs and Maintenance Service has been providing janitorial services. They have done a good job. The swings in the park that we added have been used a great deal. We had the fence repairs after the hurricane hit us in October. There are some tops that are still missing. They were expected to be installed this week, but it might be next week because of some unexpected delays. Horizon Electric will review the lighting at each entrance to change bulbs. Kids are kicking the tops off some of the lights. Horizon Electric will provide a quote to replace the existing style of light with a style that is not easily damaged. We have been placing signage in the community about parking in areas where there is no parking. A "Caution – Children with Special Needs" sign is needed on Stoney Glen. The Nassau County Public Works Director has been contacted regarding signage at the round-a-bout on Heron Isles Parkway.

Mr. Lyons stated yesterday I saw a car that was parked on the inside circle. Can you put a No Parking sign in the middle of that?

Ms. Graham responded I guess we can. It is the county road.

Mr. deNagy stated to the audience members in attendance that the agenda package is always posted to the website, so they can view what the board members are viewing.

NINTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Supervisor Requests

There were no Supervisor requests.

Audience Comments

Ms. Debra Tardiff asked about the turnaround at the end of Commodore Point and maybe doing something there. Everybody has a cul-de-sac that is paved, and we have the turnaround that is all dirt.

Mr. Walters stated I won't speak for the developer, but I remember him speaking about this issue. If I remember correctly, it was going to be a turnabout. The county is now demanding that he connect that to another future road potentially, so he can't develop those lots that are going to be there and do the turnabout, so he has been fighting with the county for ages. It has been a very contentious issue. He can't make it a cul-de-sac because the county is saying no, that is going to be a straight-thru road. He is losing lots, which is obviously frustrating to him because he can't sell that property. I think it is a little bit in limbo, but we can get you his contact information if you want to reach out to him.

Ms. Tardiff stated Heron Isles doesn't own that property.

Mr. Walters stated that's correct.

Mr. Rowell stated how can he develop – that is privately owned, that has nothing to do with Heron Isles.

Mr. Walters stated I may be speaking of a different roadway then.

Ms. Tardiff stated Commodore Point comes a dead end so they can't develop on those last two lots because they need turnaround for the school bus.

Mr. Walters stated I'm sorry, I was speaking of a different roadway.

Mr. deNagy stated I will check with the developer. I will have him get back with you or I will.

Ms. Sheila Rodriguez stated I had some comments from neighbors, they are concerned about the mailbox area and there is not proper lighting. Ms. Graham will look into the situation. Ms. Rodriguez asked if an estimate had been received on the community building.

Mr. deNagy responded I have reached out to the Engineer, and he is still working on that. We have a conceptual idea.

Mr. John Bush referenced the Commodore Point question. He stated when I purchased my home, the builder assured us that that was in fact going to be connected to another road because as of right now, by my count, I counted 245 homes off of Commodore Point Road with only one exit point. Basically I agree with the County, there has to be another exit through there somewhere.

Ms. Lauren Iglie stated if you don't make it to the meeting, do you publish meeting minutes?

Mr. deNagy responded yes we do. You will see the meeting minutes in the agenda package a week before the board meeting. Tonight's minutes will be a week before our meeting on May 4. As far as notices for all the meetings, there is an annual schedule published (located on the website), and there is a notice published 10 days prior to the board meeting.

Ms. Tammy Stewart asked if we pay off the bond for the debt portion, after you close the new bonds, we will be responsible for any debts that incur for that one?

Mr. deNagy responded no. Once you pay it off, it goes away. You don't have any more responsibility for debt – just the O&M amount. The O&M pays for all of the common area upkeep, the parks, the landscaping, and the ponds. It a nutshell, for the HOA, you are paying for all private property issues, i.e., covenants and restriction issues that need to be handled by the HOA. The CDD is all the common property that you are paying for the upkeep and is part of the Operations and Maintenance.

An audience member asked about the hierarchy and structure of the CDD.

Mr. Walters responded. To give a large view of CDDs, they are local units of special purpose and limited purpose government. The CDD is charged with the financing, construction, and eventual maintenance of public infrastructure within the District. Before everyone lived in this District it was 600 acres of trees, and the District was established. Bonds were issued, and

the money was used to build the roads, the stormwater ponds, and to install the water and sewer and parks. The District then constructs that with that money, and now we are in charge of maintaining that. The kind of hierarchy and turnover from the board perspective is when the District was first formed, the landowners elects the board members because there are no residents that live in the District that could serve on the board. The statute provided a turnover mechanism. When there are 250 residents, there is a turnover process from the landowner to the residents. That process has already occurred here, so all the board members are your neighbors. They all live in the community and pay the same assessments. The general function of the District is a planning and growth management tool so infrastructure projects can be built and maintained by an entity with the capacity to do so. The CDD is a unit of local government.

Mr. George Sandiford asked does the length of time you own the property have anything to do with payoff of the assessment?

Mr. deNagy responded no sir. The debt, as counsel advised, follows the land, not the owner. Once it was assessed originally, it is for 30 years regardless of who owns it.

Mr. Sandiford asked you could give me my payoff amount tonight?

Mr. deNagy responded yes I can.

Mr. Eric White stated looking at some of the quality, and I use the term loosely, of some of the driveway, my neighbors and I are considering doing something like maybe installing pavers in our driveway. Is that something that requires approval ahead of time to do or what does it take to do that?

Mr. deNagy responded that is an HOA issue, and you can talk with Cheryl Graham after the meeting.

Mr. Paul Sandiford stated tonight, in layman's terms, the CDD fee that we are being charged is going to go down?

Mr. deNagy responded yes, hopefully, that is what we are trying to do.

Mr. Sandiford stated but the balance will go up?

Mr. deNagy responded just like if you were to refinance your home, you would have closing costs and so forth that would roll into that mortgage, which would increase the principle on that a little bit, but because the interest rates are lower, your monthly payment goes down.

Mr. Sandiford stated so if you kept the house another 20 years, you would continue paying, but when you sell, you are done.

Mr. deNagy stated you are done. The new owner assumes that.

Mr. Sandiford asked what is the 8%?

Mr. Walters responded 8% is the percentage of savings. The board is saying in order for us to close this deal, we have to find a market condition that will give you at least 8% savings on your assessments. That works out to about \$41 per year. That is what they are setting as the minimum amount of savings that we can achieve in order to close this deal.

Mr. Ed Hart stated if I wanted to pay off the bond portion of my CDD, and I then subsequently sell the house, would the people who buy the house not have to pay anything other than O&M?

Mr. deNagy responded that is correct.

Mr. Ken Reisner asked about speeding cars and possible speed bumps.

Mr. Walters responded one of the functions the CDD does not have is traffic control. So we can't set the speed limit, and we can't put in speed bumps. The county can. It is a somewhat complicated issue. This comes up in a lot of Districts. They have to do a traffic study and things like that. I will say you should call the Sheriff's Department. If we ask one time, that is one call they take. If 100 residents are calling the Sheriff's Department saying we have a speeding problem, you are more likely to get action. Traffic control and traffic enforcement is a function of the county.

Supervisor Lyons had a question. Hot Wire cable is buried into the ground next to the roads, and he wondered why that is not part of our infrastructure. Why are we not concerned with that?

Mr. Walters responded it is not public infrastructure. Essentially what you are looking at is a conduit bond, and we don't fund those. Those are market driven things to the extent there is one line of conduit, and Hot Wire has their lines in there. Initially whoever wanted it could have it. If you have 10,000 homes, you get more competition for that generally. If you have 500, sometimes it is lower. What will happen is the original developer will have the exclusivity agreements so they can entice someone to come in and lay those cables, but that is not a function we ever get involved in.

Mr. Lyons stated when the developer was part of this committee, he said he went to Comcast and talked to them about coming in also, but Comcast said they would only do that if we agreed to pay for any damages that occurred to the Hot Wire infrastructure. Of course we

wouldn't do that. In order to have double infrastructure like that, you would have to have somebody come in that would be willing to work with the other company. I want to make sure that everybody understood that. It is not true that the CDD won't allow any other company to come in.

TENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet & Income Statement

These are as of December 31, 2016 and are located in the agenda package.

B. Assessment Receipt Schedule

This item is located in the agenda package.

C. Approval of Check Register

Mr. deNagy stated the total of the check register is \$92,504.75.

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor the Check Register in the amount of \$92,504.75 was approved.

ELEVENTH ORDER OF BUSINESS Next Scheduled Meeting May 4, 2017 at 10:30 a.m. at the Compass Group Conference Room

Mr. deNagy stated are next meeting will be May 4, 2017, at 10:30 a.m. at the Compass Group Conference Room, 961687 Gateway Blvd., Suite 201M, Amelia Island, FL.

TWELFTH ORDER OF BUSINESS Adjournment

On MOTION by Mr. Rowell seconded by Mr. Lyons with all in favor the Meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman