

**MINUTES OF MEETING
BANNON LAKES
COMMUNITY DEVELOPMENT DISTRICT**

The special meeting of the Board of Supervisors of the Bannon Lakes Community Development District was held on Wednesday, **January 6, 2021** at 11:00 a.m. at World Golf Village Renaissance Resort, 500 S. Legacy Trail, St. Augustine, Florida 32092.

Present and constituting a quorum were:

Art Lancaster	Chairman
John Dodson	Vice Chairman
Chris d'Aquin	Supervisor
Chris Hill	Supervisor

Also present were:

Jim Oliver	District Manager
Wes Haber <i>by phone</i>	District Counsel
George Katsaras <i>by phone</i>	District Engineer
Peter Dame <i>by phone</i>	Akerman, LLP

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 11:00 a.m. Four members of the Board were present constituting a quorum.

SECOND ORDER OF BUSINESS

Public Comment

Mr. Oliver asked that the public keep their comments for this portion of the meeting focused on items on the agenda, adding that they would have a chance at the end of the meeting to provide comments on regarding CDD matters, whether on the agenda or not. There being no public comments at this time, the next item followed.

THIRD ORDER OF BUSINESS

Affidavits of Publication

Mr. Oliver stated that the meeting was properly noticed in the St. Augustine Record.

FOURTH ORDER OF BUSINESS**Consideration of Items Related to 2021 Bonds**

Mr. Haber noted that when the CDD was established they adopted an Engineer's Report and Assessment Methodology which sets forth the manner in which the District would finance improvements for the project. He stated that the District issued a series of bonds previously in 2016. He stated that this is a second series of bonds to fund the improvements that are described in the Engineer's Report. He noted that any public hearings related to the assessment have already taken place. Once the bonds are issued those assessments will start being collected by the District in the upcoming year.

A. Revised Supplemental Assessment Methodology Report

Mr. Oliver noted that a copy of the Assessment Methodology is in the agenda. He provided an overview. He explained that this report is prepared whenever bonds are issued. He noted the Table of Contents is followed by the narrative section, which has an executive summary and also details the components of the report. In the last section is a series of exhibits, which are tables supporting the narrative section. This bond issue will be secured by the 235 single family residences that are going to be constructed in that phase. He reviewed Section 5.5 explaining the true up mechanism. It shows that 235 lots are going to be built in that phase 2 and that is how the debt is going to be apportioned over those 235 lots. If for some reason, the homebuilder decides to build fewer than 235 lots that are planned, a true-up payment must be paid by that landowner.

Mr. Oliver asked everyone to review the tables. Table 1 shows 235 lots. One is the residential single family parcel B of 81 units and parcel 2A is 154 units. He noted the anticipated construction cost is just over \$8 million. Mr. Oliver reviewed Table 3 noting the bonds to be issued are \$7.17 million. The construction funds generated are estimated to be \$5.9 million. Table 4 shows the assessments per unit for each of the lots. On the assessment roll is each of the 235 properties, with some already platted.

Mr. Haber noted there will not be a true-up agreement in place. The District will be relying on the true-up provisions in the methodology and assessment resolution for collecting any true-up payments that may become necessary. He asked for a revision to the section to remove the reference to the true-up agreement. He also noted that the amount that he referenced in the methodology as what the expectation is, and those amounts may vary some once the actual terms of the bonds is known. He noted if the amounts are less than what was adopted at the public hearing

when the District started this process in 2015/2016 then the District can move forward without further public hearing.

Mr. Haber asked for questions and a motion to approve the methodology report in substantial form noting that the changes are going to be made to the true up section and authorizing the Chair to review that change and any other changes that members of the finance team may have prior to being used for the marketing of the bonds.

On MOTION by Mr. Dodson seconded by Mr. Lancaster with all in favor, the Revised Supplemental Assessment Methodology Report and Authorization for the Chairman to Sign off on the Final Version, was approved in substantial form.

B. Revised Engineer’s Report

Mr. Katsaras presented the revised Engineer’s Report. He stated the supplemental Engineer’s Report for Phase 2 is found in the agenda package under 4B. Mr. Katsaras noted page 1 is the general background of the Bannon Lake CDD and the use of the Engineer’s Report. He noted in the middle towards the bottom it identifies the anticipated capital improvements to be associated with the Phase 2 improvements. He continued with the table on page 2 that identifies the 2 parcels (B and 2A) that are going to secure the Phase 2 bonds with a total of 235 units. On page 3, Table 1 shows cost estimates of the proposed improvements associated with Phase 2.

Mr. d’Aquin questioned the statement on the engineer’s report under the Recreation/Utility facility that says there is \$500,000 for the payment that was made to St. Johns County for the county’s park.

Mr. Lancaster stated this payment removed the need to put a county park or soccer field, open to the general public, at the CDD. It will be built off-site on county property.

Mr. d’Aquin asked what the cost would have been if the District went ahead and built the facility by Seacrest Harbor.

Mr. Lancaster stated about \$750,000 and that pricing was from approximately 2 years ago.

Mr. d’Aquin had a question on page 1 of the report where it talks about Phase 2 improvements. It lists the amenity center but when you look at the breakdown in the table the amenity center has a line item with no money contributed to it.

Mr. Lancaster stated that because as of today all of the improvements are done. That does not exclude future improvements. The line item is in there because the Board in the future is going to take into consideration additional security measures, gates, those type of things. He noted they don't have a budget line item. He stated here is also an anticipated future bond on future lots. That's where additional money might be seen.

Mr. d'Aquin asked if this bond issue is purely for Seacrest Harbor and for the first phase of the new Pulte neighborhood that is about to come in.

Mr. Lancaster stated that is correct.

Mr. d'Aquin asked if he was referring to most likely more bond issues in the future for when Pulte continues to expand.

Mr. Oliver noted that later in the meeting, Wes will explain the construction completion agreement. It gives the Board flexibility that if there are not construction funds in the CDD account, the developer can still undertake fronting that money to the CDD.

Mr. Haber didn't have anything to add. He asked for a motion along the lines of the motions made for the methodology just to allow for any other revision that may be raised by members of the finance team that they work with the underwriter, underwriters counsel, and others who have been reviewing it but just in case something pops up. A motion to approve it in substantial form authorizing the Chair for final sign off is appropriate.

On MOTION by Mr. Dodson seconded by Mr. Hill with all in favor, the Revised Engineer's Report and Authorization for the Chairman to Sign Off on the Final Version, was approved in substantial form.
--

C. Delegation Resolution 2021-02

- 1. Bond Purchase Agreement**
- 2. Supplemental Indenture**
- 3. Preliminary Limited Offering Memorandum**
- 4. Continuing Disclosure Agreement**

Mr. Dame introduced himself as being with the law firm of Akerman and stated they are serving as Bond Counsel to the District. He briefly described their job; to draft documents and provide assurance to the district and to the investors in the bonds that the bonds are legally approved and enforceable and the interest on the bonds is tax-exempt to the holder. He presented Resolution 2021-2 and gave a brief description. He stated the resolution offers the next series of

bonds for \$8 million. He stated that it does approve the issuance of the bonds. The bonds are repayable only from the special assessments levied for the purposes of repaying those bonds. The resolution approves a form of the various documents that are attached as exhibits including the Supplemental Indenture, Limited Offering Memorandum, Bond Purchase Contract, and a Continuing Disclosure Agreement. He stated the resolution approves the sale of the bonds to the underwriter and authorizes the Chairman of the Board to execute a contract. He reviewed the parameters for the sale of the bonds (Section 5). He made mention of Section 10 approving the Engineering Report and the broad authority to the Chairman, the staff, and the consultant for the District to approve other documents and take the actions that are necessary to go forth to issue the bonds and put them in place.

Mr. Dame noted District Counsel's request that language is included saying; including but not limited to the Acquisition Agreement, Completion Agreement, Collateral Assignment, and Assumption of Development Rights be added under section 12. He noted the effective date and that it is effective immediately upon adoption.

Mr. d'Aquin asked for further explanation of the \$95,905,000 referenced in the WHEREAS clause. Mr. Dame stated back in 2016 when the Board was first established the Board adopted a resolution that authorized \$95 million worth of bonds to be issued in various series from time to time as necessary. He noted under Florida Statutes it's necessary to go to a District court and get the court to validate the bonds. In 2016 the District authorized, what at the time, they thought was the maximum amount of bonds it would need to issue for the purposes of the various infrastructure improvements. That's the \$95 millions number and then that was taken to the court to validate the issuance of that amount of bonds. He noted this resolution is the follow up resolution to issue a portion of that \$95 million in the amount of \$8 million.

Mr. Haber noted the amount is clearly higher than any amount of bonds that the District will issue, but that amount was considered so the District could leave itself the opportunity to issue bonds to fund not only the master infrastructure which it is doing but also neighborhood infrastructure which to date it has not done.

Mr. Oliver expanded that at a certain point in time when the developer completely turns over the Board to the residents, that still gives the residents bond capacity should the residents want to take on additional improvements to the project without having to go back to court for validation.

On MOTION by Mr. Dodson seconded by Mr. Hill with all in favor, the Delegation Resolution 2021-02, was approved.

FIFTH ORDER OF BUSINESS

Consideration of Completion Agreement with RREF III-P-EP Bannon Lakes JV, LLC

Mr. Haber stated the amount of money that the CDD is getting in its construction account is less than the amount of money that is going to be needed to complete all of the improvements that are described to the 2021 project. It was the \$5 million versus \$8 million. He noted in connection with the bond issuance the CDD enters into an agreement with the developer which obligates the developer to complete the improvements identified for the 2021 project. It obligates the developer to do that completion to the extent the District doesn't issue any future series of bonds that would otherwise complete certain portions of that projects. He noted the District is not obligated to issue any future bonds. In the event the District doesn't issue future bonds the developer would have the obligation to complete that project.

Mr. Haber noted importantly for the purpose of this agreement and the bond holders who are purchasing these bonds they want to know that if there are not future bonds that the developer will be on the hook for the completion of that project.

On MOTION by Mr. Lancaster seconded by Mr. Hill with all in favor, the Completion Agreement with RREF III-P-EP Bannon Lakes JV, LLC, was approved.

SIXTH ORDER OF BUSINESS

Other Business

Mr. Oliver stated no other business for this special meeting.

SEVENTH ORDER OF BUSINESS

Supervisor's Requests, Audience Comments, and Other CDD Matters

There being none, the next item followed. There were no other audience members on the phone that wanted to comment.

EIGHTH ORDER OF BUSINESS

Next Scheduled Meeting – February 3, 2021 at 1:00 p.m. at the World Golf Village Renaissance Hotel, 500 S. Legacy Trail, St. Augustine, Florida 32092

Mr. Oliver stated the next scheduled regular meeting date is scheduled for February 3, 2021. A meeting in which all of the regular business will be discussed and CDD matters.

He noted another special meeting will be held to finish the bond process. It will be about 3 weeks from now. The Board discussed continuing the meeting versus holding a special meeting and it was Wes’s opinion that it makes more sense to issue a notice of special meeting since it is related to a bond issuance., and not routine business.

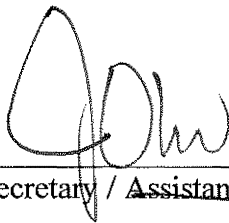
Mr. Oliver proposed that the meeting be held the week of the 25th. It was agreed the special meeting be held Monday Jan. 25th at 11:00 a.m. at World Golf Village Renaissance Hotel, 500 S. Legacy Trail, St. Augustine, Florida 32092. For quorum, at least three supervisors must be present in person.

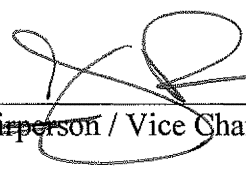
NINTH ORDER OF BUSINESS

Adjournment

The meeting was adjourned

On MOTION by Mr. Lancaster seconded by Mr. Hill with all in favor the Meeting was adjourned.


Secretary / Assistant Secretary


Chairperson / Vice Chairperson