

MINUTES OF MEETING
SANDMINE ROAD
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Sandmine Road Community Development District was held Thursday, July 21, 2022 at 2:00 p.m. at 1115 Aloha Blvd, Davenport, Florida.

Present and constituting a quorum were:

Aaron Struckmeyer
Amy Steiger
Chris Wrenn

Vice Chairman
Assistant Secretary
Assistant Secretary

Also present were:

George Flint
Andy Hatton
Broc Althafer
Tucker Mackie
Ryan Dugan

District Manager
Field Manager
District Engineer
District Counsel
Kutak Rock

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order and called the roll. Three Board members were present constituting a quorum.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Flint stated that this was a general public comment period on anything on the agenda or not on the agenda. He stated that they also had a public hearing on the annual budget. He suggested that if the public had any comments or questions on the budget, it would be appropriate to do that during the public hearing or he noted that they could comment during this time now. He asked for any public comment. Hearing none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes of the May 19, 2022 Meeting

Mr. Flint asked if the Board had any comments or corrections to the May 19, 2022 meeting minutes. The Board had no changes.

On MOTION by Mr. Wrenn, seconded by Mr. Struckmeyer, with all in favor, the Minutes of the May 19, 2022 Board Meeting, were approved as presented.

FOURTH ORDER OF BUSINESS

Review and Acceptance of Fiscal Year 2021 Audit Report

Mr. Flint stated that the CDD, as a governmental entity, was required to have an annual independent audit performed. He stated that the Board selected Berger, Toombs, Elam, Gaines & Frank as their independent auditor. He stated that the audit was for Fiscal Year 2021, which ended on September 30, 2021. He stated that the management letter started on page 32 and it showed that there were no current or prior year findings or recommendations. He noted that they reviewed all the criteria specified by the auditor general in the state of Florida and that there was one finding on page 34, which was that the actual expenditures exceeded the budgeted amounts. He explained that this was a timing issue with receiving the funding from the developer under the funding agreement because the District was under a Developer Funding Agreement. This finding was on September 30th and the expenses exceeded the revenue. He stated that it was not noted to be a major issue of concern. He asked if there were any questions or comments on the Fiscal Year 2021 audit report. Hearing none,

On MOTION by Mr. Wrenn, seconded by Mr. Struckmeyer, with all in favor the Fiscal Year 2021 Audit Report, was accepted.

FIFTH ORDER OF BUSINESS

Public Hearing

A. Consideration of Resolution 2022-03 Adopting the Fiscal Year 2023 Budget and Relating to the Annual Appropriations

Mr. Flint noted that the Board previously approved what was called a proposed budget and they set this day as the date, place, and time for the public hearing to consider final adoption of the budget. He stated that the budget did contemplate an increase in the per unit assessment amount and as a result of that, they did perform a mailed notice to all the property owners within the

boundaries of the District notifying them of the public hearing on this day and the proposed assessment amount increase that was associated with the budget. He stated that the only major change between what they saw when they considered the proposed budget and what they had on this day was since the proposed budget was adopted Phase 3 of the project had been annexed into the District. He stated that the units associated with Phase 3 were now reflected in this budget. There are 789 assessable units now. He noted that the per unit amounts were the same as what they saw and the difference in that additional revenue had been inserted into their landscape maintenance line item, which was adjusted upward to balance the additional revenue generated by the Phase 3 units. Ms. Mackie asked if the Phase 3 units received the mailed notice at the time it would have gone out originally. Mr. Flint responded no, and he thought part of the plan on this day was to continue this public hearing to August and then perform the mailed notice to the Phase 3 units.

Mr. Flint stated that this was a public hearing, so he opened the floor for public comment. Ms. Stephanie Toliver asked what boundaries are covered the Sandmine community development issue. Mr. Flint responded that it was everything within Windsor Island. He further explained that Sandmine Road is a Community Development District in Florida and that there was probably 800 CDD's in the state. He stated that they were common and that they were limited purpose forms of government. He also noted that their primary purpose was to finance, own, and maintain public infrastructure. He stated that in the instance of Sandmine Road, it funded a majority of the water, wastewater, reclaim water infrastructure, and the stormwater management system. He stated that in this community, the roads were private and owned by the association. Ms. Toliver asked for clarification on if everything on this side of the gate was under the HOA and everything outside of the gate was the CDD. Mr. Flint responded yes, but that inside of the gate they owned the stormwater system, and that they also funded the things that they couldn't see, which were the water lines, sewer lines, and reclaim lines. He noted that the utility infrastructure was funded by the CDD, and it was turned over to Polk County utilities. He stated that Polk County owned and operated it, but the CDD funded the infrastructure.

Another member of the public asked what the difference was between HOA and CDD. Mr. Flint and Mr. Struckmeyer responded that the HOA did the amenity, all the landscaping inside of the gate, and any other needed improvements that were interior to the community like the roadway because it was gated and couldn't be a part of the CDD because it did not have public access to

anyone who drove through. Mr. Flint noted that the HOAs did things that CDDs did not do like architectural review. Mr. Flint further explained that the cost of the CDD was paid for by the homeowner and that it was noted on their tax bill. Mr. Struckmeyer stated that there was a general fund which covered the expenses that would occur annually such as management fees, landscape maintenance and replacement, and then the debt servicing portion which mostly could be paid off early.

B. Consideration of Resolution 2022-04 Imposing Special Assessments and Certifying an Assessment Roll

There was a question from another member of the public asking what the special assessment was for. Mr. Flint responded that the term special assessment for CDD was different than what they would hear that term being used for as an HOA. He further explained that for CDDs, they imposed assessments for the operating and maintenance and the debt service, which was called special assessments, but they were ongoing and not just a one-time thing. He referred to the general fund budget on the bottom of page 2, which was based on the land use. He noted that whether it was a townhome, a 40 ft. lot, or a 50 ft. lot, there was a per unit annual assessment and that was the operating and maintenance portion of that. He noted that this was a one-time annual fee that was on their tax bill. He also noted that this number could vary from year to year depending on the District's annual budgeting process and it was proposed to increase from 2022-2023 and was primarily because now all the costs were coming online. He noted that Phases 1 and 2 were mostly complete, so all the landscaped areas were now being incorporated into the budget and that they were trueing up their per unit assessments with their actual costs. He explained that they had the debt service assessment and that the District issued bonds in 2020 and he referred to the agenda package for the 2021 per unit amounts based on the product type, which would be on the annual tax bill in November. He noted that those numbers were fixed over the life of the bonds and that they were advertised over 30 years. He stated that the homeowners had the ability to pay off early to avoid the interest in the future years. He noted that it wasn't a personal obligation of the homeowner and explained that when they sell, it isn't something that had to be paid off or a lien that had to be dealt with. It was on the land, and it goes with the house when they sell it. He stated that since the proposed budget was approved, Phase 3 was annexed into the District, which occurred after the mailed notice went out for the O&M assessments. He recommended that the Board continue the budget hearing and that it needed to be a week after the regular August meeting,

which was on the 25th. He explained that would give them time to do the 30-day mailed notice for Phase 3 to be able to get those operating and maintenance assessments on the tax bill in November. Mr. Struckmeyer asked if they could reschedule the August meetings. Mr. Flint responded yes, they would cancel the meeting on August 18th and would continue the public hearing on August 25th. He noted that they would also be considering an Engineer's Report and assessment methodology for Phase 3 and setting a public hearing for that, which was a 30-day mailed notice.

Mr. Flint turned the discussion over to Ms. Mackie. Ms. Mackie stated that in the instance that they opened the public hearing, they just needed a motion to continue this public hearing in progress for a date and time certain, which was August 25th at 2:00 p.m. in the current location, which was proposed by staff.

On MOTION by Mr. Wrenn, seconded by Mr. Struckmeyer, with all in favor, Continuing the Budget Adoption and Assessment Public Hearing to August 25, 2022 at 2:00 p.m. at 1115 Aloha Blvd., Davenport, Florida, was approved.

SIXTH ORDER OF BUSINESS

Financing Matters

A. Consideration of Engineer's Report

Mr. Flint noted that the District Engineer had prepared an Engineer's Report for Assessment Area 3, which was the Phase 3 portion of the development. He turned the discussion over to Mr. Althafer. Mr. Althafer stated that included in the agenda package was the amended and restated Engineer's Report. He stated that it was the report that had Phases 1 and 2 and added in the Phase 3. He noted that the first section was an introduction and the general location. He stated that it described that they were adding approximately 21.07 acres to the total boundary. He also noted that it reviewed the purpose and description of use within the District. He referred to page 3 of the Engineer's Report, which showed the breakdown of the unit types within each phase. They are adding 169 units total, which is a combination of 25 ft. wide townhomes, 40 ft. wide, and 50 ft. wide detached single-family homes. He reviewed the next section which was status of permitting. He noted that at this point, they felt like they have all the permits in hand that were required to construct the improvements associated with the Phase 3 improvements. He reviewed the infrastructure benefits which talked about how the infrastructure benefited the residents and people outside of the boundary of the CDD. The next section he reviewed was the master project infrastructure improvements, which was a brief description of what all the improvements were. He

listed these improvements, which were the stormwater management system, potable water distribution system, reclaimed water distribution system, lift station, and sanitary sewer systems, earth work and grading improvements associated with the stormwater management system, common area landscape irrigation and hardscape. He reviewed the construction schedule, which was updated to show that Phases 1 and 2 were completed and that Phase 3 was ongoing with a hopeful completion date later this year. He explained the ownership and maintenance section, which outlined who would be responsible for ownership and maintenance of each of the improvements that were listed. He noted that the CDD would own and maintain the stormwater management system along with storm pipes and any kind of collection and conveyance system associated, and the landscape, irrigation and hardscape. He stated that the remainder of the utility improvements would be turned over to Polk County utilities. He reviewed the construction costs explaining that in Phases 1 and 2 it was the actual contracted values that were included and in Phase 3 it was the estimated value of the improvements based on current contract values, but that did not include any kind of change orders that had occurred or will occur prior to completion of Phase 3. He concluded his review and asked if anyone had any questions. Hearing none, the next item followed.

B. Consideration of Assessment Methodology

Mr. Flint stated that they took the Engineer's Report and prepared a Master Assessment Methodology for Assessment Area 3, which was Phase 3. He referred to the tables that started on page 9 of the report stating that this was the development plan that was reflected in Mr. Althafer's report for Phase 3 as he indicated and that there were 169 units, which were a combination of townhomes, 40 ft. single-family lots and 50 ft. single-family lots. Table 2 showed the eligible improvements that Mr. Althafer had identified in his report, which totaled \$3,368,540. Table 3 showed a preliminary bond sizing using Mr. Althafer's infrastructure estimates, one-year maximum annual debt service reserve, 12-months of capitalized interests, underwriters discount, and cost of issuance. He noted that resulted in a par amount of \$4,270,000. He stated that these were conservative parameters that were used to prepare the bond sizing. He stated that once those bonds were issued, the supplemental report would be prepared which would reflect the actual interest rates in terms. Table 4 showed the allocation of benefit based on the improvement costs. Table 5 showed the allocation of benefit based on the par debt per unit amounts. Table 6 showed

the net and gross annual assessment for Assessment Area 3, if they were to fund 100% of the identified improvements at the interest rates in the preliminary bond sizing. He noted that it did not affect anyone that would live in Phase 1 or Phase 2. These bonds were just for the phase that was being developed at this time. Table 7 showed the preliminary assessment roll and Phase 3 had already been fully platted, so they listed all the parcel IDs and the proposed assessment amounts. Mr. Flint asked for any questions on the methodology. Hearing none, the next item followed.

C. Consideration of Resolution 2022-05 Declaring Special Assessments

Ms. Mackie stated that included in the agenda were two resolutions that were the beginning steps of the Chapter 170 process by which they levied the master assessments associated with the Phase 3 project that Mr. Althafer had discussed in his report. She noted that two important things to discuss again that Mr. Flint covered under his report was that these assessments were expected to be levied only on the Phase 3 land, not on the existing Phases 1 and 2 land. She noted that these were the maximum assessments that the District could assess based on the totality of the improvements that were included within Mr. Althafer's improvement plan. She stated that as Mr. Flint indicated, this was a first step and that they were going to schedule a public hearing to determine the appropriateness of these assessments on August 25th. She stated that she would be happy to answer any questions.

Ms. Mackie stated that this resolution declared the District's intent to levy an assessment to defray the cost of the proposed CIP illustrated in Mr. Althafer's improvement plan. She noted that the second resolution would set that public hearing.

On MOTION by Mr. Wrenn, seconded by Mr. Struckmeyer, with all in favor, Resolution 2022-05 Declaring Special Assessments, was approved.

D. Consideration of Resolution 2022-06 Setting a Public Hearing for Special Assessments

Mr. Flint stated that this resolution would set the public hearing. He stated that they needed to set a date, place, and time. His recommendation was to hold that hearing in conjunction with the continued budget hearing on August 25th at 2:00 p.m. in the current location.

On MOTION by Mr. Wrenn, seconded by Mr. Struckmeyer, with all in favor, Resolution 2022-06 Setting a Public Hearing for Special Assessments for August 25, 2022 at 2:00 p.m. at 1115 Aloha Blvd., Davenport, Florida, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Arbitrage Rebate Computation Proposal from AMTEC

Mr. Flint stated that the IRS required the District to perform a calculation to make sure they did not earn more interest than they were paying. He stated that it was required to be done every five years. He explained that they typically asked the Board to do that annually. He noted that the cost to do that annually multiplied by five ended up being the same as if they were to wait and do it at the end of the five years. He noted that AMTEC had provided a proposal that was for all five years, which was \$450 a year. He stated that he would recommend approval.

On MOTION by Mr. Wrenn, seconded by Ms. Steiger, with all in favor, the Arbitrage Rebate Computation Proposal from AMTEC, was approved.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Mackie stated that she had nothing further to report, but she was available for questions.

B. Engineer

Mr. Althafer stated that he had nothing further to report, but he was available for questions.

C. District Manager's Report

i. Balance Sheet and Income Statement

Mr. Flint presented the financials to the Board stating that they were through May 31st. There was no action required.

ii. Ratification of Funding Requests 26-28

Mr. Flint stated that the funding requests 26-28 were in the agenda package and had been transmitted to the developer under the Developer Funding Agreement.

On MOTION by Mr. Wrenn, seconded by Ms. Steiger, with all in favor, Funding Requests 26-28, were ratified.

iii. Approval of Fiscal Year 2023 Meeting Schedule – ADDED

Mr. Flint stated that typically at the Board meeting, they would adopt the budget and consider the annual meeting schedule. He stated that this one contemplated meeting on the third Thursday of the month at 2:00 p.m. in the current location. Mr. Struckmeyer asked if they could find another location for the meeting because they were running out of space at the current location. Mr. Flint stated that they did not have to approve this today. He gave the option to just defer action on this to the August meeting and could look at alternative meeting locations then. The Board agreed to defer action to a future meeting.

iv. Confirmation of New August 2022 Meeting Date – ADDED

Mr. Flint stated that the intent was to cancel the August 18th meeting and they will continue the budget hearing and the assessment hearing on August 25th.

v. Reminder to file Form 1 with Supervisor of Elections

Mr. Flint noted that he sent out a reminder to file the Form 1 because they needed to be filed annually.

NINTH ORDER OF BUSINESS

Other Business

Mr. Flint asked for any other comments or questions.

TENTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS

Adjournment

Mr. Flint adjourned the meeting.

On MOTION by Mr. Wrenn, seconded by Ms. Steiger, with all in favor, the meeting was adjourned.

July 21, 2022

Sandmine Road



Secretary/Assistant Secretary



Chairman/Vice Chairman