

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, August 25, 2022 at 2:00 p.m. at 1115 Aloha Blvd, Davenport, Florida.

Present and constituting a quorum were:

Eric Baker
Amy Steiger
Sean Bailey

Chairman
Assistant Secretary
Assistant Secretary

Also present were:

George Flint
Andy Hatton
Broc Althafer
Tucker Mackie *by phone*
Ryan Dugan
Steve Sanford *by phone*

District Manager
Field Manager
District Engineer
District Counsel
Kutak Rock
Greenberg Traurig

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 there were no members of the public present.

THIRD ORDER OF BUSINESS

Approval of Minutes of the July 21, 2022 Meeting

Mr. Flint asked if the Board had any comments or corrections to the July 21, 2022 meeting minutes. The Board had no changes.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, the Minutes of the July 21, 2022 Board Meeting, were approved as presented.

FOURTH ORDER OF BUSINESS

Public Hearings

Mr. Flint noted that they had two public hearings. The first one deals with the Phase 3 debt service assessment hearing and the second one was the continued budget hearing from their last meeting.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, Opening the Public Hearing, was approved.

A. Phase 3 Master Debt Service Assessment Hearing

Mr. Flint stated that now that Phase 3 had been annexed into the boundaries of the District, the Master Engineer's Report was updated to include those units and the improvements associated with Phase 3. He stated that they were calling that Assessment Area 3.

Mr. Dugan stated that this was for the assessments that provide for the Phase 3 improvements for the debt. He noted that they provided public notice which included mailed notice to landowners. He stated that this was basically step 2 in the process for financing these improvements. Step 1 was declaring the intent to levy the assessments at the July meeting. Step 2 was where they were going to finalize the imposition of the assessments. Step 3 would be the District moving forward and issuing the bonds. He stated that there would be a resolution to formalize the Board's action today, which they will pick up after they go through the Engineer's Report and the assessment methodology. He asked Mr. Althafer if he wanted to walk through the Engineer's Report specific to the Phase 3 improvements and cost estimates.

Mr. Althafer stated that the Engineer's Report was consistent with what was presented in the July meeting. He noted that they had added the Phase 3 improvements, which included stormwater system, potable water distribution system, sanitary sewer collection and conveyance system, reclaimed water distribution system, landscape and hardscape improvements and professional fees and impact fees which get paid to Polk County. He stated that Phase 3 improvements totaled \$3,368,540.49. He explained that they were all CDD improvements. He stated that if anyone had any questions or needed clarification on anything, he would be happy to answer.

Mr. Dugan asked if the cost estimates that were in his Engineer's Report were reasonable and proper. Mr. Althafer responded yes; they were. Mr. Dugan asked if Mr. Althafer had reason to believe that the Phase 3 improvements could not be carried out by the District. Mr. Althafer stated that he was not aware of any reasons. Mr. Sanford asked if the cost of the Phase 3 project rate had not changed. Mr. Flint responded that was correct. Mr. Sanford responded that he wasn't sure why he had as much as he had in the delegation resolution then. Mr. Flint asked if he had that for the improvement cost. Mr. Sanford responded that it was for the par. Mr. Flint stated that the par amount was the \$3,368,540.49 grossed up. He noted that number was probably not a bad number. Mr. Sanford asked if they were going to finance the whole project. Mr. Flint responded no and that they were only going to finance \$2,000,790 as the par amount of the bonds.

i. Master Special Assessment Methodology for Assessment Area Three, July 21, 2022

Mr. Flint stated that at their meeting last month they declared their intent to levy assessments, they set the public hearing, and they reviewed the Master Assessment Methodology for Assessment Area 3, which was dated July 21, 2022. He explained that the report would take all the improvements that Mr. Althafer had identified in his report as eligible costs and it would make some conservative assumptions about interest rates and other things, so when they actually go to issue the bonds, they would have ultimate flexibility in doing that. Table 1 of the Master Assessment Methodology reflected the development program, which was 169 units that was a mix of townhouse, single family 40', and single family 50'. He stated that they had assigned ERU factors to those, which were consistent with the other two bond issues. Table 2 showed the improvement program that Mr. Althafer identified as \$3,368,540.49. Table 3 showed the conservative bond sizing for purposes of the Master Methodology. He noted that they added a debt service reserve that was equivalent to one-year max annual debt, capitalized interest of 12 months, underwriter's discount, and cost of issuance which resulted in a par amount of \$4,270,000. Table 4 showed the benefit to the various units based on improvement cost per unit. Table 5 demonstrated benefit based on par debt per unit. Table 6 showed what the per unit assessments would be if they were to finance 100% of the improvements under those very conservative parameters. He noted that they were much higher than what the target assessments were ultimately going to be. Table 7 showed the assessment roll which listed the assessment amounts for the platted units in Phase 3.

Mr. Flint stated that the only change from the July meeting was the year the Engineer's

Report date referenced in the report was revised to the report date that was included in the agenda package. Mr. Dugan asked if the District land subject to these assessments received a special benefit from the Phase 3 improvements. Mr. Flint responded yes. Mr. Dugan asked if the assessments were reasonably and fairly allocated to the land. Mr. Flint responded yes. Mr. Dugan asked if it was reasonable, proper, and just to assess the cost to Phase 3 improvements against the land in the District in accordance with the methodology. Mr. Flint responded yes. Mr. Dugan asked if the assessed lands would receive special benefits equal to or in excess of the assessments as levied under the methodology. Mr. Flint responded yes. Mr. Dugan asked if it was in the best interest of the District that the assessments be paid and collected in accordance with the methodology in the assessment. Mr. Flint responded yes.

ii. Consideration of Resolution 2022-08 Levying Assessments

Mr. Dugan stated that this resolution was in the agenda package for review. He stated that this resolution set forth the record that they were required to establish in adopting the assessments. He stated that it would make certain findings based on the steps that had been taken today and the evidence presented at today’s hearing. He noted that it finalized the forms of the Engineer’s Report and the Assessment Methodology Report. He stated that it would provide for the assessment roll that was included in the assessment report. He stated that he would be happy to answer any questions. Hearing none,

<p>On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, Resolution 2022-08 Levying Assessments, was approved.</p>

B. Continued Budget Hearing and Operations and Maintenance Assessment Hearing

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

Mr. Flint stated that at their last meeting they originally scheduled the budget adoption hearing for the July 21st meeting. He explained that because Phase 3 was recently brought into the boundaries of the District, they asked the Board to consider continuing the budget hearing to allow them to include Phase 3 in the budget. They did the mailed notice that was required for Phase 3 and the additional notice requirements to include that into the FY2023 budget. He stated that they had previously approved a proposed budget without Phase 3. He stated that the first resolution was

Resolution 2022-03 adopting the Fiscal Year 2023 budget which now included Assessment Area 3. He stated that there were no members of the public present to provide comment or testimony. He noted that attached to 2022-03 was the revised budget which included all the units in the District, 789 assessable units.

On MOTION by Mr. Baker, seconded by Mr. Bailey, with all in favor, Resolution 2022-03 Adopting the Fiscal Year 2023 Budget and Relating to the Annual Appropriations, was approved.

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

Mr. Flint stated that this resolution imposed the assessments associated with the budget that they just adopted. He noted that attached to that was the budget that was just approved as well as the assessment roll, which shows property and assessment amounts. He stated that this authorized them to certify these assessments to the county for inclusion on the tax bill. He asked for any questions. Hearing none,

On MOTION by Mr. Baker, seconded by Mr. Bailey, with all in favor, Resolution 2022-04 Imposing Special Assessments and Certifying an Assessment Roll, was approved.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, Closing the Public Hearing, was approved.

FIFTH ORDER OF BUSINESS

Financing Matters

A. Appointment of Financing Team

i. Underwriter

Mr. Flint noted that they had a proposal and a G-17 disclosure from FMS Bonds. He noted that they served as underwriter on their other bond issues. He explained that they had to do a separate one for each bond issue and that they were required to make certain disclosures under the MSRB rules, which were included in that document. He noted that they only got paid if the bonds were issued and they got paid a percentage of the par amount, which was specified in their agreement. He asked if there were any questions on the agreement.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, the Underwriter Agreement, was approved.

ii. Bond Counsel

Mr. Flint noted that they were also required to have Bond Counsel and Greenberg Traurig's, Steve Sanford, served as Bond Counsel on their other deals. He noted that Steve Sanford had included his proposed engagement letter in the agenda package.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, the Bond Counsel Engagement, was approved.

B. Consideration of Resolution 2022-07 Bond Delegation Resolution

i. Form of Bond Purchase Contract

Mr. Sanford stated that the adoption of this resolution sets the parameters. He noted that when it comes time for pricing the bonds within the parameters set by the Board, the Chair and the Vice Chair would be authorized to sign a Bond Purchase Contract without the need for a special meeting. He noted that the parameters were in section 3 of the resolution. He explained that they were authorizing the principal amount of bond not to exceed \$4,270,000. He noted that the parameters were that they could not have a term longer than 30 years as described by the statute. He also stated that the interest rate could not exceed the maximum rate, which was set by the formula in the Florida statute. He stated that the compensation to the underwriter FMS was 98%, which means that the District would sell the bonds to the underwriter at a discount and then the underwriter would turn around and sell those bonds at the par amount. He further explained that the difference would be the compensation to the underwriter.

Mr. Sanford explained that if there were any necessary changes to the methodology report in connection with the pricing of the bonds, then they could make those changes to those agreements in connection with the sale of the bonds. Mr. Sanford stated that they were asking the Board to approve certain documents of the Bond Purchase Contract. He noted that this contract was between the District and FMS.

ii. Form of Preliminary Offering Memorandum

Mr. Sanford stated that once the bonds were priced, the Preliminary Limited Offering Memorandum would get finalized with the final terms of the bonds and then the document would get delivered to investors.

iii. Form of Continuing Disclosure Agreement

Mr. Sanford noted that the Continuing Disclosure Agreement was required in the SEC rules. He stated that this created a level playing field for anyone who wanted to buy these bonds in the secondary market. He explained that this agreement would provide annual updates on the status of the project, and it was intended to keep everyone up to date on all the relevant information.

iv. Third Supplemental Trust Indenture

Mr. Stanford reviewed the Third Supplemental Trust Indenture that was between the District and US Bank Trust Company as the bond Trustee. He noted that every time they do a series of bonds, they have a separate Supplemental Trust Indenture.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, Resolution 2022-07 Bond Delegation Resolution, was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Dugan stated that now that they had done the Bond Delegation Resolution, it authorized the Chair and District staff to move forward with the sale of the bonds. He explained that once the Offering Memorandum goes out, it usually takes about a week or so for the bonds to price. He noted that once the bonds were priced, the Chair and District staff would complete the sale next to the closing. He stated that closing was scheduled the week of September 19th. He stated at that meeting they would also adopt the Supplemental Assessment Report.

B. Engineer

Mr. Althafer stated that he was working with District Counsel on acquisition of Phase 3 infrastructure.

C. District Manager’s Report

i. Balance Sheet and Income Statement

Mr. Flint presented the financials to the Board. There was no action required.

ii. Ratification of Funding Request 29

Mr. Flint stated that funding request 29 was in the agenda package and had been submitted under the Developer Funding Agreement.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, Funding Request 29, was ratified.

iii. Approval of Fiscal Year 2023 Meeting Schedule and New Location

Mr. Flint stated that they were continuing to look for an alternative location.

On MOTION by Mr. Baker, seconded by Ms. Steiger, with all in favor, the Fiscal Year 2023 Meeting Schedule as the Third Thursday of each Month at 2:00 p.m. in the Current Location, was approved.

SEVENTH ORDER OF BUSINESS

Other Business

Mr. Flint asked for any other comments or questions.

EIGHTH ORDER OF BUSINESS

Supervisors Requests

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Adjournment

Mr. Flint adjourned the meeting.

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



Secretary/Assistant Secretary



Chairman/Vice Chairman