

MINUTES OF MEETING
JULINGTON CREEK PLANTATION
COMMUNITY DEVELOPMENT DISTRICT

A meeting of the Board of Supervisors of the Julington Creek Plantation Community Development District was held Tuesday, March 28, 2006 at 6:00 p.m. at the Bartram Trail Branch Library, 60 Davis Pond Boulevard, St. Johns County, Florida.

Present and constituting a quorum were:

Susan S. Beaugrand	Chairperson
Kathleen P. Minnis	Vice Chairman
Al Abbatiello	Assistant Secretary
Brian Pincket	Assistant Secretary

Also present were:

James Oliver	District Manager
Brian Crumbaker	District Counsel
Matt Maggiore	District Engineer
Pam Holton	Prager Sealy & Co.
Paul Basham	Basham Design Group
Stacie Hernandez	YMCA
Several Residents	

FIRST ORDER OF BUSINESS

Roll Call

Ms. Beaugrand called the meeting to order at 6:00 p.m.

SECOND ORDER OF BUSINESS

**Consideration of Purchase of the
Administrative Building Located at 950
Davis Pond Boulevard**

Ms. Beaugrand stated the second order of business is consideration of the purchase of the administrative building located at 950 Davis Pond Boulevard. A couple of years ago when we originally talked about the expansion of the recreational facilities, one of the things we discussed was the opportunity to buy the administrative building that is now considered the Distinguished Realty Building. Not knowing what our options were as far as other land parcels to expand our recreational facilities and without building the arcade contiguous to our existing recreational

facilities, we looked into it very hard at that point and ended up discounting it as one of our options and went with the option that most of you have been hearing about for the last couple of years which was to buy parcel 50 from D.R. Horton and to also buy a parcel immediately south of that parcel from Rayland and we have accomplished both of those.

I was contacted about a month or so ago by John Zakoski of D.R. Horton letting me know that they were putting the building up for sale. They agreed some time ago to let the CDD know they were doing that in the event that the CDD was interested, so they were holding up kind of a handshake agreement to let us know so if we choose to do so, we have an opportunity to buy it. At our last meeting earlier this month we did have that discussion and certainly didn't have enough information at that point in time to make a determination as to whether it was fiscally responsible or a possibility of something that we could do. We have asked Paul Basham our architect to come up with some very quick numbers and they are quick and rough numbers based on our current plan and Mr. Basham provided those to Pam Holton of Prager Sealy & Co. to run some scenarios for us to determine whether we even had enough money based on the assessments we pre-collected and the amount of bonds that we would be able to issue based on where our excess assessments are. That summarizes where we left off at the end of the last meeting.

Ms. Minnis stated there was another optional buyer, did they back out?

Ms. Beaugrand responded no they didn't back out and he called me today to see where we were and I told him the same thing I just said to the rest of the group here. He did mention that he was willing to see if we could work out some deal to co-purchase. I don't know that that is an option with the way the CDD is set up if it is possible to own something jointly with another party. I think he still has an offer in on the property.

A member of the audience responded yes.

Ms. Beaugrand asked Ms. Holton to go through the scenario that was run based on Mr. Basham's numbers. I apologize for what Mr. Basham worked up as an estimate but he has estimated and I assume these estimates are on the high side, he estimated based on the plan we looked at and pretty much blessed before earlier this month. The estimate is approximately \$11.8 million. That is the number you will see in Ms. Holton's numbers in the scenarios she ran and if you look at page 2, she does refer to the \$11.8 million. I will be happy to pass this around, just remember that it is very preliminary in nature.

Ms. Holton stated we have taken a look at the numbers that were made available to us by Mr. Basham. We took a look at the revenues that the District has set aside over the past couple of years for this capital improvement project. We also took into consideration the annual assessments that the District would like to continue to levy without increasing the assessments moving forward in order to finance this project.

Currently the District has about \$1.4 million set aside and held with the trustee for the bonds as well as in the District's general fund. The District is also currently collecting about \$645,000 a year particularly for the recreational improvements. If the District chooses to issue bonds at this particular point in time and keep the assessments the same, we believe that given current market interest rates that we can issue about \$8.6 million in bonds which would fund about \$9.9 million of construction.

Ms. Beaugrand stated it is \$7.9 million.

Ms. Holton responded it is \$7.9 million and then take into consideration the other monies you have on hand it will be a total of about \$9.9 million. Just based on these preliminary numbers it looks like we would still be short of the \$11.8 million that Basham & Associates has estimated at this particular time. That is keeping the annual assessments the same and keeping the maturity of the bonds the same.

Ms. Beaugrand stated that was with the \$8 million, that does not include the addition of the administrative building.

Ms. Holton stated not including the administrative building.

Mr. Pincket stated you said this was issuing \$8.6 million of new bonds, but that is not our capacity to issue bonds.

Ms. Holton responded that is your capacity. Your capacity is \$8.6 million based on annual debt service of about \$645,000 which is what you are currently setting aside.

Mr. Pincket stated that is keeping the assessments the same.

Ms. Holton responded yes.

Mr. Pincket stated if we opted to increase the assessments we have more capacity.

Ms. Holton responded yes.

Mr. Pincket asked is there some limit to the amount of bonds we can issue?

Ms. Holton responded there is some limit. At the time that the District was formed, the District actually had to validate a certain amount of bonds that it planned to issue and had to go

to the State to get approval. It is \$15 million so we do have enough room to issue additional bonds if these assessments were increased.

Mr. Pincket stated \$15 million total bonds and that was the same number we had when the District was formed?

Mr. Crumbaker stated you actually had to go back through validation to validate the additional \$15 million in order to cover the costs associated with the amenity center.

Ms. Beaugrand stated that is in addition to the existing bonds that we already have out there.

Mr. Pincket stated we can go another \$15 million on top of what we have right now.

Ms. Beaugrand responded that is based on the last validation we went to court on.

Mr. Abbatiello stated we also have the assessments the way they are not including the \$100 additional the residents agreed that we could go that maximum. What will that additional \$100 fund?

Ms. Holton stated I didn't know they had agreed to an additional \$100.

Ms. Beaugrand stated let me clarify that. It wasn't that anyone agreed to anything, in the workshop we ran scenarios and the way it was communicated was that the Board was definitely interested in providing a bigger facility for the community and we went out saying that on a best efforts basis we would try to max any increase in assessments at an additional \$100. There was no homeowner vote or anything like that. We indicated that that was kind of the goal.

Mr. Abbatiello stated and that was the basis on which it was sold to the residents who had no major complaints with that.

Ms. Holton stated I actually did a couple of other scenarios to try to calculate how much more the assessments would have to increase if you were able to fully fund the recreational facility as budgeted and also to include the new building. In the first scenario I looked at how much it would take to fully fund the \$11.8 million and we would need to issue and this is taking into consideration the monies you already have on hand, you would need to issue \$10.68 million in bonds and the assessments would increase approximately 23% over what they currently are to pay the debt service.

Mr. Pincket asked what does that translate into per homeowner annual increase in assessments?

Ms. Beaugrand stated that takes it just over \$100. I think our assessments are currently at \$480 and that will take it up to \$600.

Mr. Pincket asked did you say the scenario you just described would be to build the new recreational complex and acquire the Distinguished Realty Building?

Ms. Holton responded no; that was to build the complex. If you include the building the assessments would go up 35% and let me clarify, when I did the percentage increase, I did it based on the existing debt service assessment, not on the total assessment. I would have to go back and make an adjustment to factor in all of the O&M assessments to figure out the total percentage increase.

Ms. Beaugrand stated it is less than \$100. Do you have the total debt service assessment so that we can figure out the dollar increase based on the percentage?

Ms. Holton responded I have for the single family and this is based on information I received from England-Thims. The single family debt service assessment is \$213.

Ms. Beaugrand stated that is a \$50 increase. The other one was 35%?

Ms. Holton responded yes.

Mr. Pincket asked what does that translate into a per homeowner increase?

Ms. Beaugrand responded that would be a \$75 increase.

Mr. Pincket stated we said it is a \$100 increase.

Ms. Beaugrand responded the effort was to keep the increase no greater than \$100 per homeowner using the single family homeowners assessment as the benchmark for all property owners.

Mr. Abbatiello stated I think we also have to bear in mind that the estimate from Mr. Basham does not include some items that we had determined in one of our workshops that would be something on the order of an additional \$1.5 million to \$2 million, such as impacts, zoning and land use modification, impact fees, professional fees and things of that nature. That would have to be added to that and I would guess that is roughly \$1 million.

Ms. Beaugrand asked is that not included?

Mr. Basham responded the items not included are on the back.

Ms. Beaugrand asked do you have a feel for those numbers?

Mr. Abbatiello stated I have some of the numbers in the January 2004 workshop, environmental impacts was \$170,000, zoning and/or land use modifications \$100,000, permit

and impact fees \$50,000, meter and tap fees were \$25,000, O&M was missing, card management computer system \$25,000, professional fees \$558,000, offsite development costs I don't see, and land cost is indicated on Mr. Basham's recent sheet and previous 2004 workshop was \$650,000.

Mr. Pincket asked what was that last item?

Mr. Abbatiello responded that was for land. That should already be taken care of.

Ms. Beaugrand asked what was card management? The computer system. Another thing the numbers that Ms. Holton has here do not include the increased O&M for the new facility. There isn't as much room as you think there may be by just looking at these numbers on the surface. I don't know that we are in a position right now to really estimate what that O&M expense is. It is going to be more than double what we already have so it is difficult to throw out a number and have it be a realistic number.

Mr. Abbatiello asked why do you think it would be more than double?

Ms. Beaugrand responded it is bigger facility. There are more issues.

Mr. Pincket stated likely more staff.

Ms. Beaugrand stated definitely more staff, more expense to operate more electric, water and the whole nine yards. It is a bigger facility.

Mr. Crumbaker stated another thing about the numbers; I think you mentioned this was from a 2004 workshop, the impact fees in St. Johns County have gone up significantly. That \$50,000 if it is anything like residential impact fees, I think they tripled last year. That number can be significantly higher than \$50,000.

Mr. Pincket asked if we issued the entire \$15 million in bonds, what would be the increase per homeowner in the annual assessment?

Ms. Holton responded you are looking at a 73% increase which would be another \$165 in debt service on a single family home.

Mr. Pincket stated I want to isolate simply the cost of the building itself, not the recreational facility, I know we need to look at those together at some point but just isolate the additional cost of the new building. Assuming a purchase price of \$1 million or less, plus some buildout, let's use \$1 million. \$1 million of bonds that were issued just for that building, what would the cost per homeowner be on an annual basis for \$1 million in bonds?

Ms. Holton responded it is about an additional \$13 per unit.

Mr. Pincket asked \$13 per year?

Ms. Holton responded yes.

Ms. Minnis stated then you would have to have operating and maintenance on top of that. That would be taking the building as it is today, making no changes.

Ms. Beaugrand responded no, he is including a little bit of retrofitting in there. There is also the cost to buying out the CDD assessments on that building too.

Mr. Pincket stated that is about \$11,000 per year.

Ms. Beaugrand stated there is a discount if you pay it off early as well. That is an additional cost that would have to be added to that as well.

Mr. Crumbaker stated unless they are willing to pay it off themselves before it transfers to a governmental entity, but they will build that into the price.

Ms. Beaugrand stated it is the same thing we had to do with parcel 50.

Mr. Crumbaker stated one way or another you are going to pay for it.

Ms. Beaugrand asked do we want to take a sidestep and talk about the Squire Sanders email which may have an impact on this discussion?

Mr. Crumbaker stated you should have in front of you a memo prepared by Squire Sanders & Dempsey. Squire Sanders is a law firm out of Miami that serves as the District's bond counsel. The question that was posed to Squire Sanders was whether leasing a portion of that facility would have impact on the tax exempt status of the bonds. Squire Sanders in a memo to the Board of Supervisors has determined that there are certain parameters within which the taxability of the bonds would not be impacted and there is a criteria which I will read.

The building cannot be financed with the Series 2006 Bonds if (1) the private business use of the Series 2006 Bond proceeds i.e. the entire bond issue, not just the portion used to acquire the building over the life of the Series 2006 Bonds is more than 10% of the proceeds of the Series 2006 Bonds and the present value of the private payments from the building discounted the interest rate on the Series 2006 Bonds is greater than 10% of the present value of the Series 2006 Bond issue using the same discount rate.

Mr. Crumbaker stated because of the tax exempt nature of it you can certainly lease to other governmental entities, charitable organizations, entities such as that. When you get into the

private use, where it is a for profit corporation or private entity, then there could be an impact on the taxability of those bonds. Albert del Castillo, the bond counsel at Squire Sanders, has indicated that you could possibly carve out, meaning allocate, a portion of it to the non tax exempt side and then the remainder if there were going to be private uses then secure financing through the issue of taxable bonds or other financing sources. This is a summation of what Mr. del Castillo has determined with regard to this. With regard to previous bond issues he did indicate that the indentures for the previous bond issues do not allow for those monies to be used for this.

Mr. Abbatiello stated I am the one who posed the question because from what I saw and not knowing anything as far as the building and what it could be used for and with load bearing walls what kinds of functions could be held in that building other than offices and my thought process was if we were to purchase, could we lease it. Frankly, it appears to not be a recommended solution.

Mr. Crumbaker stated otherwise you would have to find other financing options for the portion that would be privately used.

Ms. Beaugrand stated I was going to bring up that technically, we have the cash available to purchase the building if that is what the Board chose to do. There is a way to work around that issue. It is a matter of allocating our sources and uses clearly so that we don't have any violation of the bond covenants so that we impact our non-taxable status which is clearly important. There is a way technically around that caveat.

Mr. Crumbaker stated the only thing I would mention about the lease of space is that in St. Johns County it is undetermined or we can't defendably say how the tax collector will view the private use of a portion or all of the facility. If the District owns it and St. Johns County has been giving exemptions on the District's property, therefore, it hasn't been taxed on ad-valorem basis or been assessed. However, if you were to lease out a portion of the property and therefore, it is being used for private purposes we can't say whether the tax collector would then limit any assessments or taxes they levy on just the privately used portion of that facility or cross lines and begin to assess or tax other facilities that the District owns. I just wanted to raise that as an issue because that is something that obviously will go back to your O&M side for the purpose of payment of any taxes that would then be levied by St. Johns County.

Mr. Abbatiello stated in my opinion it all boils down to (1) what use would we have for the building. I think the last time we passed on it we really had no use for it that we could think of without major modifications. (2) we are building a 15,000 square foot facility that is in excess of \$11 million which is going to cap where we were going to try to be with our residents. I put it all together and I can't possibly recommend that we purchase the building. The other potential discussion might be, how do we control who is going to be in that building. Maybe today we don't but ten years from now we might. I think way back when there was a question about gas station, garages and that kind of thing and there are covenants within the POA and architectural review that would prevent a lot of that from happening. While it would be nice to have the building, the fact is we have no practical use in my opinion that I can see at this point and we don't have the money.

Ms. Minnis stated to go along with that point, when Distinguished Realty moved in there, there were a lot of people who came to me with a lot of negative comments about commercial use within the District, within our community. I told them that it was always commercial, had always been zoned that way and the standard answer was, "my realtor told me that was going to be a community center". That is what everyone who moved in expected, that their realtor was right and this would be a community center. I told them also at the time that we had been given a chance to buy it but we felt the price was too high. We have the need for offices but we have a temporary plan until the new building is built and the goal that this Board has been going toward is building the new facility. This opportunity just came up again during that construction. I agree with Mr. Abbatiello, I cannot justify increasing assessments just to have another building that we really don't have a use for.

Mr. Abbatiello stated the other thought I had was you might think of it in terms of an investment but as an investment, you can't sell it for a profit as a governmental entity so what purpose would it serve us from that point of view.

Mr. Pincket asked can we sell it for more money that we paid for it?

Mr. Crumbaker stated technically you could sell it for market value but there is an issue with regard to using tax exempt bond money in particular but using bond money for the purposes of acquiring a piece of property. There are also certain limitations in Florida Law with regard to selling property to a private entity which would have to be adhered to in order to do so and it has been awhile since I looked at it but I know that in certain instances there are posting

requirements but there is nothing to prevent you from buying it for \$600,000 and selling it later on for \$800,000. I think the City of Tallahassee is a fine example where the City itself is selling property all over downtown to private entities.

Ms. Beaugrand stated I think you also have to take into consideration that for us to do this we would have to use our cash and not bonds.

Mr. Pincket stated that is why I asked the question. If the purchase price is less than \$1 million plus some buildout and I'm not going to say \$1 million is going to do all of it, but using it as a rough number for purposes of this discussion, it just means we would have to issue another million of bonds. That is why I asked the question.

Ms. Beaugrand stated it would go to the recreation facility from the sources and uses standpoint.

Mr. Pincket stated I disagree with Kathy and Al on this. I think with the community the size that we are, we are still growing a little bit more, I can think of a hundred uses for it. There is a lack of space in my opinion in the whole northwest corner here. This is an opportunity to buy this kind of a building which is a very attractive building, right in our neighborhood. It is convenient for the people in this community and Kathy mentioned that a lot of people thought it would be a community center. I suspect they were disappointed when they found out it wasn't going to be. I just think we can find a hundred uses for that building and that building would be used all the time. I think for \$13 a year, and I know that is just acquisition with a little bit of buildout, there is some operating and maintenance. We don't have a hard number today on what that is and I understand that too, but I can make some assumptions on what it would cost to maintain that building. Again, spreading that cost over the community of 5,500 homes at \$13 a year, I think it is something I am in support of.

Ms. Minnis asked would we be allowed to lease, rent it for any money if we owned it and didn't have someone in it?

Mr. Crumbaker asked do you mean leasing it to a private party? That goes back to Mr. del Castillo's memo. If you use the cash and don't use tax exempt bonds then yes, you could lease it and that goes back to my comment about then the thing that we can't quantify is what the tax collector in St. Johns County, how they will treat that piece of property and whether as a result of it having a private use because it has been leased to a private party, that they will tax or assess that and then impute that to, because it is my understanding that there is a building

adjacent to that as well, then impute that to other property within the District but that is a risk that can't be quantified. It is just a risk. I can tell you that if you do lease some portion of that, some portion of that will likely be taxed by St. Johns County.

Mr. Pincket stated I think the risks of leasing it are too significant. I think we have to go on the assumption that we are not going to lease it for that reason, for possibly violating bond covenants and things like that. It almost gets too complex. I also think that we would have the use for the facility. I don't envision us not being able to figure out how we can use this building and maximize its use for the community; meeting rooms, community rooms. I saw as Mr. Basham went through his exercise and explanation of what we were thinking about doing at the last meeting, I was coming to the conclusion and someone said or it was implied that there was insufficient space already. We haven't even built it yet and we are already short on space and things were tight and we talked about how we could expand this area and that area but then you are going to cut into somebody else's use whether it was expanding the tot area then cutting into the teen area, where are we going to put the offices. Are we to build up on the second floor and those are all possibilities but again, I drew from that meeting that that facility is not going to be the "be all" to everybody in this community. I think this separate building will go a long way towards serving the needs and solving some of those problems that I saw not with Mr. Basham's plan because he was given a set of rules and a certain amount of space and I think he did a fantastic job with it. I just think that even that being said, it was limited in terms of there being too many compromises we were making even in that facility.

Ms. Beaugrand asked Ms. Holton, can you run what an additional \$25 in assessments would generate for being able to cover O&M? With the 35% increase which would be the increase necessary to cover both the \$11.8 million as well as the \$1 million for the admin building, that would be a \$75 increase per homeowner. An additional \$25 increase per homeowner what does that generate back to the CDD in order to cover additional O&M expense? We haven't built in any O&M expense on the new recreation facility and that is going to be a big number. My concern is and I hear what all three of you and those who are shaking heads up and down or left and right are saying, but I'm really worried about that O&M number and I'm concerned about committing another million dollars of the bonds or our cash balance, to purchase the building when we really haven't come to terms completely with the costs; these are real raw estimates. Then we have a huge unknown as to what our O&M costs are going to be.

Material prices are still increasing in the market. I'm trying to take a conservative viewpoint because if we are wrong here we are going to have 6,000 homeowners banging on our door. I can see pros and cons in this whole thing but I'm worried about rushing into something when we don't have all of the numbers in hand and that is the banker in me. That is what it comes down to.

Ms. Holton responded I just did \$25 per unit just against the residential, the 5,877 units and it is \$146,925 and I didn't look at the commercial at all because I'm not sure how that works in the methodology.

Mr. Pincket stated to address what Ms. Beaugrand said, I understand your concerns. I have had them as well. You say if we are wrong, to me the place for the error that we all need to be concerned about is in building the new recreation facility. That is the unknown. In acquiring this building we know what it is. We know what the cost is for acquisition, we don't know what the O&M is.

Ms. Beaugrand stated that will be relatively minor.

Mr. Pincket stated that is right so the concerns you have about being wrong, we have those concerns whether we acquire this building or not. The risk is not in this building. The building is a known cost at this point.

Ms. Beaugrand stated I understand where you are coming from but quite frankly the whole reason we are here is because we have been working towards the end of providing this additional recreation facility for the community. That is what we have been focused on for four years. The building would be nice, no question, but it is certainly not a requirement and I think if we have to prioritize where our capital goes, it goes to the recreation facility. We still have value engineering that we have to do with that recreation facility. There is no question. \$11.8 million is a very, very rough number. It may go up; it may go down depending on material price increases and what kind of value engineering we end up doing whether we keep the airnasium or go to flat courts without a cover or whatever it might be. If I have to prioritize, I'm going to prioritize based on what benefits the majority of our residents the most and quite frankly, that recreation center benefits the vast majority of this community whether they use it or not because it is going to provide market value to all of our homes. If you have a pool in your backyard and don't choose to go there, that is great but it is still a selling option; it is something that helps you remain marketable with all of the other beautiful developments that are going to be going in

around us in the next two years. You are right, the admin building is more of a known, there is no question because there are less variables attached to it. I can't prioritize that over the recreation center.

Mr. Pincket responded I'm not asking you to do that. It is not a choice. It is not one or the other. We are moving forward with the recreation facility, I understand that. I'm not asking anybody to give up the recreation facility or turn down the recreation facility. I agree with you that is more valuable to the community clearly than this building is. There is no question about it. It is a much bigger project; it is a lot more expensive; it is going to get a lot more use. It is not a choice of one or the other. The question is simply, is the cost of the building, the availability of this building and the potential uses for this building for this community at this point in time and this will never come again, we have to make that assumption as well. This is an opportunity for the CDD to acquire this building and forever have it for the community also adding value. I just don't see enough community meeting areas or potential offices for the CDD. I can go down a list of a hundred uses for this building and it would be used for all ages and all groups within this community. I look at it as \$13 a year, a dollar a month per homeowner approximately to acquire it and some minimal cost per year to maintain it.

Ms. Beaugrand stated let me respond back on that. You are right with everything you said. There is validity, there is no question. If we make the decision tonight to put a contract on that property, we are committed and if we find out 60 days from today as we dig into the numbers deeper and do more research as to what our O&M costs are going to be and figure out what material cost increases we may or may not have, what kind of value engineering we may or may not have and all of a sudden we realize that in order to do what we promised our residents from a recreation facility perspective, and to follow through with our commitment to purchase that building, that we have a funding problem. I don't want to be hamstrung. I'm concerned about being hamstrung with a million dollar commitment if we need some latitude in how we end up pricing this project. It is a big project. I have a hard time prioritizing that when we have such huge unknowns right now especially the O&M.

Mr. Pincket stated you mentioned we might have a funding problem. What exactly do you mean by that? In my opinion I don't think there is any way we are going to be limited in actually doing both of these; we have \$15 million worth of bonds. Is the funding problem that if

we do both of these there is an additional yearly assessment to the homeowners of \$13 more than it would otherwise be with this recreational facility? That is the problem.

Ms. Minnis stated when we went forward with this project of a new recreation center, the whole thought was not to exceed \$100 a year as an increase.

Mr. Pincket responded that is a random number.

Ms. Minnis stated no it wasn't. That was when we had the workshop and that was prior to you being on the Board, that was what we committed to the residents and that is in the minutes of the meeting that we had that that is our goal. We said that going forward. Now, in the middle of it, all of a sudden here is \$13 a year and we are taking this away from that because we bought another building. We made a commitment at one point and this is changing the commitment.

Mr. Pincket stated the \$100 was two years ago. Even if things were the same and you try to do things the same but that \$100 is not worth the same today as it was two years ago or three years ago when this project is going to be done. Secondly, we are adding for \$13 a year, a new building to the CDD. I'm not saying we take anything away from the recreational facility. I'm saying, let's add this building. I'm not suggesting that we need to cut short the recreation facility. We might need to, based on how we see costs go up over time but it is not because we bought this building.

Ms. Beaugrand stated I don't want it to be because we bought that building either.

Mr. Pincket stated I don't see that being the reason why we would cut short anything on this building.

Ms. Beaugrand stated I want to clarify something with Ms. Holton. You said the \$13 on the \$1 million but in the beginning of the meeting you said with the \$11.5 million cost and the \$10.68 million in bonds that there would be a 23% increase per homeowner which is about \$50.

Ms. Holton responded my percentage increase is over what we currently have set aside for the recreation bonds, not over the total debt service number so it is something less than that.

Ms. Beaugrand stated I think that was actually on the debt service number because you had \$213 for debt service and at 1.23 times, is there some other calculation that I'm missing?

Ms. Holton responded I have for the recreation bonds for example for the single family home, that the assessment would be \$95 per unit just for the recreation bonds. If I do the \$11.8 million, I have the assessment going up to \$117 which is a 23% increase.

Ms. Beaugrand stated if we add the building to that.

Ms. Holton stated it goes up to \$128 which is a \$33 increase so that is 35% over what we currently have set aside.

Ms. Beaugrand asked it would be going from \$22 to \$33?

Ms. Holton responded yes.

Mr. Pincket stated that is just the acquisition of the building.

Ms. Holton responded yes.

Ms. Beaugrand stated the only difference between the first scenario and the second scenario is the acquisition of the building, the \$1 million.

Ms. Holton responded right.

Ms. Beaugrand stated \$65 per homeowner, what is that?

Ms. Holton responded in terms of annual revenue, \$382,000. I think the O&M is going to be the bigger issue.

Ms. Beaugrand stated the O&M I think is going to be over \$1 million a year for that facility. Look at the O&M on the recreation budget right now, it is \$730,000 a year.

Mr. Abbatiello stated that is \$112 per year.

Ms. Beaugrand stated it will probably double. You are looking at \$150 per homeowner just for the O&M.

Mr. Abbatiello stated there are also the tennis courts which people want clay which require a lot of maintenance compared to asphalt. There are a lot of additional costs we have not accounted for. It is risky. It is a million dollars worth of risk. We did have a selling job that we had to do to the residents by telling them we would go a maximum of \$100. There are a lot of fixed income people here also that do have problems. Granted it is only \$100 and perhaps \$200 per year but still it is fixed income and there are people who probably do not have jobs either. It is a cost, a risk and I couldn't support another million dollar expenditure. I did an analysis also, there was a little bit of pressure on us to also approve 3 acres for another \$900,000. We, the Board, will make a decision on that to buy it for a passive park loaded with trees for \$900,000. As a governmental entity to throw around \$1 million helter-skelter is not proper either.

Mr. Pincket stated this is apples to oranges. We made a decision not to do that for the reasons that were unique to that particular piece of property. This is something totally different.

Mr. Abbatiello stated we could have possibly caved in to the request of residents.

Mr. Pincket responded but we didn't.

Mr. Abbatiello stated so it is apples to oranges but it is still \$1 million and I personally cannot support it.

Ms. Berman stated I don't understand this bond stuff at all so correct me if I'm wrong. As it stands right now Mr. Basham's construction numbers were \$11.8 million and with us staying within the \$100 we can only get \$9.9 million anyway. Is that correct?

Ms. Beaugrand responded that is correct.

Ms. Berman stated so we already have to cut the recreation center as it is right now because we only have \$9.9 million to stay within the \$100.

Ms. Beaugrand responded no. That is in your existing assessments; that is at your existing assessment level.

Ms. Berman stated if we add the \$100, what is the bond we can get?

Ms. Beaugrand asked can you run that. If you increase the single family assessments by \$100 what is the bonding capacity?

Ms. Holton responded it will take me a second, you may want to go on and I will let you know when it is done.

Ms. Berman asked is this not something we can do because in my opinion I think the biggest drawback or hesitation is going back to the residents and bumping it up more than the \$100 because if we have a \$15 million bond it would be \$165 so we would be asking for \$65 more if that is what she said.

Ms. Beaugrand stated if we issued \$15 million in bonds it would be an additional assessment of \$165.

Ms. Berman stated but the Board said they would try their best efforts to keep it within the \$100.

Mr. Pincket stated it is highly unlikely that we are going to issue \$15 million in bonds.

Ms. Berman stated I certainly don't want to face that crowd again because some of them were unpleasant. We did win overall, the surveys came back and they did vote to do the \$100. Worst case scenario we would be asking instead of \$100 we would be asking for \$165.

Ms. Beaugrand responded you could say that.

Ms. Berman stated that is kind of a hang-up I think with the Board. Mr. Abbatiello wants to stay within the \$100.

Mr. Abbatiello responded as close to it as possible. The use of the building; Mr. Pincket said he could think of 100 different uses. Well, what are those uses? Would it benefit the community?

Ms. Berman responded originally when we did the ad hoc committee we talked about putting the fitness center there. The interior size of the building would have held the fitness center; that was one of the uses. The other uses were, we talked about making it the kind of teen room, senior room, game room that type of use. We also would still be leasing space to the POA, not necessarily. That would let Mr. Basham not have to put those extra offices that we discussed at the new recreational center. That multi-purpose type of thing and we talked about people would like to have wedding receptions there and take pictures by the water but that was all stuff we discussed at the ad hoc committee. Originally we were only going to get that tiny little space and we weren't going to be able to have a big facility. My big concern is that really the bottom line now that you don't want to go back and go above the \$100?

Mr. Abbatiello stated if we go above the \$100, we should to back to the residents because we asked their opinion on what we should have.

Ms. Berman stated I agree you have to go back because you are going to increase their assessment.

Mr. Abbatiello stated I have no objection to going back. We need to have numbers; we need to know what the uses are or could be, based on good engineering potential and people are asking us to make a decision tonight and that is not possible.

Ms. Beaugrand stated I want to remind you that if we make a change in the assessments we have to have a public hearing. I don't know that we would go the route of doing an actual poll. That is about a \$10,000 cost plus time for us to do that but we would have to have an assessment hearing, clearly a publicly noticed assessment hearing.

Mr. Pincket asked are you saying we would have to have one for the new facility anyway?

Ms. Beaugrand responded if we increase our assessment.

Mr. Crumbaker responded if you increase the assessment by \$5.00 you have to hold a public hearing.

Mr. Pincket stated so we have to do it anyway.

Ms. Beaugrand stated if we increase the assessments we would absolutely have to go for a public hearing before the community.

Ms. Berman stated my bottom line was unless she comes back and says we can get the \$11.8 million for a \$100.

Ms. Beaugrand stated it would not be \$11.8 it would be more like \$13 million. We still have the O&M figure in there too.

Ms. Berman stated we still have to go to the people and ask for more money anyway. My point is does it really matter whether we are asking for \$25, \$2, or \$75, the impact is going to be the same in their eyes that we are asking for more money.

Ms. Beaugrand responded I don't agree. That is one part of it. If I had all the numbers in front of me and I knew conclusively what our costs are, what our O&M costs are, I would never lend this money to one of my borrowers at this stage and that is what you are asking me to do. It is so intangible right now that it is not conclusive enough.

Mr. Pincket stated that is not what we are asking.

Ms. Beaugrand stated it is what you are asking.

Mr. Pincket stated the unknown you are concerned about is the recreation facility, not the building.

Ms. Beaugrand stated it is unknown about the cost, it is unknown about the O&M.

Mr. Pincket stated of the recreation facility.

Ms. Beaugrand responded absolutely.

Mr. Pincket stated that is not what we are asking you to do today.

Ms. Beaugrand stated that is a priority over the admin building in my eyes.

Ms. Minnis stated in our opinion we feel like we could be jeopardizing the recreation facility and what we promised going forward. Based on the responses that came back when we polled the people we said we were going for what you want. When we don't deliver that and we say but we spent \$1 million over here, they could come back and say that is not what we want.

Mr. Pincket stated that \$1 million will cost you another \$11 a year.

Ms. Berman stated my other comment was if you decided you wanted to go forward and put in an offer, we are kind of shooting ourselves in the foot because Dr. Tom will hear that amount and there is nothing to stop him from upping his offer and D.R. Horton is going to go

with the highest bidder. It kind of defeats your purpose of saying you will do it or you won't do it.

Ms. Beaugrand asked do you have the number?

Ms. Holton responded I do. I want to point out two things. If the District decides to fund the entire \$11.8 million the assessment goes up by \$22 per single family unit. If it funds the \$11.8 million for the recreation facility plus the building it goes up another \$33 and I haven't factored in the O&M. In terms of bonding capacity you are well within the \$100 as far as funding the improvements themselves. I think Ms. Beaugrand asked earlier how much was \$65 per unit because that would be the delta between the \$33 and \$35 and the \$100 and that was \$382,000 would be left.

Ms. Beaugrand responded that is not what I asked. If we increased the assessments in total by \$100 per homeowner what is our bonding capacity? If we increased the assessment from the current level by \$100, the \$55 you already told us is for \$12.8 million in bonds. How much more bonds could we issue for \$65?

Ms. Holton responded \$5.12 million, just looking at the \$65.

Ms. Beaugrand stated that doesn't make sense to me. Mr. Crumbaker asked a few minutes ago if we issued \$15 million in bonds the assessment would increase by \$165.

Ms. Holton responded the total assessment for the recreation bonds on single family units would be \$165. That is \$70 more than what you are currently paying.

Ms. Beaugrand stated okay, that is the misunderstanding. You never get above the \$100.

Ms. Holton responded for the bonds, but you don't have the O&M.

Mr. Tom Manuel stated as one of the original members of the ad hoc committee I think it is real important that you stay very focused on the points that Ms. Beaugrand made. We sold this to the community, we had more than a 50% favorable response and it was a very emotional issue when we first started this. The big unknown is the cost of that recreational facility. I think until you have that tied up and deliver that facility the timing of the additional building of which we had the opportunity to acquire previously at half the price, today's environment is that we capped it at \$100 to sell it, we focused on creating a recreational facility that competed with the new recreational facilities on surrounding properties to maintain the property value in Julington Creek. People like to buy new and we have an advantage of location if we match or exceed amenities then our prices will go up and maintain themselves. I don't know if D.R. Horton is

willing to entertain an option or give you a 60 day period to tighten up the numbers. I think you have to stay focused on the recreational facility.

Mr. Jim Richardson stated I have been here going on ten years now and was involved in the original melee, the recreational facility and I do think that was a big mistake not buying the building when we could have. I think what happened was there was a very vocal minority that was just mad at Julington Partners and decided they were not going to buy the building from them when it was the right thing to do. I have been on the Board of the POA for almost seven years. I can tell you that we are very close to turning this over to the homeowners. As much as people don't like to hear it, we have benefited greatly from the services from Julington Partners and by D.R. Horton. They have provided a tremendous number of resources in getting things done. That is going to go away. It is all going to depend on the residents on the Board to take care of the plantation. It is 4,200 acres, 6,000 homes, the largest development in Northeast Florida. Five or seven people cannot do this alone. You don't have enough space for the committees to meet. We have a grounds committee, a covenants and documents committee, running around like everybody else looking for space to meet to take care of this. Our ARB has to run around and look for space to meet. A lot of that has been taken care of by D.R. Horton. It won't be anymore. There is simply not enough space to do what we need to do. The POA budget is over \$1 million a year. The landscape budget is over \$500,000 a year. If you depend on a very few people to manage that you will see the quality of the service start to degrade. There are simply not enough people to ride herd on it. You are going to have to have more community involvement; you are going to have to have a place for them to meet and work. We were meeting in the other building. We were crammed in a little room and five people couldn't sit in a row. We had the Board in there and the residents would have to come in one at a time to state their case. There is not the space and will not be the space in the future. I think it would be bad to make the same mistake twice. There is plenty of use for that facility. Has anybody been in May Management's office lately? They are stacked on top of each other. There is no room for them to work. They need more staff, they will tell you they need more staff and if you have things that you have to have them do, you will know they need more staff. They simply cannot get around in this tight facility. Where would they go? How would you have access to them if you don't have a place for them to work? You are going to have to drive somewhere. This facility may not get built for another year. If you lose the ability to manage the property

efficiently and effectively, the cost of that will be well over \$50 or \$100 a year. You will lose that in a heartbeat because this was at one time the premier community in Northeast Florida. It can still be that, but it won't be if you don't match facilities that other people are building. I own some homes in Heritage Landing, the association fees there are \$1,800 a year and here we pay a lot less. An extra \$100 a year to maintain that facility and have the ability for people to get together and manage this place properly it is well worth the investment.

Ms. Beaugrand asked if the CDD purchased the space and leased a portion of it to the POA, what rules does that break or does it?

Mr. Crumbaker responded the POA is a private entity just like any other.

Ms. Beaugrand stated there is no difference between leasing it to the POA or Dr. Tom.

Mr. Crumbaker responded unless it is a 50C3 or governmental entity.

Ms. Beaugrand responded it is not.

Mr. Manuel stated I think Mr. Richardson made some very valid points. I think the Board should consider acquiring the building and in the event the cost of the recreational facility is too prohibitive, then sell the building. There is no obligation for you to buy it and keep it forever.

Mr. Richardson asked does the CDD have to lease the space to the POA or can they let them use it as a community function?

Mr. Pincket stated we can let you use it.

Ms. Beaugrand stated they could, where my thought process was going with that was covering some of the costs.

Mr. Richardson stated don't think of it in terms of cost to the homeowners, think of the potential cost for not doing it. That is the most important thing you need to look at.

Ms. Minnis stated you also made the comment that we could provide more space for May Management, we would have to lease it to them which we have been told we can't do.

Ms. Beaugrand stated it is not May Management; it would be to the POA.

Mr. Richardson stated you would not lease it to May Management; you could allow them to use it for nothing.

Mr. Crumbaker stated the 10% issue relates to the taxability of the bonds and using the tax exempt debt in order to do that. With regard to how you treat the POA which is a Florida not for profit corporation is if within your rates, fees and charges you established a rental rate with

respect to utilizing the room just as though John Smith came in with his wedding party or weekly card game you could set up a structure where they could use it for a committee meeting or something of that nature but if you are physically leasing space or if you are turning over space for the purposes of a private entity, a POA or May Management or whoever it may be, that facility then is subject to the leasing law and then has an impact with regard to the facility itself being taxed as a tangible piece of property or real property within St. Johns County. You can't distinguish between a POA and any other type of corporate entity but at the same time I won't necessarily distinguish it if you want to rent it on a weekly basis or every other week for a committee meeting as though it was a rental for any other entity for those meetings, for meeting space. It is different for office space.

Mr. Abbatiello stated I guess the assumption is that there will be no space at all available in a 15,000 square foot building at any time for any other activity except recreation. That truly is not the case. There will be room. There is a multi-functional room in that building, there are office spaces, outdoor covered patio which we are considering. There are plenty of places.

Mr. Richardson stated we have been working on that building for four years. It is not here yet, it won't be here next year. It will take a year to build it. In the meantime, one of the things you have got going right now is you have palms in here that are over 20 years old.

Ms. Beaugrand stated those are not CDD issues. This is not the venue for that.

Mr. Pincket stated this decision is not for the POA. This is for the residents and granted the POA runs it so it is pretty much synonymous but we are not making this decision based on where can we have meeting rooms for the POA or even CDD because we already factored that into the new facility of 15,000 square feet.

Ms. Phyllis Abbatiello stated Jim mentioned the comments but he is gearing all his comments to the Julington Creek Homeowners Association and what he is forgetting is that we are talking about CDD and the CDD takes in the River Oaks Plantation and a lot of other groups that don't have the POA here in Julington Creek. Just to say I am going to give it to May Management and lease it for free or give it to your POA is not fair to the rest of us who are going to be paying those bonds and what about our POA. It is selfish.

Ms. Beaugrand stated I think that if it is available to the Julington Creek POA it would also be available to River Oaks.

Ms. Abbatiello stated that is not what was said. What I'm trying to say is what you have to forget here is your POA, your May Management and think only of CDD because that is what this group is. It takes in a lot of other people and it doesn't really take into consideration your POA.

Ms. Minnis stated it brings in commercial property that would be open to using that as well. If they are paying, we have to provide them the right.

Ms. Abbatiello stated those are the things that I want to make clear so that feelings aren't hurt or they are not saying, our POA is left out. Does the CDD have the right to indiscriminately take the money that all the people in the CDD is giving and just let this building be handed over to different organizations? That is a concern that I have.

Ms. Beaugrand stated I understand where you are coming from. There is no way that we would say only Julington Creek's POA can use this. Clearly if the Board were to choose to do that, we legally cannot do that because it would be a public building, we can't do that. Certainly at least in my opinion if that were the case, the River Oaks could use it. Ms. Minnis is right that it becomes public property for fee paying users as is our pool.

Mr. Roy Abacross stated I have been a resident for a little more than two years and I have been an active member of the ARC committee for at least a year and a half. I have another committee member with me here. One thing I want to point out; I hear what everybody is saying about the pros and cons and how we will have a building to use and have office space in that building. We process anywhere from 30 to 50 architectural applications a month. The residents of Julington Creek and River Oaks currently enjoy coming to that building to file their application to do modifications for pools and put up fences and so on. If we lose that space, we have no idea where May Management that is currently our management company, we don't know where they are going to go. There is talk that they are going to move into Duval County somewhere. I foresee a problem of these 30 to 50 applicants every month aren't going to want to traipse into Duval County and try to find where to file it and they will probably want to do it like some people are currently doing in the community, they are doing things without permits. They are doing it the way they want to do it and then it has to go to another committee and they have to be assessed fines for doing something without the application, without the permit. I think to wait for a new building to be built what are we going to do with these 30 to 50 applicants every

month? We meet twice a month or more if we have to in order to process and vote on the applications. I just want you to be aware of that.

Mr. Abbatiello stated if it is so urgent for the POA and May Management, then why can't the POA purchase the building. After all it is a mortgage they can do and it is an assessment to the community based on the amount of the mortgage. You have your own assessment rolls and that would be another option. It is \$1 million of your money that we are being asked to spend just to accommodate a lot of the POA activity. Frankly, there are a lot of POA's around this entire city and maybe not as big as Julington Creek that go and find and rent a facility once a month or whatever period of time they may need a building. That would be another option to have the POA buy the building which is possible.

Mr. Richardson asked could the CDD purchase the building and then the POA purchase the building from the CDD because my guess is with turnover the timing requirements to get the Board to approve that and get that done, raise the money, may make the building go away.

Mr. Crumbaker stated there are State Statutes with regard to the transfer or sale of governmental property which could trigger requirements allowing it to be open to the public and not just limited to the POA. You may not solve your problem by running it through the CDD. Ultimately it could be a public and very open situation and that is something that very rarely do CDDs and governmental entities sell public property to a private company. That would be an issue we would have to take a look at. I do know there are statutes in place that govern the sale and transfer of governmental lands to private entities and I think you could possibly end up with an undesirable result of that activity.

Mr. Abbatiello asked if there was an interest on the part of the POA of which the controlling interest is D.R. Horton, who owns the building and if tomorrow came and the chairman of your homeowners association talked to D.R. Horton to allow them to purchase, that might work.

Mr. Manuel stated in response to the lawyer's comment. I think that becomes a zero sum game because it is ultimately going to be paid for by the property owners. Whether the residents pay the CDD or the residents pay the POA, the residents are going to pay.

Mr. Crumbaker responded here is a difference.

Mr. Manuel stated admit the price is going to escalate. The POA would end up paying more money for it so we would be paying them more money but the CDD would receive more proceeds so we would be paying them less money.

Mr. Crumbaker stated that is, if it ends up in the hands of the POA.

Ms. Minnis stated we have members of the POA who are not residents in the CDD.

Mr. Crumbaker stated keep in mind that there are State ethics laws with regard to how you deal with private entities and you could certainly run afoul of ethics laws if all of a sudden at a public meeting for instance you pose the idea that we are selling it to the POA one way or the other and we will outbid everybody else in order to get it.

Ms. Beaugrand stated no one on this Board said that.

Mr. Crumbaker stated that is my warning.

Mr. Tom Armond stated we expressed an interest when I became aware that this building would be coming up. Our office is currently located on Julington Creek property and Kindercare is behind the strip center. Obviously, I am a resident here. This is where I plan to work until I can't work any longer. One of the reasons I wanted to be here tonight was to express to the Board if I purchase this I will be willing to follow something set up by them that when I am done working where this building is going to go; that it has to follow, I think it is called a limited commercial space, the way it is registered right now I think it would be difficult for something else to get it that would be huge negative to the residents. We do have a contract in, last week, D.R. Horton had asked me to be respectful to the CDD; that there isn't anything contractual that they had to give the first right. I am a resident here. I don't want to create a problem between 4,700 other people. We are currently leasing and I have an option to purchase that space. It still falls under having CDD charges. I was willing to be in that location, I wouldn't be able to own the property it would be like having a condo and paying things to the current owners still. He wants to sell other spots in that building as well. If people are talking about someone having to go to Duval, I know if we don't take space over where we are, that there is a huge space that isn't built out, some of it is still open where they are talking about having to go in and knock down some walls and use it for certain other things. We do have an offer in at a price that was agreed upon, we are trying to be respectful and now I hear other people say maybe we will take it. We do have something in already but I wanted to sit here and go through this process with the CDD

and do this in the proper fashion where I can keep the respect of the community and be glad that I'm here, if I'm here.

Mr. Charlie Stuart asked has the D.R. Horton half million dollar donation been accounted for in any of your figures, to the recreation center?

Ms. Beaugrand responded that would be an additional source of funds, you are absolutely right.

Mr. Stuart stated then this building is only going to cost us half a million.

Mr. Pincket stated some of my facts I'm not absolutely clear on so some of this is may be questions to other members of the Board. I have heard a couple of comments touching on this was sold to the residents, pitched to the residents, however you want to describe it, it was put out to the residents attempting to cap the total increase in fees per year at \$100. My recollection of that questionnaire was that there were a couple of options. The residents were asked which option do you choose. The \$100 option that has the full blown facility and that was very favorably received. There wasn't obviously an option on that questionnaire that said, and how about option 3 that says, full blown recreation facility and let's buy the building. It wasn't there. We don't know if the residents would necessarily be resistant to an \$11 or \$13 a year to buy the building. I know there is O&M on the building which is nowhere what it is going to be on the new recreation facility. I want to speak to this idea that we pitched it to the residents or presented it to the residents capping it at \$100. There was not an option on that questionnaire for this very attractive building in the community. The only other comment I want to make runs along the theme of what Mr. Manuel had to say and that is if this Board is resistant, hesitant for all the reasons they said to acquiring the building then I like his fallback position and that is let's think about it. In my opinion let's buy this building and hold it. The value is only going to go up. Let's hold it as we go through the recreational facility process; let's not do the buildout on it. We have the cash, we can pay for it now, there is no increase in assessments, we don't have to do any buildout on it, let's simply hold it for the next year or whatever it takes until we firm up our numbers on the recreation facility and then as a Board we can say if the will of this Board is it is still too expensive, we need to dump it, well, let's dump it. We are going to dump it for more money than we paid for it. The only thing we have lost in the meantime is the interest we would have earned on the cash that we used to buy the building and at today's interest rates, that is not a

lot of money to buy that option to hold this building to keep all of our options open to get more input from the residents in that time period. I think that is a very viable option.

Ms. Minnis asked what are our options at this point, just to make any offer? We went from the last meeting to giving Jonathan direction to talk to them.

Ms. Beaugrand stated to ask them if they were willing to hold off until we were able to call a special meeting. That we couldn't take any action without running some numbers that Mr. Basham provided and then amounts that Ms. Holton has provided. As we all know it is still incomplete because we don't know the O&M number. I think when I originally talked to John Sakosky at D.R. Horton, I think their target for the building at the time was right around \$900,000.

Mr. Pincket stated if we ultimately decide to buy it and ultimately decide to sell it, to the extent that we can and I understand there might be some restrictions on this, I would like to offer it to Tom for what that's worth. He may move on and buy other space and move on with his business. I do understand that Tom has an offer in on the building.

Ms. Beaugrand stated this is one of the tougher things we have had to decide. I can see both sides. If we were to do what Mr. Pincket has suggested, purchase the building in the interim, leaving the buildout as is and then a year down the road after we have firmed up all of the numbers and all the O&M and everything is pretty much in a nice little package with a bow on top, and determined that it is not something we need to be doing anymore, what are the ramifications?

Mr. Crumbaker responded it will be subject to the market obviously. We would have to do more research with regard to the alienation or the sale of that piece of property because technically as soon as you acquire it, it would then become governmental property for the purposes of Florida Statutes. What we would then have to determine is what ramification, what process the District would have to go through in order to transfer or sell that property, because it is a governmental asset at that point in time.

Mr. Abbatiello stated it is my understanding that alienation in a CDD does present a real problem because it requires the voting membership which is 100% of the residents to have to vote yes or not.

Mr. Crumbaker responded I shouldn't have used alienation, alienation is different than the sale of a piece of property. Alienation is for instances if a governmental unit decides they are

going to give away a roadway, give away a piece of property, that would be something in the alienation realm versus the sale of a piece of public property and that has its own ramifications. I would have to confirm because this isn't something that happens every day, we would have to take a look at what the requirements are, what findings the Board would have to make in order to sell that property, what the process would then be if the Board made the requisite findings, what process the Board would have to go through in order to sell that piece of property and what restrictions there are to marketing that property. It is not as simple as going out and getting a realtor and saying, find us the highest bid in all likelihood but that is an issue that we would have to look at.

Mr. Abbatiello stated we don't know. This is all subject to maybe or some type of guesswork so we have to make a decision tonight. We can't wait. Is the decision going to be based on speculation or facts?

Mr. Pincket asked are you concerned about the process of selling the property?

Mr. Abbatiello responded no, I'm concerned about the use of the building, the \$1 million and what truly is there for the residents particularly considering we are building a 15,000 square foot facility. Those are my concerns. This facility is 3,900 square feet interior, air conditioned space and we don't know exactly what amount of that building is available or usable for activities other than meeting rooms. Buying a meeting room for \$900,000 is not the right thing to do.

Mr. Pincket stated I know you said you had to do research.

Mr. Crumbaker stated because there are issues you don't typically have.

Mr. Pincket stated based on the extent of your experience and knowledge, your firm's knowledge, people you have talked to, there are formalities that have to met, I understand that, are these insurmountable formalities? Is it simply a process we need to dot our "i"s and cross our "t"s? To me when you say the Board has to make findings, this Board is going to be in control whether we make those findings and the findings are going to be something like we decide we can't use the property for the community activities and we have made the decision that it is best to divest ourselves of the property and those kinds of things.

Mr. Crumbaker responded insurmountable, no. I think there are governmental entities, the City of Tallahassee for instance has gone through land sales recently in the downtown area. It is not insurmountable but what threshold you have to reach or what findings you have to make

and what support you have to have for those findings and what process and what risks there are inherent in that process, those are the unknowns. I can step out and see if I can reach somebody that may have done this before but it is not something that CDDs to be honest with you do often. In fact, I don't that they have ever done it before.

Mr. Pincket stated I believe that if we make a decision to acquire it even with the understanding that we are going to hold it and we ultimately may be divesting ourselves or selling it, if that happens a year from now, I will predict that this community, the people who know about it will not want to sell that building. They are going to want to keep that building. Think in those terms, maybe that helps you make a decision. I'm there but obviously it is a Board decision.

Mr. Stuart asked is there any possibility to reduce the size of the 15,000 square foot building? It could be added onto later if the need arises. That could accommodate the cost of purchasing this building. There is no increase in cost whatsoever.

Mr. Basham stated certainly, anything can be done but it would start to detract from the committed uses that came out of the focus group. What do you drop? You couldn't take 100 square feet out of every room.

Ms. Beaugrand stated if you remember the gist of the design there is not just one part of that that we can necessarily just lop off or not build the second floor.

Ms. Berman stated you could build the second floor and not finish it.

Ms. Beaugrand stated the finish is the least. The structural is going to cost the most. You still have to do the structure on the ground floor to support the second floor.

Mr. Richardson stated it sounds like there are a lot of unanswered questions on the part of the Board. From what I'm hearing I don't know if the Board has enough information based on what I have heard to make a yes or no decision tonight with full confidence. Is there any way the Board can postpone making the decision tonight on the property so that some of these questions can be answered like the private use, transferring so the Board can make a much more informed decision. I would hate to see a decision this important, this long lasting, just jumped into.

Ms. Beaugrand stated that is probably the thing that troubles me the most. I don't have any intention of belittling anybody by saying this but it is a whole lot easier sitting out there and say, this is what I want to do versus sitting here because if we make the wrong decision you are coming back at us. You think we are being overly cautious but we are going to be overly

cautious because we are spending your money. You are right, the question is, D.R. Horton asked us to call a special meeting to try to respond quickly because out of respect for Tom, he has a valid offer in and we appreciate his patience.

Mr. Tom Armond asked how long would it take to answer those questions?

Ms. Beaugrand asked do we have a set date for the April meeting?

Mr. Oliver responded if we were to continue it, I still have the room reserved at Fruit Cove Middle School for the 4th. We also have a date for April 17. If you needed to continue the meeting we could do the 4th but the next scheduled meeting is April 17.

A resident asked why don't you ask for a consensus of the Board.

Ms. Beaugrand responded I thought about doing that. A couple of the Board members we know their feelings, the other two you don't know what their feelings are and to speak for myself, I don't know what my feelings are. He boiled it down to the fact that I don't have enough information to make a responsible decision and I'm not going to make an emotional decision. That is what I'm struggling with. I see Mr. Abbatiello's point, I see Mr. Pincket's points and I see a lot of the points that have been made on the floor tonight. I don't have enough information to make a decision.

Ms. Berman asked can you get that information in a week?

Ms. Minnis stated I agree with Ms. Beaugrand and I'm thinking about when we talk about reselling this, I do know the Board members of the CDD in Eagle Harbor, a former Board member was a friend of my husband and he had some regrets. They had a lot of regrets over some sales that they made of this type and had to raise the fees and found it wasn't worth it and it wasn't really what people wanted. Also in Duval County the School District years ago was going to sell off land to make a profit and they ran into a loophole that they couldn't sell the land. That was hindsight, it was found 20 years later that they couldn't do it. I don't want to be burdened with something because we didn't have enough information.

Ms. Beaugrand stated I would entertain a motion to continue this hearing until April 4, 2006 to be able to get answers to our questions in regards to the implications of selling the property.

Mr. Crumbaker responded we can have something to the Board by then.

Ms. Beaugrand stated we need some O&M estimates based on the existing facility and that is going to be hard because I know you are still going to have revenue sources coming in as well.

Mr. Abbatiello stated I would think estimates could be approximate.

Ms. Beaugrand stated there is nothing we have in our past experience to be able to estimate them. We have the tennis issue, fitness issue, babysitting issue, camp.

Ms. Hernandez stated also, fitness director, maintenance, lawn service, janitorial.

Mr. Tom Armond stated buying the existing building outright, there will be taxes put on that building. Right now the taxes are about \$4,700 and that is going to double and the CDD charge is \$1,000, so you are already at \$2,000 a month before you turn a light switch.

Ms. Beaugrand stated we are exempt from taxes. We would have to cash in the assessment associated with that. We can't short the bonds.

Mr. Crumbaker stated if I can step out for a minute to find out that if we continue to April 4, that we are not going to run afoul of D.R. Horton and whatever their timing may be.

Mr. Crumbaker left the meeting at this time.

Ms. Beaugrand asked do we have an April date for the normal April meeting?

Mr. Oliver responded it is April 17 at this location at 6:00 p.m. It is posted on our website.

Ms. Berman asked the 4th is at Fruit Cove?

Mr. Oliver responded that is correct. The library is under construction.

Ms. Katey Stuart stated as I remember when we had our big public hearing about the recreation center, we mentioned things like the clay courts and the babysitting and that kind of thing and the fitness center, there was talk that it would be a fee basis. The tennis group said they would pay for the maintenance of the clay courts if you put them in. Are we considering that?

Ms. Beaugrand stated that is what I was saying to Ms. Hernandez, we can't just figure out what the expenses are because there will be revenue opportunities but we haven't done the research necessary to properly determine what those are because it is still far enough out that it is difficult to do.

Mr. Dell Dosh stated Mike Finney is a resident of the neighborhood would be a valuable asset to look at O&M costs for you. He currently manages a complex in another subdivision. He provides a lot of valuable input to us.

Ms. Beaugrand asked will you have him call Ms. Hernandez?

Mr. Dosh responded I will do that.

Mr. Crumbaker returned to the room and stated he indicated that D.R. Horton had agreed to hold it through the end of the week and he could talk to them first thing in the morning but he couldn't guarantee it.

Ms. Beaugrand asked talk to the purchaser?

Mr. Crumbaker responded no, D.R. Horton.

Mr. Tom Lehman stated to me obviously there is not a lot of good press. Negative press is the worst thing for somebody who builds their business out of a community. That is why the first thing we did was investigate, do I have to wait for this meeting and there is nothing in black and white at this time. This is a matter of respect to where I live and to my business, my patients which are 99% Julington Creek residents.

Mr. Pincket asked have both parties signed the agreement or do you just have an offer in to D.R. Horton and haven't gotten a contract back?

Mr. Lehman responded he said he had talked to the CDD about them having a public hearing and that is when we said is there something where they have first right of refusal, is there something executed? There is not. I would no longer push the issue, I just want to know where I stood on that. To me it was easier to kind of sit back and wait for this, thinking this was it. Obviously, I had things that were going to hold up until the end of this month on, rates from the bank and that kind of thing, that change significantly. I am not going to try to push something against where we are tonight. I would like everybody to be able to expedite this process as much as possible.

Ms. Beaugrand stated just from a procedural standpoint the earliest we can do it is the 4th since that is the only time we have the place and we have to continue. I will say, I couldn't vote for it tonight because I don't have enough information. I will entertain a motion to continue.

Ms. Minnis asked what if I can't make that meeting? As long as these three are available is it okay?

Mr. Crumbaker responded as long as we have a quorum available we can continue the meeting.

Mr. Abbatiello moved to continue the meeting until April 4, 2006 at 6:00 p.m. at the Fruit Cove Middle School. The motioned was seconded by Ms. Minnis.

Mr. Pincket asked if we were going to move forward with the purchase of this building, how would we address whatever price we want to pay or offer to pay in terms of negotiations? I wasn't here when we acquired that land. Did we have to say in the motion that we authorize somebody on our behalf to move forward and give them parameters in terms of the purchase price they could negotiate and that was on the record?

Mr. Crumbaker responded that is correct.

Ms. Beaugrand stated what we did in that case, our attorney came back to us and said this is the price, take it or leave it. In that particular case we took it. We had a price and we voted and gave him the authority to complete it. This is a little bit different because we know about what D.R. Horton is offering but I think what we would do is set a bracket or something.

Mr. Crumbaker stated you don't have to specifically identify \$750,000 or whatever it may be but we would have a motion and approval of the Board setting some sort of parameters, a not to exceed amount, so that staff and the Chairperson has that authority and as long as they stay within those parameters then that authorization has been granted by the Board.

Ms. Beaugrand stated we have done that in the past.

Mr. Pincket stated the motion that is pending is the understanding that if we continue this meeting and D.R. Horton says no, I'm not holding out until April 4, we have lost this opportunity. That could very well be the case.

Ms. Beaugrand stated I understand that but I am not prepared to vote for it tonight, I don't have the information necessary to make that decision. I don't want to take that risk.

Ms. Minnis stated we are hoping that the person with the offer sitting in the audience that D.R. Horton will realize that.

Ms. Beaugrand stated it could be a corporate decision on their part to move forward.

On voice vote the motion to continue the meeting until April 4, 2006 at 6:00 p.m. at the Fruit Cove Middle School passed with three Board members voting in favor and Mr. Pincket voting against the motion.

Secretary / Assistant Secretary

Chairman / Vice Chairman