

**MINUTES OF MEETING
RIVER HALL
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the River Hall Community Development District held a Regular Meeting on October 3, 2019, at 3:30 p.m., at the River Hall Town Hall Center, 3089 River Hall Parkway, Alva, Florida 33920.

Present were:

Joseph E. Metcalfe III	Chair
Ken Mitchell (via telephone)	Vice Chair
Paul D. Asfour	Assistant Secretary
Michael Morash	Assistant Secretary
Robert Stark	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Craig Wrathell	President & Partner
Cleo Adams	Assistant Regional Manager
Jason Olson	Assistant Regional Manager
Dan Cox	District Counsel
Charlie Krebs	District Engineer
Carl Barraco	Barraco & Associates
Donna Feldman	Counsel – GreenPointe Holdings
Gary Stilwell	Non-Resident
Sally Shawnd	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 3:30 p.m. Supervisors Metcalfe, Asfour, Morash and Stark were present, in person. Supervisor Mitchell was attending via telephone.

On MOTION by Mr. Stark and seconded by Mr. Morash, with all in favor, authorizing Mr. Mitchell's attendance and full participation, via telephone, due to exceptional circumstances, was approved.

SECOND ORDER OF BUSINESS

Public Comments (3 minutes per speaker)

Mr. Gary Stillwell, a non-resident, voiced his opinion that there were inconsistencies in Agenda Items 3, 4 and 5, such as the number of allowable units listed as 2,800 units should be

2,695. He questioned the special and peculiar benefits, irrigation, water permits, phasing, insufficiency letters, improvement costs and existing utilities.

Mr. Cox explained that today's meeting was basically an informational session and the bond issuance process has several steps, including adopting a preliminary assessment resolution, setting a public hearing, sending assessment-levying notices to affected property owners, holding the public hearing, consideration of a Final Assessment Methodology and the actual issuance of the bonds. The decision currently being made relates to the financing of capital improvements, which is a legislative function. The importance of that is that it comes down to the standard of review that a court would apply if the Board's decision was challenged by anyone, regardless of whether the Board chose to issue the bonds, levy the assessments or not issue the bonds and levy the assessments. The standard is the fairly debatable one; it is very deferential because courts do not like to interfere with legislative decisions so the decision would be respected so long as it is not arbitrary or capricious. Regarding the special assessment, the standard to be applied would be the question of whether the property that will be subject to the assessment receives the recognized special and peculiar benefits that flow logically from the improvements that are being planned by the assessments. The second test would be the fair and reasonable apportionment, which would be the question of whether the properties that receive the benefits pay in proportion to the degree of benefit that they receive. Mr. Cox explained the legal standard of general benefits, incidental general benefits, special and peculiar benefits in relation to whether those benefits exceed the duty to pay imposed by the apportionment of the assessment.

THIRD ORDER OF BUSINESS**Presentation by GreenPointe Holdings
Regarding the Series 2019A Bonds**

Ms. Donna Feldman, of GreenPointe Holdings (GreenPointe), discussed the following:

- She represents the landowners, RH Venture II and RH Venture III, which petitioned the CDD Board to issue bonds to finance infrastructure on the lands that they own.
- The infrastructure would be more specifically articulated during the presentation of the Assessment Methodology and Engineer's Report later in the meeting.
- The infrastructure in question would be installed solely within the lands owned by RH Venture and the assessments that secure that financing would be levied solely on the lands

owned by RH Venture. There would be no levy and no assessments against any other portion of the River Hall project.

Ms. Feldman provided a brief history of the River Hall CDD including when it was established and adopted by the County and its purpose and elaborated on the acreage referenced in the Engineer's Report. It was contemplated in 2004/2005 that land use changes would enable the project to reach a density of 2,800; however, the density has only reached 2,695, which accounted for the discrepancy that Mr. Stillwell mentioned. Ms. Feldman explained how the recession impacted construction, rendering the project incomplete, which resulted in its acquisition by the current landowner in 2010. The market was reinvigorated in 2016 and the landowner has been successful in selling most of the developed lots to homebuilders. The market increased pace and approximately 286 new lots have been sold and sales continue at a rate of eight lots per month.

Ms. Feldman highlighted the following details involving the bond issuance:

- Placing more lots on the ground would reduce the Operation and Maintenance (O&M) rather than increase it.
- The refinancing would benefit the land and the viability of the District, as a whole, and the land would eventually pay off the bond debt.
- The existing bonds, with a current coupon rate of 5.45%, would have to be eliminated and replaced by new bonds. By refinancing, the rate would decrease based on the current market, which would be advantageous because, the lower the rate, the less the cost, which gives more confidence that the assessments will be paid, making the finished lots more marketable.
- RH Venture would like the bonds issued and is prepared to continue making the payments on the new bonds, as it had on the old bonds since 2010.
- The normal process in issuing bonds involves finalizing all of the paperwork so that, by the time the bonds are issued, everything works properly and the process defensible.

FOURTH ORDER OF BUSINESS**Presentation of Supplement #1 to
Engineer's Report Dated October 25, 2005
[September 26, 2019]**

Mr. Carl Barraco, of Barraco & Associates, reviewed the Supplemental Engineer's Report and highlighted the following:

- The September 26, 2019 Engineer's Report is a supplement to the original Report dated October 25, 2005.
- The purpose and scope of the Report is to describe the status of improvements today, as outlined in the original Report, to identify modifications to the Development Plan in the original Report and update the original Report to reflect the changes.
- The original Report contemplated future comprehensive plan amendments and rezoning requests to increase allowable density within the District to approximately 2,800 units, which has partially come to fruition, through the adoption of Lee County's Zoning Resolution Z-15-003.

Mr. Barraco read the following descriptive passage of River Hall CDD from the October 25, 2005 Engineer's Report into the record:

"The Developer may request a comprehensive plan amendment and additional rezoning to increase the density to approximately 2,800 units or allowable density over and above the 1,898 units already site-planned would be site-planned in the southernmost 374 acres of the District. Should Units be added within the District, a supplement to this Engineer's Report will be required."

Mr. Barraco explained the original phasing plan and stated that the current plan was a modification of the original Report, which was a non-golf community, or Phase IV. No infrastructure was constructed in that area as was originally contemplated in the original Report and all the infrastructure financed by the original Report was completed to the north of those areas. He reviewed the location maps, completed improvements, original remaining improvements, proposed additional improvements and responded to questions regarding the flow way, annexation, Assessment Area #3, Parcel C, Parcel Z, unit allocations, the legends, Phase IV non-golf community, original bond financing and the completed infrastructure.

Mr. Asfour asked if the original bond was to finance everything as it was originally contemplated. Ms. Feldman stated that the original Engineer's Report contemplated the entire project and the bonds that were issued were issued for a portion of the project, not the entire project. Discussion ensued regarding the project, original Engineer's Report, 2005 bond issuance and deficit funding. Mr. Barraco stated that the Landowner would be responsible for paying the balance.

Mr. Wrathell referenced a map and stated a quick review of the budget would provide a better understanding of the Second Supplemental Methodology, wherein, one assessment table shows 1,862 sold and platted units, 137 off-roll units, 36 carriage units and 101 unplatted 85' lots. The 137 off-roll units would help pay off the debt, as part of the refinancing/new bond issuance. The Property Appraiser rolls are used to allocate the debt assessment to the applicable units and properties. The 85' lots would be replaced with 50' lots, which would be the single-family product type, and the new home for the 36 carriage units would be Parcel Z. Ms. Feldman clarified that none of the land in Assessment Areas #3 and #4 were currently in an HOA; the HOAs only cover the platted lots and lots are added to the HOA as they become platted.

Ms. Sally Shawnd, a resident, stated the lot sizes in Hampton Lakes, where she resides, are 50' and 65' and have higher assessments than other areas. Discussion ensued regarding the gross acreage, product types, Equivalent Residential Units (ERUs), assessment areas, the plats, lot sizes, the HOA, site plans, River Hall Country Club, Assessment Methodology and the legal descriptions in the Declaration.

Mr. Wrathell presented the Second Supplemental Special Assessment Methodology Report dated September 26, 2019, and highlighted the following:

- The Report was developed to provide a supplemental financing plan and a Supplemental Special Assessment Methodology consistent with the final special assessment allocation in the original Report dated October 28, 2005.
- The peculiar benefits versus general benefits.
- Ultimately, a total of 2,695 units will be constructed overall.
- The assumption was that the District would finance 100% of the improvements.
- The Methodology Report is simply a model methodology and reserves the right to be flexible and change as market conditions change.
- Management was purposefully very conservative in the financial modeling and would produce a Third Supplemental Methodology, which would lock in the numbers for the actual bonds for Assessment Area #3.

Mr. Asfour questioned the verbiage in Section 4.1, related to the District funding the construction of the public infrastructure. Mr. Wrathell stated that standard, boilerplate verbiage was used in the Methodology Report and explained that, in some instances, a District would purchase infrastructure improvements from the Developer, in functional segments, or the District would go out to bid, itself, and have a construction contract and pay directly. The Board has the ability to control that through an acquisition agreement that would be drafted by Mr. Cox. Regarding producing a Third Supplemental Report on the basis of when the issuance is actually done, Ms. Feldman stated it would only deal with Assessment Area #3 costs and units. Discussion ensued regarding the 24-month capitalized interest period, the business plan, platted and sold lots, construction funds, bond issuance, etc. Mr. Wrathell stated that, if the District proceeds with construction of the Capital Improvement Plan (CIP), that infrastructure would allow this development, as planned, to happen and would be increasingly beneficial to property owners because, without the program, there would not be a development. Mr. Asfour asked if the infrastructure could be completed without the bond issue and if GreenPointe has the capacity to finance it. Mr. Wrathell stated, without construction of the infrastructure described in the Engineer's Report, whether funded via bonds, privately or a combination thereof, new units could not be built. Ms. Feldman stated the infrastructure might not be completed if bonds are not issued and, although the Developer has the wherewithal, refinancing would be a better use of cost of funds. Mr. Cox stated, as long as the Board makes an informed decision, not arbitrary or capricious, its decision would be sustained by a reviewing judicial body. Mr. Wrathell clarified that, without the CIP described by the Engineer being constructed and implemented, the Development Plan, as contemplated, could not be effectuated without the infrastructure. Mr. Cox stated that there would be a market-driven analysis of the feasibility of the project and how much risk the market is willing to take. Mr. Wrathell stated, until new debt is issued, there would be no money to pay off the old debt, and noted that any property owner has an option to pay down the bond debt on their property.

The meeting recessed at 5:21.

The meeting reconvened at 5:31.

Mr. Wrathell discussed fair and reasonable apportionment of the duty to pay, the true-up mechanism and payments, debt-carrying capacity and responded to questions regarding the revised Development Plan, the commercial property, Assessment Area 3, Assessment Area 4, assessment rolls, unit types, unplatted lots and cost of issuance, 2005 Engineer's Report and

the bond issue. Mr. Asfour voiced his opinion that the original or successor Developer is required to construct the balance of the 2005 infrastructure based upon the Engineer’s Report because it assumed that obligation as the succeeding Developer. He referenced the bankruptcy documents and expressed his belief that GreenPointe should complete the infrastructure and, once completed, request that the CDD issue bonds for the new section. Ms. Feldman stated that GreenPointe did not close on the property, RH Venture I did; GreenPointe assigned the contract to RH Venture I, who did not assume the completion of the funding agreement. Mr. Asfour contended that the issue involves not only land development but bankruptcy and millions of dollars in unfinished infrastructure that somebody should assume and suggested obtaining a second opinion from a law firm that has the necessary expertise to advise as to whether the CDD should pursue a declaratory judgment regarding who is responsible for completion of the infrastructure based upon the 2005 Engineer’s Report. Discussion ensued regarding the bankruptcy, the Trustee, the bankruptcy settlement of \$2.7 million and obtaining a second opinion. Mr. Adams stated the bond issuance discussion would be continued until the Board has an understanding of the bond proposal.

SIXTH ORDER OF BUSINESS

Presentation of FMSbonds, Inc., Agreement for Underwriter Services & G-17 Disclosure

A Board Member pointed out discrepancies in the Agreement for Underwriter Services & G-17 Disclosure. Ms. Feldman stated that it was a first draft and the Delegation Resolution states that the documents are in substantial form and could be updated and corrected. Mr. Metcalfe asked if the CDD is the entity responsible for quarterly reports. Mr. Adams stated that Management would handle the quarterly reports for the CDD. As to whether Board Members should forward questions to the District Manager, Mr. Adams recommended sending written questions to his attention; answers would be provided at the next meeting. Discussion ensued.

SEVENTH ORDER OF BUSINESS

Update: Perimeter Access Control Initiatives

This item was deferred.

EIGHTH ORDER OF BUSINESS

Update: SR 80 Waterline Drainage Issue

There was no update.

NINTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of August 31, 2019

Mr. Adams presented the Unaudited Financial Statements as of August 31, 2019. The financials were accepted.

TENTH ORDER OF BUSINESS

Approval of September 5, 2019 Public Hearing and Regular Meeting Minutes

Mr. Adams presented the September 5, 2019 Public Hearing and Regular Meeting Minutes.

On MOTION by Mr. Morash and seconded by Mr. Stark, with all in favor, the September 5, 2019 Public Hearing and Regular Meeting Minutes, as presented, were approved.

ELEVENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: *Daniel H. Cox, P.A.*

There being no report, the next item followed.

B. District Engineer: *Hole Montes*

There being no report, the next item followed.

C. District Manager: *Wrathell, Hunt and Associates, LLC*

There being no report, the next item followed.

D. Operations Manager: *Wrathell, Hunt and Associates, LLC*

Mrs. Adams reported the following:

- Pine straw and palm pruning would be coming up,
- Pressure cleaning was underway,
- Holiday decorations would be installed at the end of October.
- Holiday flower program would commence in mid-November and consist of poinsettias.

- **NEXT MEETING DATE: November 7, 2019 at 3:30 p.m.**

- **QUORUM CHECK**

Supervisors Asfour, Morash, Metcalfe and Stark confirmed their attendance at the November 7, 2019 meeting.

TWELFTH ORDER OF BUSINESS

Public Comments: Non-Agenda Items (3 minutes per speaker)

There being no public comments, the next item followed.

THIRTEENTH ORDER OF BUSINESS

Supervisors' Comments/Requests

Mr. Asfour voiced his reluctance to proceed with the bond issuance and asked the Board to consider obtaining a second opinion by the next meeting.

FOURTEENTH ORDER OF BUSINESS

Adjournment

There being no further business to discuss, the meeting adjourned.

On MOTION by Mr. Asfour and seconded by Mr. Morash, with all in favor, the meeting adjourned at 6:58 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


Secretary/Assistant Secretary


Chair/Vice Chair