

MINUTES OF MEETING
HERITAGE PARK
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Heritage Park Community Development District was held on Thursday, July 25, 2024 at 1:00 p.m. at the Heritage Park Amenity Center, 225 Hefferon Drive, St. Augustine, Florida 32084.

Present and constituting a quorum were:

Joanne Wharton	Chairperson
Robert Curran	Vice Chairman
Thomas Ferry	Supervisor
Judith Kinnecom	Supervisor

Also present were:

Jim Oliver	District Manager
Ryan Stilwell <i>by phone</i>	District Engineer
Kyle Magee	District Counsel
Wes Haber <i>by phone</i>	District Counsel
Jeff Johnson	Riverside Management Services
Rhonda Mossing <i>by phone</i>	MBS Capital Markets
Residents	

The following is a summary of the actions taken at the July 25, 2024 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 1:00 p.m. All Supervisors were present with the exception of Mr. Pingotti.

SECOND ORDER OF BUSINESS

Public Comment

Mr. Oliver reported that on the agenda was the discussion of the Parcel B purchase, which was across the street. He planned to provide an overview first, before Board discussion and public comments, as some questions may be answered. In addition, there would be a public

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hearing on the budget later in the meeting and if there were any questions regarding the budget, Mr. Oliver requested that they be asked at that time. There were no public comments.

THIRD ORDER OF BUSINESS**Approval of the Minutes of the May 9, 2024 Meeting**

Ms. Wharton stated on Page 2, under the Fourth Order of Business, “Was a Board decision, but wanted it to be sold for the highest and best use,” should be “Was a Board decision, but he wanted it to be sold for the highest and best use.” She did not want it to be sold for the highest in best use, but the developer owner did. On Page 7, “Landscape Contingency of \$39,000,” should be changed “Landscape Maintenance of \$39,000.” Mr. Ferry asked if the statement on the bottom of Page 4, “There was broken glass and branches across the sidewalk, which she dragged onto the grass, as no one could use the sidewalk,” was correct. Ms. Wharton confirmed that she dragged the broken glass and branches, so it was not blocking the sidewalk, but did not have anything to clean up the glass.

On MOTION by Ms. Wharton seconded by Mr. Curran with all in favor the Minutes of the May 9, 2024 Meeting were approved as amended.

- **Update Regarding Parcel B**

Mr. Oliver provided an update on Parcel B, before MBS Capital Markets (MBS) gave their presentation. At the last meeting, the Board directed the District Manager and District Counsel to work with the Chair to negotiate for the purchase price with the current property owner, Mr. Tom Harb of Heritage Park of St. Augustine, LLC. Mr. Harb started the negotiation at \$750,000 and the final price that they all agreed on was \$360,000, but it did not include transactional costs. At the last meeting, the Board requested that MBS look at the numbers and determine whether or not it would be viable to refund the Series 2013 bonds, reduce the amount at a lower interest rate and issue a new money bond in the amount of \$360,000, in order to purchase the parcel. In addition, staff reached out to Mr. Harb, to see if he could finance the purchase of the property, which he was willing to do, but over three to five years at an interest rate of 8%. Ms. Wharton recalled the Board feeling that 8% was high. Mr. Oliver pointed out that both options would have transactional costs and borrowing \$360,000, over the extended period, would result in \$58,000 worth of interest, without any transaction costs. The total price to

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be financed, would be over \$410,000, which spread over 703 units, would equate to \$1,063 per lot or spread over three years, would equate to \$354 per lot. As an alternative, which the Board was most interested in at the last meeting, the District could tie it in with the refunding of the bonds.

Mr. Oliver pointed out that Page 10 of MBS' report, included a table showing the annual debt service for the Series 2013 bond for the different product types. There were 703 multi-family units, paying an assessment of \$286.38, but if the District were to refinance the bonds, the assessment would drop to \$276. The new revenue bonds would increase total debt service by \$14 per year to \$290.54, resulting in an overall increase of \$4.16. There were 202 single family 53' units, paying an assessment of \$572, which would decrease to \$553, if the District refinanced the bonds. The new money bond would cost \$28 a year, resulting in a net increase of \$8.33 per year. In the conclusions listed on Page 13, the Series 2024 refunding bonds would mature in 2035 and the series 2024 revenue bonds would mature in 2036. The payments would start in Fiscal Year (FY) 2036. On Page 15, there was a diagram showing the steps to be taken to accelerate this sale, to the end of this calendar year. According to the timetable, this process could take approximately four months, meaning that the Board must meet in August, September, October and November. Ms. Wharton pointed out that they would have to tie in the closing of the parcel shortly after the closing on the bonds. Mr. Oliver indicated if the Board wanted to purchase the parcel at \$360,000, either way, the Board must hold a public hearing in order to levy the assessments, but the annual payment would be costly.

Ms. Wharton felt that an increase in assessment of \$360 for three years, would burden residents that had fixed incomes, as the cost of living has increased, although the Board had not raised assessments in over 20 years. However, even though there were substantial fees associated with creating another bond, residents would only receive a \$360 assessment over three years, equating to a \$1 per month increase, which would be more palatable to residents, versus having a \$30 to \$40 per month assessment increase. Mr. Ferry reported that residents would be paying more money in the long run, but it would provide less burden in the beginning. Mr. Oliver noted a fence in the parking lot of Parcel B that needed to be removed. Ms. Wharton pointed out that Mr. Pingotti, who was in the hospital, would be advised about what took place today. Mr. Curran and Ms. Kinnecom agreed with having a bond, versus an assessment. Mr. Oliver opened the floor to audience comments. A Resident questioned how many parcels were outside the

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boundaries of the CDD like this one. Ms. Wharton confirmed that this was the only parcel. There being no further questions or comments, Mr. Oliver closed the floor to audience comments. Mr. Haber felt that Ms. Wharton's explanation of the finances was adequate and he had nothing further to add. Mr. Oliver requested a motion from the Board for staff to initiate the process to issue bonds and a meeting in August would be scheduled to continue this process. Ms. Wharton proposed directing staff to prepare an official offer prior to initiating the bond process.

On MOTION by Ms. Wharton seconded by Mr. Ferry with all in favor authorization for District staff to officially offer \$360,000 for Parcel B in writing, contingent on the Board's approval of the financing and removal of the fence was approved.

FOURTH ORDER OF BUSINESS

Presentation by MBS Capital Markets, LLC

Mr. Oliver reported that Ms. Rhonda Mossing of MBS was available by phone, if the Board had any questions, but if there were no questions, requested that the Board direct staff to form the finance team and begin the bond issue process. A Resident pointed out that since March 4th, the HOA tried diligently, to get the fence removed, but there had been no response. Ms. Wharton pointed out, if the CDD purchased the property and there were any pending lawsuits on Parcel B, they would all be dropped at closing. Mr. Oliver felt that those were good points.

On MOTION by Mr. Ferry seconded by Ms. Kinnecom with all in favor authorizing staff to initiate the process to issue bonds was approved.

A Resident questioned what the District would do with the parcel. Ms. Wharton stated there were plans to leave it as open vacant land for the community, at this time, but in the future, they discussed including a bench for people to sit. Their plan was not to re-sell it. Mr. Curran recalled that the original plan was to stop the owner from building two multi-family structures. Ms. Wharton added that it changed to low-income housing. A Resident indicated that the original Housing and Urban Development (HUD) Plan showed open space and recreation for the benefit of Heritage Park. Mr. Oliver pointed out if the CDD owned the parcel, the CDD would control it. The Resident thanked the Board for approving this on behalf of the community.

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FIFTH ORDER OF BUSINESS**Update Regarding Parcel B**

This item was discussed.

SIXTH ORDER OF BUSINESS**Acceptance of Fiscal Year 2023 Audit Report**

Mr. Oliver reported as a unit of government, the CDD was required to have an annual audit conducted by an independent CPA firm, selected through the Request for Proposals (RFP) process, in accordance with Chapter 218 of the Florida Statutes. The Fiscal Year 2023 audit was included in the agenda package, which was prepared by Grau & Associates. It was a clean audit, as there were no current or prior year findings or recommendations, the District did not meet the financial emergency conditions described in Section 218.503 of the Florida Statutes and the financial records were in accordance with the standards for the Auditor General of the State of Florida. If the District was not in a strong financial position, they would not be able to issue bonds. This audit was provided to the Auditor General. Ms. Wharton noted on Page 5, a *Net position - ending* amount of \$912,000, which increased each year and asked if it was based on depreciation. Mr. Oliver replied affirmatively, but once the District built infrastructure, it was conveyed to another entity, like the City of St. Augustine or St. Johns County and there would be more liabilities, due to the long-term debt. However, the CDD wanted those entities to own the infrastructure, for maintenance purposes, so that burden was not placed on residents. Ms. Wharton asked on Page 7, under Liabilities, if the *Due in more than one year* of \$3,163,162, was the total that was due in more than one year. Mr. Oliver confirmed this was the case, as the Balance Sheet included short-term liabilities, but when shifting over to the capital assets, the long-term liabilities were listed.

On MOTION by Ms. Wharton seconded by Mr. Ferry with all in favor the Fiscal Year 2023 Audit Report was accepted.

SEVENTH ORDER OF BUSINESS**Budget Adoption for Fiscal Year 2025****A. Overview and Board Discussion of Budget**

Mr. Oliver stated as a unit of government in Florida, the District was required to go through a budget process each year, starting with the approval of the Proposed Budget prior to June 15th. If the Board had a surplus at the end of the year, the District would retain that surplus and it would remain on the Balance Sheet. Not only would it be on the financials at the end of

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the fiscal year ending September 30th, which the District had been doing for several years, the Board was subsidizing assessments by using assessments that were already collected. However, the Board should not be relying solely on surplus funds solely and should continue building reserves and have a rainy-day fund, in case there was a hurricane, as the District would be looking at \$100,000 worth of fallen trees that were not budgeted or insured. What caused the assessment increase was: 1) The District was using less *Carry Forward Surplus*, 2) An increase in the *Capital Reserve Contribution* from \$21,000 to \$40,000 per year, to maintain the stormwater management system, lake banks and fountains, to ensure that they were in working order and to make needed repairs and 3) Increases in the budget. Along with the General Fund and Capital Reserve Fund, the budget included the Debt Service Fund for the Series 2013 bonds, which would be financed later this year at a lower interest rate. Currently, the District was required to make two semi-annual interest payments and one principal payment each year. When assessment funds were collected by the Tax Collector and received by the District, they were forwarded to the Trustee, US Bank to pay the bondholders for the debt that the District incurred when issuing bonds.

Mr. Oliver pointed out that the assessments as proposed by the Property Tax Bills were increasing from \$255,000 to \$310,000. To balance the budget, last year, \$75,000 in *Carry Forward Surplus* was used, but this year, only \$49,000 would be utilized. If the District was flush with assessments from a prior period, the Board could always transfer those funds to the Capital Reserve Fund or *Carry Forward Surplus*. Administrative expenses, increased from \$124,117 to \$128,879, for an increase of almost \$5,000 or 4%, due to inflation. Operations and Maintenance (O&M) expenses increased from, \$187,797 to \$196,975, for an increase of \$9,000 or 4.9%. The *Transfer-In* line item in the Capital Reserve Fund, increased from \$20,920 to \$40,000. Lastly, *Total Expenditures* increased from \$332,834 to \$365,854. All property owners received letters showing their proposed assessment, as stated on Page 2 and the public hearing was advertised in the St. Augustine Record. Many phone calls were received by District staff and the HOA and Mr. Oliver appreciated the communication from HOA staff. The Board did not take assessment increases lightly, as this was the first one since the District was established. Mr. Ferry noted that \$2,000 was transferred from *Operating Reserves* to *Landscape Contingency* and *Lake Contingency* was increased from \$7,000 to \$10,000 for the new plants. Mr. Oliver pointed out through a budget amendment; the Board could move money among line items. If the money

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was not spent, it would remain in the budget or could be returned to residents through *Carry Forward Surplus*.

B. Audience Comments

On MOTION by Mr. Ferry seconded by Mr. Curran with all in favor the Public Hearing to adopt the budget for Fiscal Year 2025 was opened.

A Resident understood that CDD fees were only for 20 years. Mr. Oliver explained that there were two components to a CDD assessment; a Debt Service Assessment, which was a fixed amount, unless the bonds were refinanced at a lower rate used to pay back the 30-year bonds and an O&M Assessment, which was affected by the rate of inflation. Ms. Wharton recalled that there was approximately 12 years remaining on the bonds, unless they were refinanced. A Resident understood that Parcel B was supposed to be turned into a daycare center and it would change the debt ratio, as the District would receive a profit and provide a benefit to the people that wanted to utilize Heritage Park amenities. Mr. Oliver explained if a private entity built a daycare center, the District would not receive those profits and since everyone in the CDD would now purchase the land, it would not be used for a daycare center. There were no further public comments.

On MOTION by Ms. Wharton seconded by Ms. Kinnecom with all in favor the Public Hearing to adopt the budget for Fiscal Year 2025 was closed.

C. Consideration of Resolution 2024-03, Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2025

Mr. Magee presented Resolution 2024-03, formally adopting the Fiscal Year 2025 budget and appropriating funds. The Proposed Budget was previously approved by the Board, over 60 days ago and the public hearing was advertised in accordance with Chapter 190.

On MOTION by Ms. Wharton seconded by Mr. Ferry with all in favor Resolution 2024-03 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2025 was adopted.

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D. Consideration of Resolution 2024-04, Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2025

Mr. Magee presented Resolution 2024-04, imposing assessments to pay the debt and O&M assessments. It finds the provision of the services, facilities and operations for lands within the District that received a special and peculiar benefit, exceeds or equals the cost of the assessments, imposes O&M assessments to fund the budget and sets the maximum rate going forward. If assessments decreased in the future, the District would not have to re-advertise or hold a public hearing, as this was the high watermark. However, if there was a need to increase them, the CDD must go through this process again. The resolution also certifies the Fiscal Year 2025 installment of the District's previously levied debt assessments and certifies the Assessment Roll for the county Tax Collector, for collection through the uniform method.

On MOTION by Ms. Wharton seconded by Mr. Ferry with all in favor Resolution 2024-04 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2025 was adopted.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Magee had no further report but would be working with Mr. Oliver's office on the purchase of Parcel B, as well as the issuance of the bonds. Mr. Oliver thanked the Board for working through this process with the HOA, as it was a good collaboration and thanked Mr. Magee and his office for their hard work, as this was a complicated matter.

B. Engineer

Mr. Stilwell had no report but would be working on the Engineer's Report for the bond refinancing.

C. Manager – Discussion of Fiscal Year 2025 Meeting Schedule

Mr. Oliver presented the meeting dates for Fiscal Year 2025, which was similar to last year's meeting schedule, with meetings on the fourth Thursday at 1:00 p.m., every other month. However, due to the Parcel B purchase, there would be meetings in August and October. Mr. Ferry questioned whether the November meeting was on the third Thursday, due to

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Thanksgiving. Mr. Oliver noted this was due to a conflict with his schedule and requested following the same schedule each year. Ms. Wharton wanted more flexibility when the August and October meetings were held. Ms. Kinnecom pointed out that she was not available the third week of October and first week in August. Mr. Oliver would have staff send an email to the Board to finalize the dates, once the financing team was in place, but anticipated meeting in the middle of August.

On MOTION by Mr. Ferry seconded by Ms. Kinnecom with all in favor the Fiscal Year 2025 meeting schedule as presented was approved.
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D. Operations Manager

Mr. Gray presented the Operations Manager Report. The wiring on the Fountain on Pond 1400, which was caught by someone fishing, was replaced. It was cheaper to replace it than to repair everything. Ms. Wharton pointed out that they now had a new front and back fountain, as the controller was replaced in November and the entire front of the fountain was replaced in May. Mr. Gray indicated that the fountain was one that they had on their shelf and they were now down to four. The cost to replace was without the labor. Outfall structures were cleaned on Ponds 1500 and 900 for inspection purposes. Ms. Wharton appreciated that, as she looked at Pond 900 today and wondered whether it was cleaned out. In the future, she requested that the bamboo be trimmed back even further. Mr. Gray noted that water levels were low and were hoping that it rained soon. Ms. Wharton recalled that water levels were up quite a bit last week and ducks were swimming around. Mr. Gray reported at the last meeting, the Board discussed the replacement of No Fishing signs. There were no signs in stock and he obtained proposals. Ms. Wharton did not think that they needed additional signs, but if they were broken, there needed to be some in stock to replace them and would review the proposals.

Mr. Curran recalled at the last meeting the Board discussed relocating a sign on Pond 500 that was further down the bank. Mr. Gray would remove the posts that were visible that did not have signs on them. Ms. Wharton asked if there was at least one sign on every side. Mr. Gary assumed that there were signs. Mr. Curran felt that one sign was needed on Pond 500, as one was deep in the corner. Mr. Gray obtained two different options for signs: one for 15 signs and the other for 25 signs, at a price of \$77 per sign. However, the more signs that were purchased, the

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less the cost was. Ms. Wharton questioned the amount of signs that needed to be replaced per year. Mr. Gray used eight signs, in less than a year. Mr. Ferry was in favor of purchasing 25 signs. Ms. Wharton preferred to purchase 15 signs, to keep within their budget, as 15 would last two years. In the meantime, Mr. Gray would re-design the posts and place wings on the end of them, to stabilize it, as these were expensive signs. Ms. Wharton felt this was a great idea and was in favor of purchasing 25 signs, as the price decreased from \$77 to \$20 per sign.

On MOTION by Ms. Wharton seconded by Ms. Kinnecom with all in favor the purchase of 25 No Fishing signs was approved.

Ms. Wharton thanked Mr. Gray for all of his hard work and questioned whether the pond that a resident complained about last month was taken care of. Mr. Gray confirmed that the resident complained about the fountain on Pond 100, which was now working.

NINTH ORDER OF BUSINESS

Audience Comments

A Resident questioned why there were no flowers at the main entrance any more. Ms. Wharton requested brining this matter to the HOA, when they met in two weeks. It was noted that people steal the flowers and sell them.

TENTH ORDER OF BUSINESS

Supervisors Requests

Ms. Wharton reported that she was unable to complete the mapping on the streetlights, but all of the main roads were completed. Two streetlights were missing glass. The biggest issues were at the villas, as there were several places by the mailboxes, where it was pitch black, because trees were covering the lights. However, the CDD owned the streetlights and understood that the villas were responsible for tree trimming. Ms. Wharton felt that it was not cost effective to spend money trimming the trees, just to activate the timers, as many turned on too early. Mr. Curran indicated that one such streetlight was on Heritage Park Drive and the one on the corner of Tall Pine Court, was on all the time. Ms. Wharton was not aware of those and loved that Board Members were noticing things, as they all worked together. Thus far, she completed the mapping for Hefferon Drive, Heritage Park Drive, E. Red House Branch Road and the villas. A Resident asked if there was a map that differentiated the CDD lights from HOA lights. Ms.

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Wharton explained that Florida Power & Light (FPL) owned all of the streetlights. The Resident recalled that there was a metal plate that had contact information. Ms. Wharton indicated that all of the metal plates were corroded and she had to use addresses. However, some could be read and she recorded those pole numbers. This was the purpose of the mapping. She was doing the best that she could, but on the major roads, there was no other way to identify the streetlights, other than to say that they were the third one to the right of the entrance. Anyone could call FPL to report a streetlight, but since it took 60 to 90 days for them to come out, if it was a safety issue, they could contact Mr. Johnson. Mr. Ferry understood that the photocells were affected by lightning and if it blinked, there could be a surge issue, but if the photocell was changed and it was still blinking, there was something wrong with the light bulb. Regarding the responsibility for tree trimming, Ms. Wharton recalled that money was included in the budget, but believed that homeowners were responsible for trees on their property that were affecting streetlights and assumed that homeowners in the villas were responsible for trees at the mailboxes that were covering the lights. Mr. Magee would look into it. A Resident offered to drive around Ms. Wharton in her golf cart.

ELEVENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet and Statement of Revenues & Expenditures

Mr. Oliver presented the Unaudited Financial Statements through June 30, 2024, which were included in the agenda package. They were nine months into the fiscal year. The balance in the Capital Reserve Fund was \$136,000. There was a positive variance in the General Fund.

B. Assessment Receipt Schedule

Mr. Oliver presented the Assessment Receipt Schedule, which was included in the agenda package. The District was fully collected for FY 2024.

C. Approval of Check Register

Mr. Oliver presented the Check Register for May 1, 2024 to July 17, 2024 in the amount of \$48,293.48, which was included in the agenda package. Ms. Wharton did not see anything unusual, but questioned what the aerator re-build kit and anchor were for, which amounted to \$824. Mr. Gray stated that aerator re-build kit was for Pond 300 and the anchor was for Pond 1500, to stop the fountain from rocking.

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On MOTION by Ms. Wharton seconded by Ms. Kinnecom with all in favor the Check Register for May 1, 2024 to July 17, 2024 in the amount of \$48,293.48 was approved.

TWELFTH ORDER OF BUSINESS

Next Scheduled Meeting – September 26, 2024 @ 1:00 p.m.

Mr. Oliver indicated that the next meeting was scheduled for September 26, 2024 at 1:00 p.m. The August meeting was to be determined.

THIRTEENTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Curran seconded by Ms. Kinnecom with all in favor the meeting was adjourned.

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Secretary/Assistant Secretary

Signed by:

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Chairman/Vice Chairman