

Minutes of Meeting  
Tolomato  
Community Development District

The regular meeting of the Board of Supervisors of the Tolomato Community Development District was held Tuesday, February 26, 2019 at 3:05 p.m. in the Nocatee Amenity Center, 245 Nocatee Center Way, Ponte Vedra, Florida.

Present and constituting a quorum were:

Richard T. Ray	Chairman
William Fitzgerald	Supervisor
Dr. Ron Howland	Supervisor

Also present were:

Jim Oliver	District Manager
Sarah Warren	District Counsel (by telephone)
Scott Wild	District Engineer (by telephone)
Steve Hanson	Tolomoto
Lee Hovis	Tolomoto
Tina Burleigh	Tolomoto
David Ray	GMS, LLC
Brett Sealy	MBS Capital Markets LLC (by telephone)
Sete Zare	MBS Capital Markets LLC (by telephone)

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Oliver called the meeting to order at 3:05 p.m. and called the roll.

**SECOND ORDER OF BUSINESS**

**Affidavit of Publication**

A copy of the affidavit of publication of the notice of meeting was included in the agenda packages.

**THIRD ORDER OF BUSINESS**

**Audience Comments**

There being none, the next item followed.

**FOURTH ORDER OF BUSINESS**

**Approval of the Minutes of the January 22, 2019 meeting**

On MOTION by Mr. Ray seconded by Mr. Howland with all in favor the minutes of the January 22, 2019 meeting were approved as presented.

## **FIFTH ORDER OF BUSINESS**

### **Consideration of Engagement of MBS Capital Markets to Evaluate the Refunding and Refinancing of Multiple Bond Issues**

Mr. Sealy stated you have in front of you a proposed investment banking agreement, which is in substantially similar form to our prior engagement but in the same capacity. We have identified potential refinancing opportunities with four of the district's outstanding series of bonds and we are seeking for the purpose of continuing that investigation the fee proposal that is within the proposed engagement, which is contingency based, there is no fee for us to undertake this work. We are undertaking this work at our own risk and cost. We would only be compensated to the extent that the board elected to proceed with one or more of the refinancing transactions and we successfully delivered a closing.

Mr. Ray stated this is a continuation of part of the original financing plan for Nocatee for the Tolomato District. As you will remember about a year ago we had our first successful refinancing of bonds, maybe \$50 million par value of bonds. Overall, we have \$300 million in par value of bonds. When these bonds were issued that had fairly substantial interest rates, 6% and 7% and the opportunity for us is there given that interest rates are continuing to stay low. Brett and Sete had great success getting bonds refunded and reissued in 2018. We would have done more in 2018 but we weren't able to do that at that time. This is a continuation of the original financing plan of the district and if we are successful in doing this the way we planned it affects everybody in Nocatee. We are working our way through the bonds as they become callable to see if we can get a successful refinancing. The other commitment we, the board, has made to the residents is that the term of their bonds would not increase and the amount of their assessment for debt would not increase. If we go forward and look at whether or not we have an opportunity to refinance I would like to maintain the position that we always had in the past and that is whatever we do, we do the best we can to lower the interest rate, which gives us the ability to generate capital for more capital improvements but in such a way that every resident in Nocatee still maintains the same assessment and does not have an increase in their term. This gives Brett the opportunity to look at the multiple bond issues that are available for refunding right now, find out what makes sense, what we can do and what they think they can take to the market and how much capital they

think they can generate through this all doing it in a way that the term of the bonds does not increase and the debt assessment on the residents does not increase.

On MOTION by Mr. Ray seconded by Mr. Howland with all in favor the engagement letter with MBS Capital Markets, LLC was approved.

Mr. Sealy and Ms. Zare left the telephone conference call at this time.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

**A. Attorney**

Ms. Warren stated the legislative session will start next week and we will be monitoring any legislation that may impact special districts and we will let you know of anything you should be aware of.

**B. Engineer**

**1. Construction Updates**

Mr. Wild stated last month we approved a proposal for Florida Roads to finalize the cart path improvements in the Duval County portion of Nocatee and they have gotten underway and I expect that to wrap up in the next couple of weeks.

**2. Consideration of Change Orders**

There being none, the next item followed.

**3. Consideration of Work Authorizations**

Mr. Wild stated I believe work authorization no. 121 has been distributed to everybody. As most of you know the St. Johns County ordinance that the majority of Nocatee has been developed under required that golf carts have their own dedicated paths such that it was for carts only and pedestrians and bicyclists had their own dedicated path but in 2018 the county passed a new ordinance that allowed everybody to share the same path, which would put golf carts, bicycles and pedestrians being able to share the same paths and there is a lot of confusion as I understand among the residents. A lot of people who are used to the way that it has been where carts stay in

their own path and pedestrians are supposed to be segregated. There are those people then there are those that pay no attention to the signage and striping. The new ordinance requires that the paths for all three type uses be 12 feet wide but the development that was done in Nocatee prior to this new ordinance all the cart paths are 10 feet as well as the pedestrian paths, which was all that was required when they were dedicated paths. You can apply for a variance to allow everybody to use the same path at a lesser width than the specified 12 feet or 10 feet in our case. We will have to apply for the variance, have meetings with the county and so forth and this work authorization is just to do the very preliminary work associated with investigating getting the variance from the county so we can try to eliminate some of the confusion. It is just hourly with a budget estimate of \$3,000 to meet with the county, prepare some simple exhibits and so forth and if we get a favorable response from the county in support of a proposed variance, we will have to come back for more but for now we just want to get started in the investigation.

Mr. Ray stated I assume if we get the variance then we just get the variance and move on, correct?

Mr. Wild responded yes but there is a lot of signage and striping and so forth that would have to be updated.

Mr. Ray asked the county changed the ordinance and we operated under the county ordinance prior to 2018, we put a lot of money in the ground, we built golf cart paths according to the county ordinance at that time, we put in signage that was required by the county at that time. Here in 2019 the county ordinance changes so I assume what we are doing is going back and getting a waiver then we continue on. Is that true?

Mr. Wild responded what we want to do is get a variance to allow everybody to share the paths that are out there because they are deficient from the 12 feet that the new ordinance requires. It would require new signage and striping to direct people.

Mr. Ray asked if Nocatee had been here for 30 years and we were all operating under an old ordinance and everything was working fine, we built paths according to the county ordinance at that time and they changed their ordinance 30 years from now, would that require us to retrofit and change the signage to comply with the new ordinance?

Mr. Wild stated we are not required to. I understood that it was desired that we pursue this so there is no obligation on your part to pursue letting everybody share the same paths, but I was led to believe that was your preference.

Mr. David Ray stated my understanding was in the old ordinance there was a definition of a golf cart path; in the new ordinance there is no definition of a golf cart path there is only a pedestrian sidewalk and a multi-purpose path that is for everyone. Right now, since we don't have the waiver for our path to qualify, we might be in no man's land. When we do get the waiver what I see being done is where our signage says, golf carts only, that signage would change to say golf carts allowed, golf carts must yield to pedestrians. I know that there is that kind of signage that would be required to essentially change from a golf cart only path to one where all are allowed in a multi-purpose path.

Mr. Wild stated that is correct.

Mr. Fitzgerald asked is there a timeframe for this ordinance to be implemented?

Mr. Wild responded the ordinance is in place, we are just looking for a variance so our paths will qualify for both pedestrians and carts.

Mr. Ray stated if are successful and get a variance what you are saying is the way it is designed currently would not be adequate.

Mr. Wild stated correct. It was appropriate for the prior ordinance and it could still be appropriate if we don't want golf carts and pedestrians and bicycles to all use the same paths. We just want to get the variance to allow our 10-foot path to meet the ordinance of everybody sharing the same path but there will have to be some signage worked up.

Mr. David Ray stated if everyone shares the same paths we have to change signage, right now the signage says, golf carts only and that would no longer be the case.

Mr. Ray stated I'm trying to understand the magnitude of the changes we are going to have to make. We have miles of golf cart paths. What it might require that we get a variance and we have to change the face of signs that say, golf cart only.

Mr. David Ray stated correct in fact we were already planning for a project for the summer and have ordered stencils and golf cart stencils and we were going to freshen that up and it might mean freshening up a golf cart stencil and putting something else underneath it to let people know that golf carts are allowed on here but we might want to let them know that golf carts must yield to pedestrians. I don't know exactly what the changes would be, but it is no long golf cart only under the new ordinance. Signage, stenciling would need to be updated. We were already looking at that project anyway. I don't know if the timing works out for the summer when we would have extra staff.

Mr. Ray asked Scott, you are going to go to the county and David you are also going to the county?

Mr. David Ray stated yes.

Mr. Ray stated Scott and David are going to the county and you are just going to the county seeking a waiver.

Mr. Wild responded yes, we are going to meet with them and see if they have a favorable response to our request for the waiver. Up near the new school we requested it just for one path and they were pretty reluctant at that time but agreed to allow us a waiver for that one because of the special circumstances and that is kind of a very small section, a pilot case for them to see how it would work. Hopefully, their impression from that is favorable and they will support a variance for the entire community, but it depends on what the initial steps will be just preparing for that to meet with them, gauge their reaction and if it is favorable then we will certainly apply for it and if not we will come back and report those findings and see how you would like to proceed.

On MOTION by Mr. Ray seconded by Mr. Howland with all in favor the work authorization to meet with the county regarding a golf cart path variance was approved.

#### **4. Requisition Summary**

Mr. Wild stated next is the requisition summary dated February 26, 2019 and we have requisitions to be approved from the 2018 Bond account requisitions 78 – 86 totaling \$439,344.16 and requisition from the impact fee account 683 – 686 totaling \$6,007.06 for a total requisition amount to be approved of \$445,351.22.

Mr. David Ray stated I made a mistake and it was pointed out that there is not adequate funding within the Series 2018 construction fund so I would like to take requisition no. 84 and move that to be paid out of Series 2006, which if that is acceptable would then bring the totals for Series 2018 construction funds to \$182,804.07, the impact fee account would remain at \$6,007.06, Series 2006 Bonds would have requisition to Carlton in the amount of \$256,540.09 with a grand total remaining the same at \$455,351.22.

Mr. Wild stated I have no objection to that. I assume district counsel doesn't.

Ms. Warren stated we can approve it subject to confirmation that requisition 84 can be paid out of the 2006 funds.

Mr. Ray stated we are confident that it can but that is okay. I'm looking at the Series 2006 at \$358,000 so we are down to \$330,000. Is that going to be adequate to make any payment required to complete the spray park? Is that going to be adequate to finish any ongoing project that the district has that is not transportation related?

Mr. David Ray stated it will not be adequate. In fact, we won't quite be able to finish the spray park. The refunding of the bonds that take place will not happen in time therefore, last time we were in such a situation we went to the developer and asked the developer to advance dollars that were subsequently repaid with proceeds from bond funding.

Mr. Ray asked do you know what the shortfall is?

Mr. David Ray responded right now my guess for the shortfall for the spray park won't be much more than a couple hundred thousand dollars but then there is Crosswater Park.

Mr. Ray stated Crosswater Park hasn't started.

Mr. David Ray stated the expenses have. This is from a cash flow perspective.

Mr. Ray stated we are still in design of Crosswater Park so let's say that maybe there are \$200,000 of expenses out there, are you saying the shortfall is half a million?

Mr. David Ray stated the shortfall for the spray park is a couple hundred thousand.

Mr. Ray stated maybe the shortfall is \$400,000.

Mr. David Ray stated probably a little less than that.

On MOTION by Mr. Ray seconded by Mr. with all in favor the requisition summary as amended was approved subject to verification the requisition can be paid out of the 2006 bond funds.

**C. Manager**

There being none, the next item followed.

**D. Community Manager Report**

Mr. David Ray stated I would like Lee to talk a little bit about where we are with the spray park then particularly we are headed in for a new adventure with food service.

Mr. Hovis stated Pro Slide the manufacturer of the play structure has concluded their installation and our staff has inspected the structure top to bottom and all the equipment is working. That is very positive.

The district is waiting on the proper health pool permits and expect it to be finalized this week and that should be the last step for the permitting.

The fire marshal has already given the final approval and we have certificate of occupancy on all the building in the spray park.

The food service inspection and permitting in the spray park has been completed. The district is now officially licensed to operate Blue Water Grill. That is a huge step for us.

The adventure that David was talking about, as you know Rocky recently informed us that due to health reasons he was not going to be able to come back as the concessionaire for the splash park. Because the district had already been planning to operate food service in the spray park and because of the upcoming season we started planning to assume operations here as well. We met with the health inspector to go through the plan and after talking to him we decided if we are going to be able to open the restaurant in the splash park this summer we were going to have to operate it. If we decide to permit it separately from what it was, that is why we are just going to transfer ownership from Rocky's license to the district. We are not changing anything for this year. If we have a new vendor come in and take possession or we try to rebuild it this year we are probably going to miss the summer. We are putting plans together to have the license transferred over. He is helping us as well and that is going to be overall a good thing for the district.

Mr. David Ray stated if we took out the pizza ovens and said we are redesigning for something more efficient, more of a snack bar type thing we would start over with the health department and it would be a much longer process and we would miss half the season. Therefore, we are doing all kinds of things like that, but the equipment is staying in place, so we can bypass that.

Mr. Ray asked we bought that equipment from Rocky that he brought in?

Mr. David Ray stated correct.

Mr. Ray asked is the idea to skinny down and say we will buy the equipment?

Mr. Hovis stated to limit it and make it simple for us and then we can expand if we become more confident and more efficient.

Mr. Ray asked is the plan to continue to offer pizza or not?

Mr. Hovis stated he said there are easier things to do.

Mr. Ray stated I'm not suggesting one way or the other, I'm just asking.



Mr. Hovis stated a similar menu to Rocky's but limited. We are also meeting with a couple design experts to talk about the future if we decide at the end of summer we want to redesign it, we file for permits.

Mr. Ray asked will you talk about food service management?

Mr. Hovis stated when we originally brought in our staff from years ago, Derrick Cross was brought in as assistant operations manager and he would oversee maintenance pools, things of that nature but his forte has always been food. He was food service manager at Adventure Landing for years, he ran a restaurant over at the beach for a couple years so he has a lot of experience. When we met with John Hewins, our board member, we started talking about our plan and picked his brain and by bringing in our new maintenance department that freed Derrick up and we started concentrating on the food side. He has taken that under his wing and is bringing expertise. He has done the catering for events we have had.

We are also bringing in some additional support staff for him and we will hire new staff. We have been planning this for quite a while.

Mr. David Ray stated restaurants are the number one failure rate in any business so it is something we are proceeding cautiously with and we are trying to do everything as conservative and properly as we can.

Mr. Ray stated remember you have to have value options and keep it simple.

Mr. David Ray stated the Blue Water Grill will be open for the spray park opening but it is going to be a very simple menu because there will be food trucks and a high volume.

Mr. Fitzgerald stated the splash park food service is not in our budget. Are you going to present us with a budget for that?

Mr. Hovis stated we are still working on a plan that will come back to you.

Mr. Fitzgerald stated I presume the spray park budget was put together prorated assuming the park wasn't going to be open the whole year. Is that still looking good?

Mr. David Ray stated as far as we know. In making the food budget for the spray park was very difficult because we had no basis on which to start. I even hesitate to present a revised budget for the other food service because we still don't know, there is not a real basis for us to make any judgments. We have no historical data.

Mr. Fitzgerald stated from my point of view the goal for this should be to make it as seamless as possible, so nobody even knows Rocky left.

Mr. Ray stated keep everybody happy. We don't want residents starting to get a black eye to whatever you have worked for because of food service at the splash park.

**SEVENTH ORDER OF BUSINESS                      Financial Reports**

**A. Balance Sheet as of January 31, 2019 and Statement of Revenues and Expenditures for the Period Ended January 31, 2019**

A copy of the balance sheet and statement of revenues and expenditures were included in your agenda package.

**B. Construction Schedule – January 31, 2019**

A copy of the construction schedule was included in your agenda package.

**C. Assessment Receipt Schedule**

A copy of the assessment receipt schedule was included in your agenda package.

**D. Check Register**

On MOTION by Mr. Ray seconded by Mr. Howland with all in favor the check register approved.

**EIGHTH ORDER OF BUSINESS                      Other Business**

There being none, the next item followed.

**NINTH ORDER OF BUSINESS                      Supervisor's Requests and Audience Comments**

There being none, the next item followed.

**TENTH ORDER OF BUSINESS                      Next Schedule Regular Meeting – March 26, 2019 at 3:00 p.m. at the Nocatee Amenity Center**

Mr. Oliver stated the next meeting will be March 26, 2019 at 3: p.m. in the same location.

On MOTION by Mr. Ray seconded by Mr. Howland with all in favor the meeting adjourned at 3:46 p.m.



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Secretary/Assistant Secretary



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Chairman/Vice Chairman