

**MINUTES OF MEETING
STONEBROOK
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the Stoneybrook Community Development District held a Continued Meeting on March 31, 2022 at 1:00 p.m., at the Stoneybrook Community Center, 11800 Stoneybrook Golf Boulevard, Estero, Florida 33928.

Present were:

Eileen Huff	Chair
Phil Olive	Assistant Secretary
Philip Simonsen	Assistant Secretary
Mike DeBrino, Jr.	Assistant Secretary

Also present, were:

Chuck Adams	District Manager
Tony Pires	District Counsel
Jeff Nixon	Golf Pro
Joe Mika	Resident
Santo Listro	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 1:00 p.m. Supervisors Huff, Simonsen, Olive and DeBrino, were present. Supervisor Brady was not present.

SECOND ORDER OF BUSINESS

Public Comments (5 Minutes)

Referencing a letter to the Board, resident Joe Mika thanked the Board for their dedication and voiced his opinion that the investment to purchase the TAQ building would further enhance the value of the property. The following questions were asked and answered:

Mr. Mika: Please confirm the amount of the bond that will be secured and its terms.

Ms. Huff: \$11 million for a 30-year term, with approximately \$7.5 million allocated towards the building, \$2 million allocated landscaping and \$1.5 million allocated to future roads.

Mr. Adams: That was the net amount; the amount is slightly over \$12 million.

Mr. Mika: Once the bond is secured, will the proceeds be given to the CDD at one time?

Ms. Huff: Yes.

Mr. Mika: If so, would the Board consider doing the roads any sooner to avoid any cost increases?

Mr. Adams: That is the plan.

Ms. Huff: As well as the landscaping.

Mr. Mika: Who will hold the ultimate responsibility for the management of the bond fund?

Mr. Adams: The Trustee manages the trust estate, which is the bonds.

Mr. Mika: Who is that?

Mr. Adams: In this case, US Bank.

Mr. Mika: So, the funds are being invested in money markets?

Mr. Adams: Typically, treasuries.

Mr. Mika: Will any of the new bond monies be used to pay off the present bond that comes due next year?

Mr. Adams: No, sir.

Mr. Mika: Any reason why that won't happen?

Mr. Adams: That portion is secured by the golf course.

Mr. Mika: My tax assessment for the past two years has been \$974.52 each year. I realize that this amount includes \$100 for the future landscaping project, that is \$325 for the payment of the remaining bond. It was stated in a prior meeting that the expanding tax for the future was \$517, which would strictly be used to pay off the new bond. I believe it was stated that this would replace the \$425. The future bond payment would not be dependent upon any rent from tenants or the property. Is that correct?

Ms. Huff: Correct.

Mr. Mika: On top of the \$517, including the normal cost of maintenance for the common property?

Ms. Huff: Right. It would include the O&M, which is approximately \$475, and irrigation, which is approximately \$75. So that would still be on your tax bill.

Mr. Mika: So, is this a correct assumption that, going forward, the community can expect that our taxes will range somewhere in the area of \$1,070 versus the \$954?

Ms. Huff: Approximately, yes. The O&M and the irrigation will still stay on the tax bill.

Mr. Mika: Is it correct that the rent from the Pro Shop and the rent from the present tenant would be directed to a reserve fund that would potentially pay off the bond early or possibly reduce the yearly tax of the residents?

Ms. Huff: Yes.

Mr. Mika: Are there any other Covenants that dictate what the maximum amount is that can be held in reserves?

Mr. Adams: There is nothing like that that pertains to the CDD.

Mr. Mika: Finally, is it correct that the reserve being established from the rent payments cannot be used for upkeep of the golf course?

Ms. Huff: Correct. The golf course must stand on its own on the revenues of the golf course.

Mr. Mika: I thank you for all that you are doing and I fully support this endeavor that you are undertaking for our community.

Resident Santo Listro commented on a bond that retired, another bond that will expire next year and what residents are currently paying in O&M. He asked about the new debt service payments and the amount in reserves. Ms. Huff explained that, when the bond came due, the auditor advised that the CDD was behind in reserves, mainly due to Hurricane Irma recovery so the Board had to increase the O&M from \$325 to \$425 to pay for the landscaping. The current golf course bond of \$425 is coming off and the new O&M amount will be \$517. Asked about the current reserve amount of \$847,000, Ms. Huff stated a portion of the reserve is for emergency operations, another portion will be used for the landscaping, which will go into the bond account, and the remainder will be kept aside for working capital.

Discussion ensued about engaging a property manager, the increase in the tax bill, rent revenue from Duffy's, reducing the debt service, the supplemental bond indenture, the "no-call provision" and obtaining a 30-year bond validation, the CDD's credit rating and the terms.

Mr. Adams stated he does not want residents to fixate on the \$517 estimated payment because it is a model and there has since been an increase in the interest rate. The District must undergo the validation process and, if the Board proceeds with the bond, Staff will facilitate an assessment public hearing process and the \$517 figure will likely increase to a conservative, higher number.

A resident asked if residents get to vote on the TAQ building purchase. Ms. Huff stated no, only the Board will vote on it.

Mr. Pires provided the following update:

- In accordance with the sales contract, the title objections and survey objections were submitted on March 1st and March 15th, respectively.
- Under the contract, the seller had up to 30 days to respond and advise whether the seller would cure any matter set forth in the objections, not cure any of the items or agree to curing some but not others.
- On March 17th, the seller provided a response letter to the CDD's survey objection and title objection letters, which outlined requests for deletions, deleting exceptions and a few lingering items that the seller would not cure, which is their prerogative under the contract.
- This triggered the review time for the CDD to either terminate the agreement or waive the objections or defects raised with no reduction in the price.
- Part of the discussion in the previous meeting was that there were two major lingering items from the objections submitted and the response from the seller. One dealt with the property being subject to the Covenants and Restrictions of Stoneybrook, which it was not intended to be, along with an attached legal description, which does not make any sense.
- The second concern was regarding lot split approvals. In 2003, the 4.22-acre parcel where Duffy's is, was deeded to the current owner, TAQ LLC, by the original owner US Homes (Lennar). Lee County had jurisdiction at that time and had regulations requiring that platted parcels need not go through a lot split approval administrative process.
- Mr. Steve Falk was given documents showing that, in 2003, the Clubhouse tract was carved out and excluded from the deed restrictions by the Developer, when the Developer was in control, and this Clubhouse is in the clubhouse tract, which is the five-acre tract up front.
- The restatement that purports to reimpose the Covenants without having the property owner sign the Covenants, is not possible, as a matter of law. There is another set of the documents where only certain parts of the community are added, one at a time, to the deed restrictions and then it was restated to include the entire community.
- It might be necessary to have the surveyor provide an affidavit that might allow the title company to also extract it.
- In an effort to prevent the Village of Estero from deeming the property an illegal lot, a Zoning Verification letter was sent to the Village stating that the setbacks are fine. Verification

was received from Ms. Mary Gibb, Ms. Kathy Eastly and Mr. Jim Hart, of the Village, indicating that the current land use is still valid and the Village is unconcerned with lot split approvals.

- Staff obtained a favorable Property Condition Report and Environmental Assessment for Phase 1.
- The title policy might state that the covenants apply but that is no longer a concern.

Regarding Duffy’s, Mr. Pires stated, it is typically wise to get an attornment and estoppel document from a tenant acknowledging the landlord and confirming that the lease is valid and there are no breaches. The survey and title issues are addressed or will be addressed at closing and the only item outstanding is a statement from the tenant that the lease is enforced and there are no breaches or defaults. Discussion ensued regarding selling the restaurant, owning the parking lot, eventually selling the building and the zoning verification letter.

Asked if the Board could proceed with the purchase, Mr. Pires replied “Yes, subject to obtaining an estoppel letter before the due diligence period is over.” Aside from the estoppel letter, all of the other due diligence items have been addressed.

On MOTION by Ms. Huff and seconded by Mr. DeBrino, with all in favor, ending the due diligence period and proceeding to closing, purchasing and financing of the TAQ building, and extension of closing date assuming receipt of estoppel letter/attornment from Duffy’s, was approved.

Mr. Adams stated Staff will follow up with the property owner to obtain extensions on the original contract closing date. There were discussions on whether to proceed with a Bond Anticipation Note (BAN), which has a much shorter window, or to proceed with the bond, which would save \$150,000 in overhead costs. Asked about the anticipated closing date, Mr. Adams stated the originally agreed-upon date of July 29, 2022 would likely be extended to mid-August.

Regarding the Corkscrew Pines drainage, Ms. Huff stated Staff would alert the Village that the drainage is under consideration and would be on the next agenda.

FOURTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Simonsen and seconded by Mr. DeBrino, with all in favor, the meeting adjourned at 1:36 p.m.


Secretary/Assistant Secretary


Chair/~~Vice Chair~~