

**THE MINUTES OF MEETING OF THE
FLOW WAY COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Flow Way Community Development District's Board of Supervisors was held on Tuesday, May 12, 2015, at 3:00 p.m., at the Offices of Coleman, Yovanovich & Koester, 4001 Tamiami Trail North, Suite 300, Naples, Florida 34103.

Present and constituting a quorum were:

John Asher	Chairman
Keith Berg	Assistant Secretary
Anthony Burdett	Assistant Secretary

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Counsel
Elden McDermitt	McDermitt Davis & Co.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order at 3:00 p.m. The record will reflect that all supervisors are present at roll call with the exception of Supervisors Reiter and Simonetti.

SECOND ORDER OF BUSINESS

Consideration of Minutes

a) February 10, 2015

Mr. Ward stated if you have any additions, corrections or deletions, it would be appropriate at this time to so indicate. Otherwise, a motion for their approval would be in order.

On MOTION made by Mr. Asher and seconded by Mr. Berg, with all in favor, the meeting minutes of February 10, 2015, was approved.

b) February 17, 2015

Mr. Ward stated any additions, corrections or deletions? Hearing none, a motion to approve them would be in order.

On MOTION made by Mr. Berg and seconded by Mr. Asher, with all in favor, the meeting minutes of February 17, 2015, was approved.

THIRD ORDER OF BUSINESS

Consideration of the acceptance of the Audited Financial Statements for the Year ended September 30, 2014.

Mr. Ward stated the auditor who prepared them from McDermitt Davis, Elden McDermitt is on the phone with us, and I'm going to ask Elden to take a few minutes and go through those with you. After which if you have any questions, he'll answer them, and then a motion to approve them would be in order.

Mr. McDermitt stated good afternoon. I'm just going to briefly walk you through the audit report and the governance letter, and I'd be happy to answer any questions. I'm just going to be very brief. I'll start on pages one and two, which is our audit report just stating that we provide an unmodified opinion, which is the best or cleanest opinion that we can offer the finances for the District. In the prior year, the District had minimal activity, but for this year we had quite a bit of activity going on. As you know some of the highlights are that we issued a little over \$7 million in bonds to finance certain infrastructure. During the current year, we expended about \$5.7 million of that for infrastructure. It's construction in progress.

If you look on page seven, you'll see that the statement of net position for the District, we actually end up with \$177,000 deficit in our net position, primarily due to some bonds issue cost of about 330 something thousand, current interest payments and accrued interest that we accrued as through September 30 on the bonds. So that brings us into a deficit position; it's a temporary thing, but I just wanted to makes sure you're aware of that. On page ten, we show our revenue and expenditures by fund. The special assessments were only for the General Fund for this year. I know you're aware of the special assessment for the debt service are coming in for this new, current year. You'll see under the capital projects, you'll see the \$5.7 million that was expended for capital outlay.

Page 12 was a report on the General Fund as the actual revenue and expenses relate to the budget, and other issues that relate to the budget. Expenditures were less than what you had budgeted, and actually, your revenue was a little more than what you had

budgeted. Page 25, we had a subsequent event note as it relates to an additional bond issue in April 2015 of almost \$4 million to complete your financing the infrastructure.

Then we're going to go into some of our other reports, required reporting. Page 26 to 27, there's a report on internal control for the District, and we're saying in that report that there's no material weaknesses in internal control, and there are no areas of noncompliance as it relates to financial matters. Page 28 through 30 are reports that we provide to the auditors, and there's no reportable matters as it relates to the Auditor General. Then in a separate letter, the same date, April 27, we have what we call our governance letter, just outlining our responsibility as it relates to the audit, and we also state in there that we had no difficulties or disagreements with management as we were going through the audit.

That's all I wanted to highlight. I'd be happy to answer any question that you might have.

Mr. Ward asked any questions from the Board? Hearing none, just a motion to accept your audited financial statements would be in order.

On MOTION made by Mr. Berg and seconded by Mr. Asher, with all in favor, the Audited Financial Statements for the Year ended September 30, 2014 was accepted.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2015-9 of the Board of Supervisors of Flow Way Community Development District, accepting the certification of the District Engineer that the Series 2013 Project is complete; declaring the Series 2013 Project complete; finalizing the special assessments securing the District's Series 2013 special assessment bonds; providing for a supplement to the improvement lien book; declaring that certain true-up obligations remain the same; providing for severability, conflicts and an effective date.

Mr. Ward stated this is a required resolution when we complete the infrastructure project that's associated with the series of bonds. This particular bond is related to your series 2013 bonds. What you're doing is you are accepting the certification of the

completion of the project from your engineer, which is an exhibit to the resolution, and we are finalizing the assessments at par. In this instance, at the par amount of the debt issue, which was \$7,050,000, and there's an assessment roll attached to this resolution that outlines that final assessment. Really, the only difference between the role that you have here and what you're seen in the past is this property is being sold, and as folios are added to the roll, then they're included in here. This particular document, I think I requested this sometime in the middle of March, so as of March this was what the sales had looked like within the District at that point.

Do you have any questions with respect to the resolution, I'd be glad to answer them for you. Otherwise, the resolution is in order and recommended for your consideration.

On MOTION made by Mr. Burdett and seconded by Mr. Asher, with all in favor, Resolution 2015-9 was approved.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2015-10 of the Board of Supervisors of Flow Way Community Development District, supplementing and amending Resolution 2015-8, which resolution previously equalized, approved, confirmed, imposed and levied special assessments on and peculiar to property specially benefited (apportioned fairly and reasonably) by the District's projects; approving and adopting the special assessment methodology for Flow Way Community Development District prepared by JPWard & Associates, LLC, and dated April 9, 2015, for Phase 3, which sets forth the specific terms of the Flow Way Community Development District special assessment bonds, Series 2015; providing for the supplementation of the special assessments, as set forth in the Improvement Lien Book; amending section 7(a) of Resolution 2015-8 to correct a scrivener's error, and providing for severability, conflicts, and an effective date.

Mr. Ward stated this resolution is related to your 2015 Series bonds, and what it is doing is finalizing the assessments that we did for those bonds at the par amount of the bonds that were issued, which, in this instance, is \$3,950,000. The method of allocation and the engineer's report, nothing changes. All it really does is provide a final assessment roll as it relates to this series of bonds for the final par series of bonds that we issued for this District. If you have any questions, I'll be glad to answer them for you. Otherwise, that resolution is also in order and recommended for your consideration.

On MOTION made by Mr. Asher and seconded by Mr. Berg, with all in favor, Resolution 2015-10 was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2015-11 of the Board of Supervisors of Flow Way Community Development District, approving a proposed budget for Fiscal Year 2016 and setting a public hearing thereon, pursuant to Florida Law; providing for severability; providing for conflict, and providing for an effective date

Mr. Ward stated the purpose of the resolution is to approve the budget solely for the purpose of setting your public hearing. The public hearing is scheduled for Tuesday, September 8th, 2015, at three o'clock here at the Offices of Coleman, Yovanovich & Koester, The approval of the resolution and the budget doesn't bind the Board to any of the programs or costs contained therein. It merely lets you move forward towards your public hearing, which is scheduled for that date, and I just want to make sure, if you don't mind, that I didn't put the wrong date in there.

Mr. Asher stated I think that's right.

Mr. Ward stated that is right, okay. This budget is basically the same as what you have seen in the prior year. It does include the Series 2015 Bonds with respect to the bonds that were recently issued. It levies the assessments on the 105 lots that are within the Series 2015 bond issue. The assessment rate for the General Fund stays relatively the same as what we've had in the prior years for this District. The only thing that I will call your attention to is in the Debt Service Fund on the 2013 Bonds, which is on page five. If you

recall, in the prior year, we had capitalized interest through May of last Year. So the way we did this budget is we only levied assessments for half a year. That was a big benefit, because what it really does is defer the cash payment that's required on this to the following November.

So you see in this budget that the way I've done this is we have what is called a negative carryforward of \$312,000. That means that I will bill the developer off roll for that amount, which is the November of this year's payment. Then there's a four-year assessment going on for Fiscal Year 2016. The intent was really to just try to match the amount of money that we needed during the time we needed it in which year. It's the only major change that I will bring to your attention. If you have any questions, I'd be glad to answer them for you. If not, a motion to approve the resolution would be in order.

Mr. Asher stated question for Tony. Right now the HOA takes care of a lot of the lakes. Is it ever going to go to the CDD?

Mr. Burdett stated I would say at least until the District or the HOA changes their mind if we have a formalized agreement in place, and the HOA would maintain it until such time one of the parties changes their mind. But I don't anticipate that, at least while it's under developer control.

Mr. Asher stated just checking, just curious. Because when you explain to people what the CDD typically does, they don't have those typical responsibilities.

Mr. Burdett stated right, but a lot of the times it's easier to explain that it depends on which pocket.

Mr. Asher stated right, absolutely.

Mr. Burdett stated the folks in the community are members of both, the District, so they've got to pay for it one way or another.

Mr. Asher stated helps justify their existence.

Mr. Burdett stated then a lot of times, depending on how quickly the community is sold out, we get Board members on the District that may change, and often does.

Mr. Ward asked any other questions? Hearing none, a motion to adopt Resolution 2015-11 would be in order.

On MOTION made by Mr. Asher and seconded by Mr. Burdett, with all in favor, Resolution 2015-11 was approved.

SEVENTH ORDER OF BUSINESS

Staff Reports

- a) District Attorney

No report

- b) District Engineer

No report

- c) District Manager

- I. Report of the number of registered voters in the District

Mr. Ward stated the only thing I really had for you is the report of the number of registered voters in the District as of April 15 of each year. It's a statutory requirement. The information is provided from the Supervisor of Elections here in Collier County. There are 30 registered voters residing in the District as of this April 15th, and last year there were zero, so you have moved forward dramatically. It's important when you hit two thresholds: one is six years from the date of establishment, which you have hit that, and the second is when you hit 250 qualified electors, then you will begin the process to transition the Board from a landowner election to a qualified elector based election. At some point, when that occurs, then I'll walk you through the process of how that happens.

Mr. Asher stated that could easily be next year.

Mr. Ward stated wonderful.

Mr. Asher stated so we only need 220 more.

Mr. Berg stated I'm surprised that there actually 30, from the amount of cars that I see in the community. Most of them are part time.

Mr. Burdett asked how many closings do we have now? We're up to 80 to 100?

Mr. Asher stated right, so back in April. And a lot of them have filed for residency. I mean they may not be here now, but they're Florida residents for tax purposes.

Mr. Burdett stated which is unusual, because there's usually unkind tax consequences to being a Florida resident if you own homes in two locations.

Mr. Asher stated right. No, the other location tries to get you.

Mr. Ward stated there's no action required by the Board, and it will just be on your agenda every year after April 15th.

EIGHTH ORDER OF BUSINESS

**Supervisors Requests and
Audience Comments**


Mr. Ward asked anything from the Board?

NINTH ORDER OF BUSINESS


Adjournment

Mr. Ward stated a motion to adjourn would be in order.

**On MOTION made by Mr. Burdett and seconded by Mr. Berg,
with all in favor, the meeting was adjourned at 3:15 p.m.**



James P. Ward Secretary



John Asher, Chairman