

**MINUTES OF MEETING
WENTWORTH ESTATES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Wentworth Estates Community Development District's Board of Supervisors was held on Thursday, August 10, 2017, at 9:00 a.m., at the TPC Tour Club, 9800 Treviso Bay Boulevard, Naples, Florida 34113.

Present and constituting a quorum were:

The Board re-organized during the meeting pursuant to Resolution 2017-7, the officer positions noted below are the updated officer's)

Joseph Newcomb	Chairman
James Oliver	Vice Chairman
Russell Smith	Assistant Secretary
Paul Zotter	Assistant Secretary

Board members absent:

David Negip	Assistant Secretary
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Also present were:

James Ward	District Manager
Charles Thompson	District Attorney

Audience present were:

J.W. Howard	Morgan Stanley
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1. Call to Order & Roll Call

Mr. Ward called the meeting to order at 9:00 a.m., and roll call determined that all members of the Board were present with the exception of Supervisor Negip who is absent at roll call.

2. Consideration of Minutes: May 11, 2017

Mr. Ward stated copies of the minutes had been previously distributed and asked if there were any additions, corrections or deletions. Mr. Oliver commented often statements made by the Board did not include specific names of the individuals speaking. Mr. Ward said the minutes could be approved subject to that change.

Motion was made by Mr. Oliver and seconded by Mr. Zotter to approve the minutes with the correction described above, and with all in favor, the motion was approved.

3. Public Hearings

a. Fiscal Year 2018 Budget

Mr. Ward asked for a motion to open the Public Hearing.

Motion was made by Mr. Smith and seconded by Mr. Oliver to open the Public Hearing, and with all in favor, the motion was approved.

Mr. Ward Stated there were no residents present at the meeting, and he had not received any written comment with respect to the Public Hearing. He asked for a motion to close the Public Hearing.

Motion was made by Mr. Oliver and seconded by Mr. Smith to close the Public Hearing, and with all in favor, the motion was approved.

Mr. Ward asked the Board if there were any questions. He said the Budget had not changed. There were no comments or questions from the Board

Mr. Ward asked the Board to consider Resolution 2017-4 to adopt the Annual Appropriation and Budget for Fiscal Year 2018. He said he had provided a corrected resolution with the only change being in the appropriation section, which now matched the numbers in the Budget.

The Board discussed underlying contracts that the CDD had outside of the bond issue. Mr. Ward advised the Board that there were contracts with his firm, the

audit firm, a legal contract, an engineering contract, the trustee which was US Bank, who administered services with respect to the bond issue, and insurance, which was a big item because the CDD owned the bridge which came into the community.

Mr. Oliver asked if we could get a copy of the contracts.

Mr. Ward replied in the affirmative.

Motion was made by Mr. Zotter and seconded by Mr. Oliver to adopt Resolution 2017-4 as described above, and with all in favor, the motion was approved.

b. Fiscal Year 2018 Imposing Special Assessments; Adopting an Assessment Roll, Approving the General Fund Special Assessment Methodology

Mr. Ward called for a motion to open the Public Hearing.

Motion was made by Mr. Smith and seconded by Mr. Oliver to open the Public Hearing, and with all in favor, the motion was approved.

Mr. Ward stated there were no residents present at the meeting, and he had not received any written comment with respect to the Public Hearing. He asked for a motion to close the Public Hearing.

Motion was made by Mr. Smith and seconded by Mr. Oliver to close the Public Hearing, and with all in favor, the motion was approved.

Mr. Ward asked the Board to adopt Resolution 2017-5 which imposed the special assessments, certified the assessment roll, and approved the General Fund assessment methodology. He said all the resolution did was levy the assessments for the General fund for the District for Fiscal Year 2018. He said the Debt Service Fund Assessments were the assessments associated with the bonds or those previously levied, so these will stay in place since the initiation of the bonds through the term of the bonds. The methodology used to levy the assessments for the general fund was equal across the board for all properties within the District, \$162.47 per unit per year. He added the Debt Service Fund assessments were different based upon the size and type of property owned.

Mr. Oliver asked if the amounts had been fairly consistent over the last five years, and Mr. Ward responded affirmatively.

Mr. Oliver said when we use the word "special assessment", it's kind of a minomer, since it's a recurring annual assessment. Mr. Ward said that this was a recurring annual assessment, and under the statute, it was defined as a special assessment. Mr. Oliver pointed out it could be confusing as someone might think it was referring to a one-time assessment, like for fixing a bridge or something like that, but that's not what we are doing. Mr. Ward concurred, that is not what we are doing, this is a recurring assessment.

Mr. Ward asked for a motion to adopt Resolution 2017—5.

Motion was made by Mr. Smith and seconded by Mr. Zotter to adopt Resolution 2017-5 as described above, and with all in favor, the motion was approved.

4. Consideration of Resolution 2017-6 Designating Dates, Time and Location for Regular Meetings of the Board of Supervisors for Fiscal Year 2018

Mr. Ward said Resolution 2017-6 set in place Board meeting dates, time and location. He said the statute permitted the Board to adopt a resolution that did this periodically. He said this permitted him to advertise the meetings in advance for the whole year. He said meetings would be the second Thursday of each month at 9 a.m. at the TPC Tour Club, 9800 Treviso Bay Boulevard, Naples, Florida 34113, and the statute required seven days' notice. He added they would not be meeting every month, other than for discussion of the refinancing of the CDD bonds.

Mr. Zotter asked about the possibility of establishing regular meeting dates, so that it would not be misleading the community.

Mr. Ward stated yes, what the Board preferred, and it could be quarterly. He said if there was no reason to have a meeting, then there should not be one.

Mr. Zotter said as people become more aware of the meetings, they would begin to attend.

Mr. Newcomb said he agreed with Mr. Zotter, and explained he had businesses in the Cincinnati area and was not always available on a monthly basis. He said he would be in

favor of a meeting schedule of four times a year, so he could make a conscious effort to keep the dates available.

Mr. Oliver asked if the Budget adoption always occurred in August, due to our Fiscal Year.

Mr. Ward responded the fiscal year started on October 1, and the statute required the budget be adopted before September 15. He said there were two budget meetings he was required to prepare and present before June 15, and the Board was required to adopt the budget before September 15. He said there had to be a 60 day period in between when budget process began and the budget was adopted.

Mr. Zotter said he would suggest they have the two meetings for the budget process and another two meetings for a total of four a year, especially as they transition from Lennar being uninvolved. He said they had the option to add on if necessary.

Mr. Newcomb suggested they schedule one meeting during prime season when most people were there.

The Board discussed proposed meeting dates.

Mr. Ward suggested meetings in October, November, February, May, and August. He said the Resolution would be the second Thursday of each month at 9 a.m. in October, November, February, May, and August, at the same time and location.

Motion was made by Mr. Oliver and seconded by Mr. Zotter to adopt Resolution 2017-6 as described above, and with all in favor, the motion was approved.

5. Consideration of Resolution 2017-7 Re-designating the Officers of the District

Mr. Ward stated this resolution re-designates the officer's of the District. Essentially, since Mr. Oliver and Mr. Zotter were not officers of the District itself, it would be appropriate for the Board to re-organize itself at this point. The Board must be composed of a Chairman and Vice Chairman. He said he sat as the secretary and treasurer because those were administrative positions within the District. He said the balance of the Board who were not the Chairman and Vice Chairman became assistant secretaries, who would attest to the signatures

of the Chairman and Vice Chairman. He said currently Mr. Smith was the Chairman and Mr. Negip was the Vice Chairman. Mr. Ward stated that these positions could be designated as the Board wished.

The Board discussed these positions, and it was decided that Mr. Newcomb would be Chairman and Mr. Oliver would be Vice Chairman with Mr. Zotter, Mr. Smith, and Mr. Negip as Assistant Secretaries.

Motion was made by Mr. Smith and seconded by Mr. Oliver to adopt Resolution 2017-7 as amended above, and with all in favor, the motion was approved.

6. Staff Reports

- i) District Attorney – No report.
- ii) District Engineer – No report.
- iii) District Manager – No Report.

7. Audience Comments and Supervisor's Requests

Mr. Ward said Mr. Oliver requested to add to the agenda a discussion of the refinancing of the Series 2006 A Bonds.

Mr. Ward explained the bonds had been issued in 2006 for the total amount of approximately \$60 million. He said of that amount, currently there was roughly \$26 million of outstanding bonds currently. He said the original developer went into bankruptcy, and Lennar took the District out of the bankruptcy and paid off all of the B bonds outstanding, which was approximately \$26 million. They also paid down roughly \$7.5 million of A Bonds.

Mr. Ward continued that the first option to refinance happens ten years after the issuance. He said the bonds can now be refinanced at par. He said the second hurdle which needed to be considered was the concentration or how much of the land was still owned by the primary developer and how much was now in end-user hands. He said as of now about 20% of the outstanding debt was on property that was still in the ownership of Lennar.

Mr. Oliver asked if that was important due to a rating on the bonds.

Mr. Ward stated yes, and further that we may be able to refinance the bonds at this point in time in a senior subordinate position, which meant they would be able to get a B+ or A- rating on the portion of the bonds where there were homeowners. He said the subordinate bonds would be the piece of the bonds that was on property owned by Lennar. He said they would still pay the same rates, but the bond issue itself would have the senior, subordinate structure.

Mr. Ward said the other big consideration in the refinancing was the reserve account, an amount of money which was originally intended to cover maximum annual debt service. He said because of the bonds going into a default position in 2008, the reserve account was depleted to \$200,000, and to start there was \$2.2 million. The reserve account was usually used to pay the cost of issuance of the bonds, which included underwriter's fees, legal, engineering, trustee, underwriter's counsel, etc., which was somewhere close to \$800,000. He said what that meant in a refinancing was the assumption would be that with a rating, they would be able to get a surety for a portion of the reserve account itself. He said they would not be able to get a surety for the subordinate piece of the bonds; the bonds that would be essentially on land owned by Lennar. He said they would have some cash reserve about \$50,000 that would end up in a reserve account. The balance hopefully they would be able to get a surety.

Mr. Oliver asked what the threshold would be for the District to be able to re-finance with that rating. Mr. Ward stated that Lennar would have to be totally out of the community.

Mr. Ward went on to state, what this meant was the par amount of debt on the District would go up, and that meant the par debt on each lot would go up. This triggers a mechanism under the statute, and they would have to do a Public Hearing and notice the entire community that the par debt on their lot would go up, but their annual assessment would go down.

Mr. Ward said his initial review of the bond issue, if they could do the senior subordinate bonds, was they would probably achieve roughly a 10% annual debt service savings per unit. In essence, whatever was paid on an annual basis would go down 10%, but the par debt on the lot would go up.

Mr. Oliver stated that we could also take a shorter term on the bonds which would keep the rates flat. Mr. Ward stated that was also possible. It would be difficult to articulate that point, in a public hearing.

The Board discussed the possibility of paying off the debt in a shorter term. If the rates were kept flat, the debt could be paid in a shorter term. At the present time, the debt is for 23 years, and perhaps instead of taking a reduction in the service amount, that amount could be used to apply towards the principal to reduce the number of years in the term.

Mr. Ward responded that in a Public Hearing process, that was not a popular option. He explained the par debt was going up, and the annual amount going down happened because there was no reserve account in this bond issue. The cost of issuance was \$750,000 and had to be paid by issuing more debt, which caused the par debt on the lot to go up. Mr. Smith stated the amount it would go up was not huge, maybe \$500 per resident.

Mr. Oliver asked if Lennar would have any objection to the re-financing.

Mr. Smith responded, no, Lennar would not, as long as the assessment does not go up.

Mr. Ward said a large number of people would attend the public hearing.

Mr. Oliver asked if resident's vote on this.

Mr. Ward responded they would not vote; it would be the Board's decision.

Mr. Ward also stated this was an opportune time to consider refinancing. He provided the important documents to the Board. He said he would like to begin a review with the Board, to see exactly how much the par debt would go up, what the present value of savings would be, and what the structure would look like on a bond issue of this size.

Mr. Oliver asked what the timing would be from beginning to consider this, and actually issuing bonds?

Mr Ward responded it would take approximately three months for the process, I need to come back to you with the re-financing numbers, we need to get the professionals that were involved in the original financing, geared up again, and re-do the contracts, then we would be able to start the public hearing process.

Mr. Zotter asked if what we are discussing would it ultimately save residents money.

Mr. Ward replied in the affirmative.

A discussion ensued among the Board about interest rates and the amount of money that could be saved by residents.

Mr. Thompson, added that the amount that would be actually increasing the principal would need to be verified as under the cap of the original validation. Mr. Ward responded there was not a problem.

Mr. Ward stated he would begin working on the refinancing process.

8. Adjournment

Motion was made by Mr. Smith and seconded by Mr. Oliver to adjourn the meeting, and with all in favor the motion was approved.

The meeting was adjourned at 9:41 AM.



James P. Ward, Secretary



Joseph Newcomb, Chairman