MINUTES OF MEETING
WENTWORTH ESTATES
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of Wentworth Estates Community Development District was held on Thursday, June 10, 2021, at 8:30 a.m., at the Treviso Bay Clubhouse, 9800 Treviso Bay Boulevard, Naples, Florida 34113.

Present and constituting a quorum:

Robert Cody	Vice Chairperson
Steve Barger	Assistant Secretary
Joanne Lekas	Assistant Secretary
Andrew Gasworth	Assistant Secretary

Absent:

Joe Newcomb	Chairperson

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Attorney
Brett Sealy	MBS Capital Investments
Bruce Bernard	Assets Manager, Calvin Giordano & Associates
James Messick	District Engineer

Audience:

Sarah Zare	MBS Capital Investments

All resident's names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

PORTIONS OF THIS MEETING WERE TRANSCRIBED VERBATIM. ALL VERBATIM PORTIONS WERE TRANSCRIBED IN *ITALICS*.

FIRST ORDER OF BUSINESS **Call to Order/Roll Call**

District Manager James P. Ward called the meeting to order at approximately 8:35 a.m. He conducted roll call; all Members of the Board were present, with the exception of Joe Newcomb, constituting a quorum.

SECOND ORDER OF BUSINESS **Consideration of Minutes**

May 13, 2021 – Regular Meeting

Mr. Ward stated the second order of business was consideration of the Minutes. He asked if there were any additions, corrections, or deletions to these Minutes.

Mr. Gasworth noted on page 11 he seconded a motion; however, he was not present for the meeting.

Mr. Ward indicated he would make the correction. He called for a motion.

> **On MOTION made by Mr. Andrew Gasworth, seconded by Mr. Steve Barger, and with all in favor, the May 13, 2021, Regular Meeting Minutes were approved subject to Mr. Ward being able to change the motion box.**

THIRD ORDER OF BUSINESS **Consideration of Resolution 2021-6**

Consideration of Resolution 2021-6, a Resolution of the Board of Supervisors of Wentworth Estates Community Development District amending Resolution 2021-4 adopted May 13, 2021, to Replace Exhibit "B" (General Fund Special Assessment Methodology and Assessment Roll due) to correct a clerical error, confirming its Certification of an Assessment Roll and approval of the General Fund Special Assessment Methodology

Mr. Ward: Resolution 2021-6 amends the Resolution that we did at the last meeting that levied the assessments on the property for Treviso Bay for last year. Essentially, I included the incorrect assessment roll and methodology in your package for last month. It was a preliminary methodology and roll that was done, but it was just the wrong one that was included. The purpose of this resolution today is simply to amend Resolution 2021-4 and replace it with Exhibit B which is attached to this Resolution. The change obviously deals with the commercial property in the one referenced at the public hearing last month. It indicated we were assessing the commercial property 91 essentially equivalent residential units when we had already previously agreed in the current year that we are in that the commercial property represented 2.10050% of the assessment as they were reassessed based upon the 2012 assessments that we did for the existing debt level. The assessment on the commercial property will now be consistent with the way that we have levied assessments on that property for their existing debt service assessment. That is the only change to this Resolution that we have for you. Greg, did you have anything to add?

Mr. Greg Urbancic: We just wanted to make sure we clarified it for the record. That's the purpose of the Resolution.

Mr. Ward asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Mr. Robert Cody, seconded by Mr. Andrew Gasworth, and with all in favor, Resolution 2021-6 was adopted, and the Chair was authorized to sign.**

FOURTH ORDER OF BUSINESS **Consideration of Agreement**

Consideration of an Agreement with MBS Capital Markets for the re-financing of the District's Series 2018 Bonds

Mr. Ward: Brett Sealy with MBS is with us today on video. As you recall, the District's bonds that were issued in 2006 were refinanced in 2018. We did a financing, I believe it was 20-year financing, it was placed with Hancock Bank. The interest rate on those bonds was 4%. There were no call provisions on those bonds such that we had to wait a period of time before we could do a refinancing. Brett will go through the market changes that have occurred from 2018 to 2021 with you, and now there is an opportunity to refinance those bonds at a substantially better rate and obviously better annual debt service savings for residents.

Mr. Brett Sealy: Brett Sealy, Managing Partner with MBS Capital Markets. Within your Agenda Package is an investment banking agreement which is in substantially similar form to what we previously had entered into with the District and serving in the capacity as the underwriter for the refinancing of the 2007 bonds back in 2018. The proposed fee is the same as what we completed the financing for in 2018, and essentially, it's a contingency. We don't get paid unless there's a deal and until we deliver. We would respectfully request that you engage us for the purposes of making a presentation to you, to the extent in order for us to meet with regulatory requirements, to the extent that you don't like me, or you don't like what I have to say, or don't want to proceed with the refinancing, you can immediately terminate our agreement, we will waive our termination provisions, so the Board is under no obligation other than that we need to be engaged in order to provide advice to the District regarding a specific financing.

Mr. Ward: What Brett is basically saying is we have to engage him first and then he can make the presentation to you, and if you don't like him then we can terminate it later after the presentation.

Mr. Gasworth: Are we refinancing through you or are you just underwriting?

Mr. Ward: Let's engage him and he can go through that with you. He called for a motion to approve the Agreement with MBS Capital Markets as presented.

On MOTION made by Mr. Robert Cody, seconded by Mr. Steve Barger, and with all in favor, the Agreement with MBS Capital Markets as presented was approved.

Mr. Gasworth: Why are we engaging them specifically. Are they a company you have worked with in the past?

Mr. Ward: Yes, MBS Capital Markets, and the predecessor of the firm, I have worked with for the better part of 40 years at this point in time. They are the premier firm in this industry.

Mr. Sealy: MBS Capital Markets was established in 2011. Our predecessor firm had started in 1991 and we specified in special tax district finance over the course of that 25-year period. We have completed more than 1,000 transactions representing about 15 billion in principal amount of bonds for about 450 Community Development Districts in the State of Florida. Over the last 10 years we have completed several billion dollars in refinancing representing about 175 transactions, including the refinancing that we completed for the District back in 2018. My firm doesn't do anything else. We specialize in

Community Development District finance and would be very pleased to serve the Board once again in taking the proverbial second bite at the apple on a refinancing which is pretty rare, but as a result of the favorable structuring of the no call provision, as well as the current interest rate environment, the Board has a potential for second bite at the apple on a refinancing.

Discussion ensued regarding the current bond's interest rate and potential interest rate.

Mr. Sealy: The current interest rate is 3.83%. Most bonds are structured with call protection, either 5, 7 or 10 years. In this particular case there was no call protection structured within the 2018 series of bonds. We have been actively sending out credit packages to banks on a number of other refinancings, and based upon that activity, over the course of the last 30 days, we anticipate achieving a rate of around 2.5% or lower, so you are looking at about a 130 or so basis point reduction in interest rate. In addition to that, when we had done the 2018 refinancing, the project had not quite reached full credit maturity in the eyes of the bank, meaning that not 100% of the homes had been sold. There were still a number of vacant developed lots that have not yet achieved vertical completion yet. Therefore, there was what's know as a debt service reserve fund structured with that refinancing for which we are also confident that we would be able to structure much more favorably which would release existing cash out of the debt service reserve fund to be used as a source of funds towards the refunding which then again generates a better annual reduction in debt service. Under the assumption of the 2.5% interest rate, we have estimated that the annual reduction would be approximately $221,000 dollars annually which would begin with the District's fiscal 2022 tax roll which would be the tax bill that would be issued this November and that represents about an 11% annual reduction on debt service which is pretty healthy again for that proverbial second bite at the apple. The net present value savings would be approximately 8%. What's the importance of that 8.3% number? Most general governments will use a benchmark of 3 to 5% net present value savings to make a determination as to whether or not they will undertake a refinancing. We have estimated that 8.3%, which is in excess of that typical 3 to 5% benchmark that Collier County for example, or Naples, might use as their benchmark to make a determination as to whether to proceed with a refinancing. He asked if there were any questions.

Mr. Barger asked how the process worked.

Mr. Sealy: The next step in the process would be to update the credit package that we had prepared back in 2018 when we had undertaken the refinancing of the 2007 bonds. Once that credit package is updated, we would then send that out to a number of banks and set a specific response date for the banks to provide specific terms in which they would agree to refinance and purchase the refunding bonds. It shouldn't take us more than a week's time to update that credit package. We generally had been giving banks about 2 weeks or so to respond and deliver a term sheet, so from today until receipt of a term sheet we should be able to have something back within a 30-day period. Once we do receive those term sheets, we would then summarize the various terms that would be proposed by the banks, we would present those back to you, along with freshened up numbers. We will appear before you for that meeting and make sure we are handing out the summary of the proposed terms, the term sheets themselves, and the financial analysis that would correspond to the bank that provided the best terms, so at that point in time you could make a formal decision as to whether or not you would want to proceed with the refinancing. If you did, you could execute the term sheet with the bank, and then we would spend the next 30 to 45 days with the various staff members preparing bond documents in order to complete the refinancing.

There were technical difficulties for approximately 1 minute, a connection was reestablished, and the meeting continued at 9:01 a.m.

Mr. Sealy: I am not sure where we lost connection, but essentially, we will prepare the credit package, send it out to banks, receive proposals, bring those proposals back to the Board with a financial analysis based upon the term sheet provided by the bank that provided the best terms, and at that point you would make a decision as to whether or not you wanted to proceed with the refinancing. If you did, you would execute a term sheet with that bank and over the next roughly 30 to 45 days we would be working with staff in order to prepare all of the necessary bond documents to effectuate a closing. So, today to closing, under the assumption we receive favorable terms, and you elect to proceed, we should be able to complete a transaction within 60 to 75 days.

Mr. Barger: Who buys these bonds? You say banks, which banks?

Mr. Sealy: There are generally about 10 to 12 banks that we may mail a credit package to. At times it might be a smaller audience as a result of the underlying credit dynamics of a transaction, be it it's size or maturity. We have some banks that just absolutely will not participate a maturity beyond 12 or 15 years for example, and very few that will do 20 years. But there are generally about 10 to 12 banks. Most recently the banks that have participated in our transactions, or at least have provided firm sheets, would be Bank United, EBBA, Bank of Tampa (generally on a much smaller size deal), Hancock Bank. There generally have been about 3 to 5 banks that have been participating at any one given time, although we generally "throw the net out" so we are not limiting ourselves.

Mr. Barger: What kind of maturity are we looking at?

Mr. Sealy: The existing maturity date on your bonds is 2037, and we would match that maturity. We are actually prohibited under Florida law from extending the maturity. The original bonds could only be issued with an original maturity of no greater than 30 years. When we refinance bonds, we have got to match that maturity, so we are not simply extending a maturity in order to achieve annual debt service reduction, we have got to match that maturity, so the proposed final maturity on this proposed refinancing would be consistent with the existing 2018 bonds.

Mr. Barger: Our only cost would be the 1% fee?

Mr. Sealy: There are two different pieces of cost of issuance. One is the 1% that my firm would be paid that would be contingent upon the successful closing, and our fee gets paid out of bond proceeds, so you are not digging into your general fund in order to pay that fee. The other cost of issuance would be for the various professionals that need to prepare bond documents and an assessment methodology to correspond with the new financing. That portion, what we call the fixed cost of issuance, is also paid from bond proceeds so that, again, the District isn't taking money out of its general fund to pay cost of issuance. Most of the professionals, in light of the fact that bond documents aren't going to start until we actually have a term sheet, and you elect to proceed or not to proceed, there would not be any costs incurred with that process. The costs that would be incurred would be after you made the decision to move forward, and those fees would be paid with bond proceeds. Whenever we share estimated savings with you.

There were again technical difficulties for a moment.

Mr. Sealy: I believe where we left off was regarding the costs of undertaking the refinancing. There are two components to it, the 1% placement, or underwriting fee, is paid to my firm contingent upon you electing to move forward and us completing the financing. That would be paid from bond proceeds. In addition to that, there are fixed costs of issuance that generally pertain to the preparation of the various bond documents. That's estimated somewhere between $125,000 to $135,000 dollars, and when we look back at your prior transaction this would be consistent. That is also paid from bond proceeds. When I was sharing with you estimated annual reduction in debt service, those were all net of any costs and fees related to the refinancing. We are very careful to make sure that when we are providing information to you on savings or reductions, it is always net of fees and costs, so there is never a surprise. When we run our numbers under the assumption that you elect to move forward and we receive term sheets, we will make sure to renumerate those estimated costs, illustrate them to you, and make sure that the information we are providing on savings or reduction reflect net of those costs.

Mr. Barger: So, essentially, we increase the amount of the bond issue by the amount of all the fees, and you are paid out of those.

Mr. Sealy: Typically, that might be the case; however, there is currently a balance of – What is the current balance in the reserve fund Sarah?

Sara Zare: It is about $580,000 dollars.

Mr. Sealy: So, you have sitting in what's known as the debt service reserve fund, which is very typical on the structuring of either a new money deal or a refinancing. A debt service reserve fund is there to pay debt service in the event of a default. In the event that the District doesn't collect sufficient revenues to be able to pay its debt service. Your prior 2018 deal was structured with a reserve fund. We believe that we will be successful in structuring the new refinancing with a reduced reserve requirement or no reserve requirement at all. What will happen is the proceeds that are sitting in that account will actually be utilized to offset the cost of issuance. We are projecting now, that the principal amount of bonds, would not be greater than the current outstanding principal amount of bonds based upon the availability of the use of the proceeds that are held within the existing trust estate.

Mr. Barger: Who holds that reserve fund?

Mr. Sealy: That is held in trust. It is held by the trustee, and those proceeds can only be utilized to pay debt service on the 2018 bonds to the extent that there is a lack of assessment revenues to pay. To the extent that the reserve fund was never utilized, which it is fully not anticipated to be utilized, the underlying credit dynamics of your District and your development are such that it is highly unlikely that there is going to be a failure by the District to collect 100% of the assessment revenues necessary to pay debt service. What happens is, at the final maturity, if those proceeds were still there, when Jim prepared his final assessment roll in the year of maturity, he would levy an amount of assessments less that amount of cash sitting in reserves. Essentially, it would be used to credit the final year's debt service payments for all of the residents' pro rata within the District.

Mr. Barger: I'm looking at exhibit A and at the top it says, "the underwriter does not have a fiduciary duty to the District under the federal securities laws," and says, "and are therefore, is required by federal law to act in the best interests of the District." How is that different from a fiduciary?

Mr. Sealy: We are doing something a little different on this transaction than would be normal for an underwriting transaction. Here, we are going to be serving in the capacity as a private placement. We are going to prepare a credit package, we are going to send it out, and require banks to bid. On an underwriting transaction, we wouldn't be going through quite the same process. Instead, we would be structuring a transaction, we would be mailing an offering document, and we would be balancing the interest rate against orders that we might be receiving from various institutions. We are required to provide disclosures that we don't serve in the capacity as a fiduciary. We are supposed to be fair dealing, which we do, but the underwriting role varies differently from that private placement role. In addition to that, we are not serving in the capacity as a municipal adviser, and a municipal adviser does have that fiduciary responsibility. Of course, their role isn't to underwrite the transaction, their role is to serve entirely in that fiduciary capacity without that underwriting role. Here we are still required to provide these disclosures to you, but the reality of the transaction is that we are going to prepare a credit package and force banks to bid on this deal. Underwriting does not come into play, but we are still required to provide you the disclosures.

Mr. Ward asked if there were any questions; there were none. He thanked Mr. Sealy and indicated he looked forward to working with Mr. Sealy on this financing.

Mr. Sealy indicated he would get started on updating the credit package, distribute it out to the banks, and bring the term sheets back to the Board for a decision regarding proceeding with the refinancing.

FIFTH ORDER OF BUSINESS **Staff Reports**

I. District Attorney

No report.

II. Asset Manager

a) Operations Report June 2021

Mr. Bernard: We finished our lake bank restoration for the year. We are still watering and such to make sure (indecipherable 33:10) 1,000 plants behind Bella Firenze and lake 19, and also 1,000 plants over on lake 15, all the way at the far end of Trevi. We add some plantings along the edge line and down. We are planting pickleweed and spiked – they are just wetland plants, so I can try to build up the erosion barrier off the shoreline and give us a 4- to 6-foot-wide barrier around it. It acts in two ways, it is for water quality as it filters the water through the plants, and also acts as a barrier for waves.

Mr. Barger: So, these plants – we spent a lot of time and money killing plants around these plants. These are actually in the water?

Mr. Bernard: What we are spraying on is the weeds and torpedo grass and stuff like that which grows and chokes off the plants. When I came in there was a lot of torpedo grass and a lot of the sections were 15, 18, 20 feet wide going out into the lakes. After knocking back the torpedo grass around the lakes, some of the lakes didn't have any plants. That's why we are putting these plantings, to start building some of them up.

Mr. Barger: But do we not get complaints from residents saying they don't want those plants?

Mr. Bernard: By permit we are supposed to have them.

Mr. Barger: But do we get complaints from residents?

Discussion ensued regarding whether residents were complaining about the plantings; residents complaining about the torpedo grass not the plantings; needing to keep up with permit regulations; some areas being required to be 100% wetland plantings and this requirement causing residents to complain; and the District being liable for permit violations.

Mr. Bernard: I am trying to work with the residents and refresh the plants up front this month, put some along the wall, on the easternmost end of the wall, on the entrance, inside and outside, and filled in where the flag holders were. We're taking care of the fountain. We finally got all of the leaves out and have the full flow of water there now.

Mr. Ward: Any update on your buoys?

Mr. Bernard: The buoys are still there and hopefully gone by December.

III. District Engineer

No report.

IV. District Manager

a) Financial Statements for period ending April 30, 2021 (unaudited)
b) Financial Statements for period ending May 31, 2021 (unaudited)

Mr. Ward: Bruce informed me there are a number of parcels, half a dozen I think, here in Treviso Bay that are still in Lennar's name, some of which need to come to the CDD, some of which need to go to the Master Homeowner's Association. We are going to be working on fixing that particular problem and getting those deeds transferred over. We will incur a little bit of expense in getting legal descriptions written. I have already contacted Lennar and they indicated they would work with the District for the transfer. This will be on a future agenda in the fall sometime.

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

Mr. Ward asked if there were any Supervisor's requests or questions from the Board; there were none. He asked if there were any audience members present by audio or video with comments or questions; there were none.

SEVENTH ORDER OF BUSINESS **Adjournment**

Mr. Ward adjourned the meeting at 9:20 a.m.

On MOTION made by Mr. Andrew Gasworth, seconded by Ms. Joanne Lekas, and with all in favor, the meeting was adjourned.

ATTEST:

James P. Ward, Secretary

WENTWORTH ESTATES COMMUNITY DEVELOPMENT DISTRICT

Joe Newcomb, Chairman