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, August 12, 2021, at 8:30 a.m., at the Treviso Bay Clubhouse, 9800 Treviso Bay Boulevard, Naples, Florida 34113.

Present and constituting a quorum:

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

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Attorney
Bruce Bernard	Assets Manager
James Messick	District Engineer
Richard Freeman	Calvin, Giordano & Associates
Niyala Harrison	Greenberg Traurig
Brett Sealy	MBS
Sara Zare	MBS

Audience:

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 8:30 a.m. He conducted roll call; all Members of the Board were present, constituting a quorum.

SECOND ORDER OF BUSINESS **Consideration of Minutes**

June 10, 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. Barger noted one correction.

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

On MOTION made by Mr. Joe Newcomb, seconded by Mr. Andrew Gasworth, and with all in favor, the June 10, 2021, Regular Meeting Minutes were approved as corrected.

THIRD ORDER OF BUSINESS **Consideration of Bank Response**

Consideration of Bank response for refinancing of the Districts Series 2018 Bonds

Mr. Ward: Item 3 and 4 on your Agenda are to discuss the refinancing with respect to your Series 2018 bonds. You recall at your last meeting Mr. Sealy with MBS Capital Markets presented to you a financing alternative where the District would be in a position to refinance its 2018 bonds with a new series of bonds and lower the par debt assessments based on current interest rates, utilizing existing reserves so we would not have to pay any additional cost for financing. In addition to that, the interest rate was being lowered, I believe, from 3.8% to 2.2% which means residents would be able to see a significant savings on their annual debt service payment to the District for the remaining term of the debt that we have on the 2018 bonds which is 15 years. The normal way in which we do this, we do what's called a delegation bond resolution at today's meeting, and then we come back and do a final resolution at a future meeting. In order to make the certification date with the county property appraiser to be able to put assessments on the roles, we have to certify by September 3 of this year. It is a little early, but this is what Collier County does, so we have to do that. In order to do that, these documents have been changed to be basically the final resolution that you will consider and has the documents attached to them. The reason we are able to do that is because this type of refinancing we are doing, which is basically the exact same thing we did in 2018. All of the documents from the 2018 deal are what we will be using as the template for the 2021 financing with updates to the interest rates, the final term, the way in which the bank accounts are established with Hancock Bank, but it will be a much easier transaction that we did in 2018 based on that as a result. That is what this resolution will do. He asked Mr. Brett Sealy to review the financing. He noted Niyala Harrison would review the resolution.

Mr. Brett Sealy: As Jim mentioned we were authorized to proceed with completing a credit package with the intent to send that credit package out to a number of banking institutions that have previously participated in CDD refinancing. We sent that package out customarily, we provided about a 2-week period for them to respond which culminated into a deadline for banks to provide a term sheet. As we have been experiencing more recently, while a number of the banks that we sent packages to have responded on other transactions, we found that given the merger of certain of the banks, specifically six of those banks merging into three banks, as the complete their mergers or involved in their mergers, we have had less responses, although we have been successful in each of the cases in obtaining a term sheet that was very consistent with terms in which we received multiple term sheets. Having said that, we received a term sheet back from Hancock Bank, who is the current bondholder of the series 2018 bonds. As Jim mentioned, the average interest rate on the existing bonds is 3.83% and the final maturity is in 2037. The term sheet that was provided by Hancock provides for an average rate of 2.212%, about a 160-basis-point reduction in interest rate. The duration of the bonds would not change; as mentioned in *the presentation at the last meeting it is forbidden by law to extend the maturity on the bonds, so the maturity would be matched to the existing maturity and I'm looking at page 15 of the agenda package, which is page 3 or slide 3 of the presentation materials we have provided. The title of that is Estimated Refunding Results, and if everybody has that in front of them, I can go ahead and walk you through it. Starting with the top, the current outstanding principal amount of the bonds is $23,125,000 dollars. The current average interest rate is 3.83%. The bonds were structured to be callable at any time which is why we are able to come back and refinance this series of bonds. Typically, bonds are call protected; they have some period of call protection to ensure that the lender, purchaser of those bonds, will receive the stated interest rate for a specific period of time. The 2018 bonds were structured without optional call protection; therefore, that's what's providing the District the ability to come back and refund a refunding which is what's being undertaken here. The current maximum annual debt service on the existing bonds is about $1.95 million dollars. In terms of the refunding bonds, based upon the terms that have been provided by Hancock, the principal amount of the bonds will reduce to an estimated amount of $22,481,000 dollars; the estimated average coupon should be 2.12% (rather than the 2.2 as stated in the term sheet). Final maturity matched to the existing maturity on the outstanding 2018 bonds. Again, we are not extending maturity simply to get debt service savings. We have got to match the existing maturity. The net present value savings is $2.512 million dollars which is about 10.87%. You may recall in our presentation at the prior meeting we shared with you most governments will target a savings of between 3% and 5% in order to warrant undertaking a refinancing. In this particular case we are achieving well above that 3% to 5% net present value percentage savings benchmark. Also, taking into consideration that we are refunding the District, it's the proverbial second bite of the apple as it relates to a refinancing for a second time. The maximum annual debt service is projected to reduce to $1.66 million which would provide for an annual reduction of debt service of approximately $287,000 dollars a year beginning with the tax bill that would be issued this coming November. If all goes smoothly and we meet the deadlines, residents will begin to see the reduction in their annual debt service payments on the tax bill beginning this November which would represent about a 14.7% reduction in annual debt service. I will finish with: Is this net of 100% of the costs of this refinancing transaction? and the answer is yes. All of the costs of the transaction have been considered in conjunction with the numbers that we have provided you. The $287,000 dollars a year in estimated debt service reduction is the net debt service reduction and the net percentage is at 14.7%.* He asked if there were any questions.

Mr. Steve Barger: What are the refinancing costs? The estimated refinancing costs.

Ms. Sara Zare: The total cost of the issuance would be about $357,835 dollars.

Mr. Sealy: This represents the fixed cost of issuance, professional fees, as well as the private placement fee paid to MBS. This is the aggregate amount of costs, correct?

Ms. Zare: Correct.

Mr. Barger: And we are going to pay that with the reserve we are no longer required to have. Is that correct?

Mr. Sealy: Yes sir.

Mr. Barger: What happens to the difference?

Mr. Sealy: It is used as a source of funds to further reduce the principal amount of the bonds outstanding and provide for the additional reduction in annual debt service.

Mr. Ward: Per your reserve account, we have about $580,000 dollars in cash in our reserve account. The difference between the $354,000 dollars and the $579,000 dollars just goes in to reduce the par debt. I provided to you a comparison chart that's in draft form showing what your assessment levels currently are for the 2018 bonds and what they should go down to after refinancing. This is not perfect at the moment because we are in the process of running some final numbers, but this will give you the flavor of what the assessments will go down. The smallest decrease is on the smallest product lines, the four-story condominiums, it is $146 per unit per year and the 150-foot lots are the largest reduction of $667 dollars. They range between those two numbers over the different product lines you have in the community. These will be finalized when we finalize the final set of numbers, and I will provide you a final analysis when we finish.

Mr. Barger: Did we not combine two lots in the peninsula? Does that have any effect on us?

Mr. Ward: Whether there were two lots which were combined or not, with respect to this financing, is not material. They will still pay as if there were two lots.

Discussion ensued regarding the combining of lots.

FOURTH ORDER OF BUSINESS **Consideration of Resolution 2021-7**

Consideration of Resolution 2021-7, a Resolution of the Board of Supervisors of the Wentworth Estates Community Development District Authorizing the Issuance of not to exceed $23,125,000 Wentworth Estates Community Development District Special Assessment refunding Bonds, Series 2021 (The "Series 2021 Bonds") to refund all of its outstanding Wentworth Estates Community Development District Special Assessment Refunding Bonds, Series 2018 (The "Refunded Bonds"); (i) Determining the need for a negotiated sale of the Series 2021 Bonds and providing for a direct placement of the Series 2021 Bonds with Hancock Whitney Bank, a Mississippi State Chartered Bank; (ii) Appointing MBS Capital Markets, LLC as placement agent for the Series 2021 Bonds; (iii) Approving the Form and Authorizing the execution and delivery of a third Supplemental Trust Indenture with respect to the Series 2021 Bonds; (iv) Providing for the application of Bond proceeds and certain other moneys to refund the Refunded Bonds; (v) Directing the call for redemption of the Refunded Bonds; (vi) Authorizing the proper officials to take all actions deemed necessary in connection with the Issuance, Sale and Delivery of the Series 2021 Bonds and the refunding of the Refunded Bonds. (to be provided prior to the meeting)

Mr. Ward asked Ms. Niyala Harrison to review the Resolution.

Ms. Niyala Harrison: What you have before you is a resolution to authorize the issuance of not to exceed $23,125,000 dollars of Wentworth Estates Community Development District bonds. These are refunding bonds. What we do provide in the resolution is a not to exceed amount. My understanding is that the par amount will be less than this. We will know this once final numbers are determined. The 2021 bonds are to refund all of the outstanding 2018 bonds. This resolution provides that the bonds will be sold pursuant to a negotiated sale through a direct placement with Hancock Bank which is the prior bond holder, appointing MBS Capital Markets as the placement agent. The District did previously issue it's

2006 bonds. Those were refunded by the 2018 bonds and these 2021 bonds will refund the 2018 bonds. In order to do that, the District has also entered into Trust Indentures including a Master Trust Indenture, a First Supplemental Trust Indenture, a Second and now the District would be on its Third Supplemental Trust Indenture. That is where all of the terms and the covenants of the bonds would be held. I am just going ahead and moving through delegation resolutions. I just mentioned that Third Supplemental Indenture; it is attached as an exhibit to this resolution and through this resolution the District will be approving and authorizing the execution and delivery of that indenture. It is provided in substantially final form, but then any changes that come in after this meeting will need to be approved by the District Manager. Jim is authorized by this Resolution to go ahead and approve those changes. The changes are not meant to be substantial. For the most part the changes will be the final numbers provided upon pricing. These bonds are going to be sold pursuant to a negotiated sale and there are several reasons why a negotiated sale is appropriate and in the best interest of the District. Those are found in section 4. Among those reasons are the complexity of the financing structure because of the market conditions for tax exempt bonds. Also, the fact that you have the bank and MBS having participated in the structuring of this deal since the beginning, so they can and have been helpful in helping the District to achieve the best possible financing. Finally, the District will not be adversely affected if the bonds are not sold pursuant to a competitive sale. Oftentimes and statutorily, bonds are sold competitively unless there are good and compelling reasons, such as the ones just outlined. The details and the final terms of the bonds will be outlined in the final third supplemental trust indenture, and the final pricing numbers upon pricing. Those would be available to the Board. The bond proceeds in terms of proceeds, proceeds will be used to, on the date of closing, once that date is determined, and I believe at this point we are shooting for June 30 as a closing date, all of those 2018 bonds would be paid off, redeemed at closing, and then the cost of issuance would be paid for the 2021 bonds. In connection with any refunding, we usually will have a verification agent on board, and that verification agent would be able to confirm that the monies provided, including some of the old 2018 monies, and the new 2021 monies, that those are sufficient to refund the outstanding 2018 bonds. There will be a verification agent that provides that opinion. She asked if there were any questions.

Mr. Barger: We are going to give Jim Ward the authority to sign the final agreement on the understanding that there will not be any substantive changes in it?

Mr. Ward: The actual documents are signed by the Chair and me as your Secretary. This will be just to finalize the changes in the documents.

Mr. Greg Urbancic: There are going to be a couple little cleanup items in the Supplemental Trust Indenture that Jim and I talked about earlier. Nothing substantive, but just a couple cleanup items, one being the name of your report which has the summary of the funding, but otherwise everything looks pretty in order from my perspective.

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

On MOTION made by Mr. Joe Newcomb, seconded by Mr. Andrew Gasworth, and with all in favor, Resolution 2021-7 was adopted, and the Chair was authorized to sign.

Mr. Ward: There is one other item that was included in your Agenda Package, and that was the Agreement with Greenberg Traurig to act as your Bond Counsel. Their fees are paid out of the bond issue *that Sara and Brett referenced earlier. I will ask you for a motion to approve the Greenberg Traurig Fee Schedule and to act as your Bond Counsel on this refinancing. This was in the backup documents emailed to you yesterday.*

On MOTION made by Mr. Andrew Gasworth, seconded by Ms. Joanne Lekas, and with all in favor, to approve the Greenberg Traurig Fee Schedule and to approve Greenberg Traurig to act as your Bond Counsel on this refinancing.

FIFTH ORDER OF BUSINESS Staff Reports

I. District Attorney

No report.

II. Asset Manager

a) Operations Report July 2021

Mr. Bernard: Changing the annuals out front at the main entrance next week (indecipherable). The (indecipherable) saying we will get a 50% reduction. I definitely can see that they do not have as much algae bloom as they did last year. The worst location is Lake 42 around the peninsula. They are thinking they have to get some bigger transmitters in there for that one because of the nutrients coming off the golf course, plus the construction turbidity stirring up the water. It is not a bad outbreak, but they still (indecipherable).

Mr. Barger: They are saying it's an average of 50% (indecipherable).

Mr. Bernard: They can see a reduction. We have triannual reports that we take (indecipherable). They are basing what they are reporting (indecipherable). It is definitely coming down. It is a win-win so far.

Mr. Andrew Gasworth: You say it is a 50% reduction. What was it with the chemicals?

Mr. Bernard: It's a 50% reduction in what it would have been with the waves. We are reducing what the algae blooms to about 50% of what it was before. That's based on their measurements of the chloroform in the water.

Mr. Ward: It's not 50% reduction in the chemical use, it's a 50% reduction in the algae.

Mr. Bernard: It's a 100% reduction in the chemical use in those lakes.

Mr. Gasworth: But if we used chemicals what would be the reduction?

Mr. Bernard: The problem with algae is it's based on the weather, the heat, how many nutrients are in the water, so you are adding chemicals as a reaction, not proactively. This is a proactive effort.

When we use the chemicals, we have to wait for a reaction to happen to add the chemicals. It's harder to measure because we don't have something in the water to give us readings every day like they do.

Mr. Gasworth: But it's a 50% reduction from the baseline which was last year at this time.

Mr. Bernard: Yes, and it's a 100% reduction in the chemical use in the seven lakes.

Mr. Gasworth: If you are looking at our Community from across 41, you have the bridge, you have walls that we own, if you go to the far left, past the wall, there is a pond there. Do we own any of that land?

Mr. Bernard: No. That pond is not us. Even the canal is not us. We just have it from the west side of the canal bank up to the wall.

Mr. Gasworth: That little bit of grass there we maintain.

Mr. Bernard: That whole slope coming down to the wall, that's ours to maintain.

III. District Engineer

No report.

IV. District Manager

a) Financial Statements for period ending June 30, 2021 (unaudited)
b) Financial Statements for period ending July 31, 2021 (unaudited)

No report.

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 Next Meeting Date Announcement

Announcement of Next Meeting – Friday, August 27, 2021

EIGHTH ORDER OF BUSINESS Adjournment

Mr. Ward adjourned the meeting at 9:02 a.m.

On MOTION made by Mr. Joe Newcomb, seconded by Mr. Robert Cody, and with all in favor, the meeting was adjourned.

ATTEST:

Wentworth Estates Community Development District

James P. Ward, Secretary

Joe Newcomb, Chairman