

**MINUTES OF MEETING
NAPLES RESERVE
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Naples Reserve Community Development District's Board of Supervisors was held on May 3, 2018 at 11:00 a.m., at the offices of Coleman, Yovanovich & Koester, P.A., Northern Trust Bank Building, 4001 Tamiami Trail N., Suite 300, Naples, Florida 34103.

Present at the meeting were:

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| Donald Mears | Chair |
| Robert Mulhere | Vice Chair |
| Peter Rodino | Assistant Secretary |
| Joseph Davis | Assistant Secretary |

Also present were:

| | |
|---------------------------------------|----------------------|
| Cindy Cerbone | District Manager |
| Greg Urbancic | District Counsel |
| Terry Cole | District Engineer |
| Bob Gang (<i>via telephone</i>) | Bond Counsel |
| Amanda Kumar (<i>via telephone</i>) | US Bank |
| Tom Marquardt | Supervisor Appointee |
| Mrs. Joe Davis | Public |

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Ms. Cerbone called the meeting to order at 11:00 a.m. Supervisors Mears, Rodino and Davis were present, in person. Supervisor Mulhere was not present. One seat remained vacant.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

**Consideration of Appointment to Seat 2;
*Term Expires November 2018***

Mr. Mears nominated Mr. Tom Marquardt to fill the unexpired term of Seat 2; term expires November 2018. No other nominations were made.

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| On MOTION by Mr. Mears and seconded by Mr. Rodino, with all in favor, the appointment of Mr. Tom Marquardt to Seat 2, term expires November 2018, was approved. |
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- **Administration of Oath of Office to Newly Appointed Supervisor**

Ms. Cerbone, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Marquardt. She provided a packet of Supervisor information and discussed the Sunshine Law, filing financial disclosure forms, conflict of interest form, etc. Mr. Wrathell recommended maintaining separate email, computer and file cabinet files for CDD documents and business to keep them separate from his personal records. Public records requests should be forwarded to Management and Management would respond.

- **Consideration of Resolution 2018-01, Electing Officers of the District**

Ms. Cerbone presented Resolution 2018-01. Mr. Wrathell explained the responsibilities of each office. Discussion ensued regarding the Supervisor terms, the seats up for election at the Landowners' Election, criteria to transition to General Election and the process, candidates, how Landowner votes are calculated, etc. In response to a question, Mr. Wrathell stated that the CDD would never transition to an HOA and explained the difference between a CDD and an HOA, infrastructure, the CDD's ability to fund infrastructure through issuance of tax-free bonds.

Mr. Mears nominated the existing slate of officers, as follows, with the addition of Mr. Marquardt, as Assistant Secretary:

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| Chair | <u>Don Mears</u> |
| Vice Chair | <u>Robert Mulhere</u> |
| Secretary | <u>Craig Wrathell</u> |
| Treasurer | <u>Craig Wrathell</u> |
| Assistant Treasurer | <u>Jeff Pinder</u> |
| Assistant Secretary | <u>Peter Rodino</u> |
| Assistant Secretary | <u>Joseph Davis</u> |
| Assistant Secretary | <u>Tom Marquardt</u> |
| Assistant Secretary | <u>Cindy Cerbone</u> |

No other nominations were made.

On MOTION by Mr. Davis and seconded by Mr. Rodino, with all in favor, Resolution 2018-01, Electing Officers of the District, as nominated, was adopted.

FOURTH ORDER OF BUSINESS**Consideration of Second Supplemental Special Assessment Methodology Report**

This item was presented following the Fifth Order of Business.

FIFTH ORDER OF BUSINESS**Consideration of First Supplemental
District Engineer's Report - 2018
Construction Bond**

Mr. Cole presented the First Supplemental District Engineer's Report for the 2018 Construction Bond. He reviewed the information contained on each page. The 2018 Construction bond work total of \$9,870 would be used to fund utilities, earthwork and clearing and stormwater management components. While it is normally typical to add a 15% technical services item and a second additional 10% contingency to the total, those were not included in this total because a large part of the work was completed; 95% of the lakes were already excavated and Mr. Mears provided the invoices, which were used to determine the numbers.

Mr. Mears noted that all Florida Department of Environmental Protection (FDEP) permits were received and the numbers could be provided, along with the Local Development Orders (LDOs). He referred to Item 3.1.1, on Page 12, which noted the internal tract roadways, which he assumed meant the internal parcel horizontal utilities but were not included in the costs, and asked if it mattered. Mr. Cole stated that he thought it included some internal tract water and sewer lines, as well. Mr. Mears wanted to make sure that, based on the wording, no one assumed that all of the utility infrastructure for all the parcels were in this bond, because they are not; he thought the Ryan contract was just for Naples Reserve Circle. Mr. Cole would check on that. In response to a question, Mr. Cole indicated that a revised version of this Report, which reflected the following change, was emailed on Tuesday:

Page 13, Third Line: "one" was changed to "three"

A Board Member referred to the cross-hatched area in Exhibit 4 identified as within the assessment area and stated that it was not within the improvement area in the original contract and asked if those costs are not shown as costs for 2018 and if that meant there were no costs for that section. Mr. Cole replied affirmatively; as those costs were included in the 2014 bond, he did not include any costs related to that tract in the 2018 bond.

Mr. Wrathell explained that the original Engineer's Report was an estimate of the overall Capital Improvement Plan costs so it was conservative and broader; this Supplemental Report is more reflective of the actual costs and, when the bond proceeds are requisitioned to draw from the Construction Fund to purchase the improvements from the Developer, it is for the actual costs of construction. Typically, the estimates are at or above the actual costs. Mr. Cole certifies that the costs are true and correct and the improvements exist and are functional; acquisition of improvements follows a stringent process. Regarding conveyance of the water and wastewater

facilities, Mr. Cole stated that they are conveyed from the Developer to the CDD and then the CDD conveys them to the County for ownership and maintenance.

On MOTION by Mr. Mears and seconded by Mr. Davis, with all in favor, the First Supplemental District Engineer's Report - 2018 Construction Bond, in substantial form, subject to the clarifications noted today, was approved.

- **Consideration of Second Supplemental Special Assessment Methodology Report**

****This item, previously the Fourth Order of Business, was presented out of order.****

Mr. Wrathell presented the Second Supplemental Special Assessment Methodology Report and reviewed the information found on each page. He explained the Methodology Reports that preceded this one, the previously validated 2014 bonds, etc. This Methodology reflects the projections for financing the 2018 Project with the 2018 bond proceeds. Mr. Wrathell continued the page-by-page review of the Methodology and discussed the benefits received by property owners that support the bond amounts; the property owners receive a benefit that is easily equal to or more than the assessment levy on the property. Through a true-up mechanism, if there is any loss to the debt carrying capacity, the Developer must make a true-up payment to pay the difference. Mr. Wrathell reviewed the Tables on Pages 13 through 16, explained on-roll and off-roll assessments, allocation of the Equivalent Residential Unit (ERU) weights and bond assessment apportionment amounts based on the various product types, the assessment roll showing the parcels included in the 2018 bond area and the annual and total debt service assessment amount due for each. The following changes were made:

Page 15, Tables 5 and 6: Change 64'x130' to 64'x140'

Mr. Mears stated that, with regard to the debt service, on a per unit basis, the attempt was to size the bond to make sure that Phase 2 was in parity with the Phase 1 units, so that similar owners pay essentially the same debt service assessment amount.

On MOTION by Mr. Davis and seconded by Mr. Mears, with all in favor, Second Supplemental Special Assessment Methodology Report, in substantial form, was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2018-02, a Resolution of the Board of Supervisors of Naples Reserve Community Development District Authorizing the Issuance of Not

To Exceed \$10,000,000 Aggregate Principal Amount of Its Naples Reserve Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2018 (the “Series 2018 Bonds”); Approving the Form of and Authorizing the Execution and Delivery of a Second Supplemental Trust Indenture Relating To the Series 2018 Bonds; Determining the Need For a Negotiated Limited Offering of the Series 2018 Bonds and Providing For a Delegated Award of Such Series 2018 Bonds; Appointing the Underwriter For the Limited Offering of the Series 2018 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Bond Purchase Agreement With Respect To the Series 2018 Bonds; Approving the Form of and Authorizing the Distribution of a Preliminary Limited Offering Memorandum; Approving the Execution and Delivery of a Final Limited Offering Memorandum; Approving the Form of and Authorizing the Execution of a Continuing Disclosure Agreement; Approving the Application of Bond Proceeds; Making Certain Declarations; Providing For the Registration of the Series 2018 Bonds Pursuant To the DTC Book-Entry Only System; Authorizing the Proper Officials To Do All Things Deemed Necessary In Connection With the Issuance, Sale and Delivery of the Series 2018 Bonds; Providing For Certain Other Matters; and Providing an Effective Date

Mr. Gang presented Resolution 2018-02. He explained that, when the District’s bonds were validated, \$47,210,000 was validated because the law requires validation of any debt over a term of five years; therefore, the maximum amount for anything imagined, along with a cushion, was validated. This gives the District a large validated amount. The 2014 bond was for \$7,680,000. This Resolution will authorize issuance of not to exceed \$10 million for the 2018 bonds but, as previously discussed, the actual amount would be approximately \$8,495,000. The Exhibits to this Resolution are still in draft form but substantially final form and ready to go to market. Mr. Gang discussed the Exhibits to Resolution 2018-02 and the purpose of each.

Through this Resolution, the Chair will be authorized to execute the Bond Purchase Agreement, within the specified parameters.

Mr. Mears recalled that the coupon rate cannot be above 300 basis points and asked what the benchmark is. Mr. Gang stated that it is a 20 Bond Index that is published weekly but the Statute states to use the Index published in the last time it is published in a given month and then 300 basis points can be added. Mr. Wrathell stated that this would be way below that figure.

The following changes would be made:

Whereas Clauses: Update dates for the adopted Engineer's and Methodology Reports.

On MOTION by Mr. Mears and seconded by Mr. Rodino, with all in favor, Consideration of Resolution 2018-02, a Resolution of the Board of Supervisors of Naples Reserve Community Development District Authorizing the Issuance of Not To Exceed \$10,000,000 Aggregate Principal Amount of Its Naples Reserve Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2018 (the "Series 2018 Bonds"); Approving the Form of and Authorizing the Execution and Delivery of a Second Supplemental Trust Indenture Relating To the Series 2018 Bonds; Determining the Need For a Negotiated Limited Offering of the Series 2018 Bonds and Providing For a Delegated Award of Such Series 2018 Bonds; Appointing the Underwriter For the Limited Offering of the Series 2018 Bonds; Approving the Form of and Authorizing the Execution and Delivery of a Bond Purchase Agreement With Respect To the Series 2018 Bonds; Approving the Form of and Authorizing the Distribution of a Preliminary Limited Offering Memorandum; Approving the Execution and Delivery of a Final Limited Offering Memorandum; Approving the Form of and Authorizing the Execution of a Continuing Disclosure Agreement; Approving the Application of Bond Proceeds; Making Certain Declarations; Providing For the Registration of the Series 2018 Bonds Pursuant To the DTC Book-Entry Only System; Authorizing the Proper Officials To Do All Things Deemed Necessary In Connection With the Issuance, Sale and Delivery of the Series 2018 Bonds; Providing For Certain Other Matters; and Providing an Effective Date, in substantial form, as amended to update the dates of the Engineer's Report and Methodology Report adopted today, was adopted.

SEVENTH ORDER OF BUSINESS**Ratification of CDD Systems and Facilities Operation and Maintenance Agreement with Naples Reserve Homeowners Association, Inc.**

Ms. Cerbone recalled that this Agreement was discussed at the last meeting and a few changes were necessary and the Exhibit was needed. Since then, any necessary changes were made and the documents were received. The Agreement was submitted to the HOA.

A Board Member expressed his understanding that it is generally better for the HOA to control this type of operation and maintenance (O&M) and a lot of it is already being performed under an HOA maintenance program but he wanted the Agreement to better define the benefit to of the HOA taking over the O&M and elaborate or list the scope of services and potential maintenance issues so that he could specifically explain it. He questioned the insurance coverages listed in the Agreement. Mr. Wrathell stated it identifies the coverage that the HOA should have because, if something happens, the District, HOA, etc., would be sued, so HOA should have coverage levels similar to the District's level; this amount of coverage is standard.

At Mr. Cole' recommendation, the following language regarding the scope of services would be added to the Agreement:

"Services shall include but not be limited to cleaning and repair of stormwater management piping and structures, maintenance and repair of lake banks, and maintenance of aquatic vegetation."

The term of the Agreement would be updated.

On MOTION by Mr. Davis and seconded by Mr. Rodino, with all in favor, the CDD Systems and Facilities Operation and Maintenance Agreement with Naples Reserve Homeowners Association, Inc., as amended, was approved.

EIGHTH ORDER OF BUSINESS

Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2017, Prepared by Carr, Riggs & Ingram, LLC

Ms. Cerbone presented the Audited Financial Report for Fiscal Year Ended September 30, 2017 and described the information that could be found on each page. It was a clean audit; there were no deficiencies, recommendations, findings or instances of noncompliance.

Ms. Cerbone recalled Mr. Mears' question about the Audited Financial Report for Fiscal Year 2016 regarding the amount in the Capital Assets line and the amount of Accumulated Depreciation and his request for Management to confirm that the figures were the most recent for Fiscal Year 2016. Working with Mr. Mears, the Controller and District Engineer, it was determined that there was a \$2 million swing in the assets that was eventually going to occur but

it was pulled out at that time. The Controller prepared a financial summary and provided it to the Auditor. This was not an issue and was referenced in Note 9, on Page 23, as follows:

"NOTE 9: PRIOR YEAR ADJUSTMENT

During the fiscal year ended September 30, 2017, the District discovered that it had improperly valued fixed assets during the fiscal year ended September 30, 2016. The corrections of this error reduced Net position – beginning of year by \$2,103,281, as presented on the accompanying Statement of Activities."

Ms. Cerbone continued reviewing the Audit. Mr. Wrathell explained the District's financial priorities and noted that everything is invested in safe, low-risk investment vehicles but, if the Board wanted to invest more aggressively, it could be done, provided it is allowable within the Trust Indenture.

Ms. Cerbone reiterated that there were no deficiencies or instances of non compliance or other matters to report and there were no prior or current year findings or recommendations. Mr. Wrathell stated that an independent audit is required by Statute and the Trust Indenture. The Audit must be submitted by June 30, each year.

In response to a Board Member question regarding the \$(97,382) "Less unamortized bond discount" amount on Page 22, Mr. Wrathell stated that, it reflected an original issue discount on the bonds when the 2014 bonds were originally issued, which makes the yield higher than the coupon on the bond and that discount is amortized over the life of the bond.

NINTH ORDER OF BUSINESS**Consideration of Resolution 2018-03,
Accepting the Audited Financial Report
for the Fiscal Year Ended September 30,
2017**

Ms. Cerbone presented Resolution 2018-03.

On MOTION by Mr. Davis and seconded by Mr. Mears, with all in favor, Resolution 2018-03, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2017, was adopted.

TENTH ORDER OF BUSINESS**Consideration of Resolution 2018-04,
Approving the District's Proposed Budget
for Fiscal Year 2018/2019 and Setting a
Public Hearing Thereon Pursuant to
Florida Law**

Ms. Cerbone presented Resolution 2018-04. She reviewed the proposed Fiscal Year 2019 budget line item increases, decreases, and adjustments compared to the Fiscal Year 2018 budget, along with new line items and adjustments due to the upcoming 2018 bond issuance. Mr. Wrathell explained that, as more units come on line, the per unit O&M assessments would go down because they would be spread over more units. Discussion ensued regarding new units coming on line before the budget is adopted.

On MOTION by Mr. Davis and seconded by Mr. Rodino, with all in favor, Resolution 2018-04, Approving the District's Proposed Budget for Fiscal Year 2018/2019 and Setting a Public Hearing Thereon Pursuant to Florida Law for August 21, 2018 at 11:00 a.m., at this location, was adopted.

ELEVENTH ORDER OF BUSINESS

Consideration of Resolution 2018-05, Designating a Date, Time and Location for Landowners' Meeting [Seats 2, 3 & 5]

Ms. Cerbone presented Resolution 2018-05. Seats 2, 3 and 5, currently held by Supervisors Marquardt, Rodino and Davis, respectively, would be up for election. She explained the Landowners' Election process, landowners voting, proxy holder, etc. Mr. Marquardt suggested notifying residents by a means other than just the newspaper advertisement. Mr. Wrathell suggested that Mr. Marquardt inform residents. Ms. Cerbone would provide Mr. Marquardt with the Landowners' Election documents for him to disseminate to residents.

On MOTION by Mr. Mears and seconded by Mr. Rodino, with all in favor, Resolution 2018-05, Designating November 27, 2018 at 11:00 a.m., at this location, as the Date, Time and Location for the Landowners' Meeting, was adopted.

TWELFTH ORDER OF BUSINESS

Consideration of Addendum #1 to Wrathell, Hunt and Associates, LLC Agreement for Management Services

Ms. Cerbone presented Addendum #1 to Wrathell, Hunt and Associates, LLC Agreement for Management Services. This related to additional services that Management will provide, as a result of the new 2018 bond issuance.

On MOTION by Mr. Mears and seconded by Mr. Davis, with all in favor, Addendum #1 to the Wrathell, Hunt and Associates, LLC Agreement for Management Services, was approved.

THIRTEENTH ORDER OF BUSINESS

Consideration of Resolution 2018-06, Amending the General Fund Portion of the Budget for Fiscal Year 2018; and Providing for an Effective Date

Ms. Cerbone presented Resolution 2018-06. This was necessary because there would be unbudgeted expenditures in Fiscal Year 2018 related to the 2018 bond issuance.

This item was deferred to the next meeting, as there was sufficient time to amend the budget with more accurate amounts, once the bond issuance occurs.

FOURTEENTH ORDER OF BUSINESS

Approval of Unaudited Financial Statements as of March 31, 2018

Ms. Cerbone presented the Unaudited Financial Statements as of March 31, 2018. On-roll assessment revenue collections were at 75% and off-roll collections were at 60%.

Mr. Wrathell noted that a Resolution was necessary authorizing the \$6 in the Construction Capital Projects Fund to be moved and to close out that fund.

On MOTION by Mr. Davis and seconded by Mr. Rodino, with all in favor, the Unaudited Financial Statements as of March 31, 2018, were approved.

FIFTEENTH ORDER OF BUSINESS

Approval of August 29, 2017 Public Hearing and Regular Meeting Minutes

Ms. Cerbone presented the August 29, 2017 Public Hearing and Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Mears and seconded by Mr. Rodino, with all in favor, the August 29, 2017 Public Hearing and Regular Meeting Minutes, as presented, were approved.

SIXTEENTH ORDER OF BUSINESS

Other Business

In response to the question if the reason more funds were received with the 2014 bond issuance than anticipated was because the coupon rate got better, Mr. Wrathell stated that, if the interest rates turn out better than quoted, it relates in additional funds for the Construction Fund; how the interest rate increases or decreases affects the Construction Fund. Regarding what happens to the reserves, Mr. Wrathell stated that the Debt Service Reserve is held in trust until the bonds mature and, in year 30, the Debt Service Reserve is typically applied to the final bond payment. The District's Debt Service reserve is small.

SEVENTEENTH ORDER OF BUSINESS **Staff Reports****A. District Counsel: *Coleman, Yovanovich & Koester, P.A.***

There being nothing additional to report, the next item followed.

B. District Engineer: *Hole Montes, Inc.*

There being nothing additional to report, the next item followed.

C. District Manager: *Wrathell, Hunt and Associates, LLC***i. 148 Registered Voters in District as of April 15, 2018**

Ms. Cerbone stated that there were 148 registered voters residing within the boundaries of the District as of April 15, 2018.

ii. NEXT MEETING DATE: August 21, 2018 at 11:00 A.M.

Ms. Cerbone stated that the next meeting will be on August 21, 2018 at 11:00 a.m., at this location.

EIGHTEENTH ORDER OF BUSINESS **Audience Requests** **Comments/Supervisors' Requests**

There being no audience comments or Supervisors' requests, the next item followed.

NINTEENTH ORDER OF BUSINESS **Adjournment**

There being no further business to discuss, the meeting adjourned.

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| On MOTION by Mr. Mears and seconded by Mr. Davis, with all in favor, the meeting adjourned at 1:20 p.m. |
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May 3, 2018

Cindy Gubore
Secretary/Assistant Secretary

W. M. Maw
Chair/Vice Chair