

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

A Public Hearing and Regular Meeting of the Naples Reserve Community Development District's Board of Supervisors was held on **Monday, July 14, 2014 at 10:30 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 and constituting a quorum were:

Don Mears	Chair
Jim Moyle	Vice Chair
Robert Mulhere	Assistant Secretary
Peter Rodino	Assistant Secretary
Joseph Davis	Assistant Secretary

Also present were:

Craig Wrathell	District Manager
Rick Woodville	Wrathell, Hunt and Associates, LLC
Greg Urbancic	District Counsel
Terry Cole	District Engineer

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Wrathell called the meeting to order at 10:39 a.m., and noted, for the record, that all Supervisors were present, in person.

SECOND ORDER OF BUSINESS

Affidavit of Publication

Mr. Wrathell presented the proof of publication of today's Public Hearing and Regular Meeting.

THIRD ORDER OF BUSINESS

Public Hearing to Consider Resolution 2014-12, Adopting the Final Budget for the Fiscal Year Beginning October 1, 2014 and Ended September 30, 2015, Pursuant to Florida Law

Mr. Wrathell presented Resolution 2014-12 for the Board’s consideration. He explained that the “General Fund Budget” has not changed since the last meeting; however, statutorily, the District must have its own website. Mr. Wrathell proposed budgeting \$500 for a basic website; a “Website” line item will be added.

Mr. Wrathell reviewed the “Adopted Budget” and “Proposed Budget”. In particular, he noted that \$10,000 was budgeted for “Legal”. Mr. Wrathell expected many of Mr. Cole’s fees to be associated with processing bond requisitions; therefore, the “Engineering” budget was reduced to \$3,500. Mr. Urbancic will undertake transactional issues involved with purchasing improvements from the developer. Mr. Wrathell referred to the cost of a required independent audit.

Mr. Wrathell discussed the “Legal advertising” budget line item which, though exorbitant in Fiscal Year 2014, was a result of the Naples Daily News being the only publication option. Mr. Wrathell noted that the District’s major advertisement expenses, for public hearings related to bond issuance, are completed; advertising costs should normalize next year.

Mr. Wrathell indicated that the “Annual district filing fee” will be paid to the Department of Economic Opportunity (DEO), formerly known as the Department of Community Affairs.

Mr. Wrathell advised that “Insurance” was increased because the District will own infrastructure, shortly. He indicated that a description of all expenditures is provided, on Page 2.

Mr. Wrathell explained that the District will adopt the budget; however, once bonds are issued, the budget must be amended to reflect the bond issuance.

*****Mr. Wrathell opened the Public Hearing.*****

There were no public comments.

*****Mr. Wrathell closed the Public Hearing.*****

On MOTION by Mr. Rodino and seconded by Mr. Mulhere, with all in favor, Resolution 2014-12, Adopting the Final Budget for the Fiscal Year Beginning October 1, 2014 and Ending September 30, 2015, Pursuant to Florida Law, as amended, was adopted.

Mr. Wrathell stated that the assessments will likely be placed on the tax bill in November of next year; therefore, Fiscal Year 2015 will likely remain developer funded. Mr. Wrathell stated that he must finalize, with Mr. Mears, whether the assessments will be on the November, 2015 or November, 2016 tax bill. One of the considerations, when sizing the upcoming bonds and supplemental methodologies, will be the length of the capitalized interest period. The bonds will be sized in such a way that some of the money from bond proceeds will be set aside to make the interest payments during the construction phase. He explained that it is best not to be on the tax bill until the developer has platted and sold lots.

Mr. Wrathell indicated that the Developer Funding Agreement corresponds to the adopted budget. The exhibits to the funding agreement will be the revised budget, adding the website expense and legal description; otherwise it is essentially identical to the Fiscal Year 2014 version.

Mr. Mears questioned whether, when he starts to transfer the property, he should make it multi-party. It was noted that SFI Naples Reserve, LLC and Naples AW Holdco LLP should be included.

On MOTION by Mr. Mulhere and seconded by Mr. Mears, with all in favor, the Developer Funding Agreement for Fiscal Year 2014/2015, as revised, to add Naples AW Holdco LLP to the existing SFI Naples Reserve, LLC, was approved.

FIFTH ORDER OF BUSINESS

Consideration of Interlocal Agreement for Preparation and Submission of Non-Ad Valorem Assessment Roll and the Related Uniform Collection and Enforcement Thereof

Mr. Wrathell recalled that the District completed the public hearing process twice, based on Mr. Urbancic’s recommendation to hold hearings again, with regard to using the property appraiser and tax collector. As a result of that process, the Property Appraiser and Tax Collector provided a form of Agreement.

Mr. Wrathell referred to the proposed rates, on Page 3, Items 3 and 4, which are 2% for the Tax Collector and 1.5% for the Property Appraiser.

Mr. Urbancic noted that he spoke with Management’s office regarding old information that was left in the agreement. On Page 2, in the second WHEREAS clause from the top, “Ordinance Number 09-68” must be changed to “Resolution 2014-20”.

Mr. Mulhere questioned the Tax Collector’s compensation, stating that he did not recall that item previously, and asked if it is because the benefit tax is placed on the Truth in Millage (TRIM) notice.

Mr. Urbancic stated that was the value gross up to pay the Tax Collector fee. Mr. Wrathell added that the amount is grossed up in the Master Methodology to include both the property appraiser and tax collector fees.

Mr. Wrathell noted that, on the Assessment Tables, in the Master Methodology, with an asterisk and a note, are grossed up to include the 4% payment discount and the Property Appraiser and Tax Collector fees, which are layered in to how the assessments were grossed-up in the methodology; the Supplemental Methodology will include this, as well.

In response to a comment, Mr. Wrathell explained that the Property Appraiser will ensure that, as platting occurs, the District keeps its unique, separate assessment roll. When the District requests the assessment rolls each year, they will be updated with all of the platted lots, specific to the properties within the boundaries of this District. This information is on the TRIM notice. The Tax Collector is the collection mechanism. Mr. Wrathell advised that the 2% and the 1.5% fees are probably on the higher end.

On MOTION by Mr. Davis and seconded by Mr. Rodino, with all in favor, the Interlocal Agreement for Preparation and Submission of Non-Ad Valorem Assessment Roll and the Related Uniform Collection and Enforcement Thereof, as amended, was approved.

SIXTH ORDER OF BUSINESS

Discussion: Trust Services

A. Email from Wells Fargo Declining Opportunity

Mr. Wrathell recalled that Wells Fargo was considered for trust services; however, Wells Fargo’s corporate legal division instituted a new policy stating that, unless there is a banking relationship with the developer, they will not undertake trustee services.

Mr. Wrathell named several banks being considered, including U.S. Bank, Wells Fargo and Regents Bank, but Regents Bank will only enter into a rated deal if the blocks that the bond

funds were sold in were in denominations of \$100. Mr. Wrathell continues to search for a trustee.

B. Consider Engagement of U.S. Bank as Trustee

Mr. Wrathell explained that the engagement letter anticipates payment of the acceptance fee, closing expenses and all fees, except the annual trustee fee, to be paid as part of the issuance costs.

Mr. Wrathell stated that U.S. Bank is a qualified trustee. He explained that a trustee must be in place in order to market with the bond offering documents. Based on the size of this deal, Mr. Wrathell recommended engaging U.S Bank.

On MOTION by Mr. Mulhere and seconded by Mr. Mears, with all in favor, the Engagement of U.S. Bank, as Trustee, was approved.

SEVENTH ORDER OF BUSINESS

Approval of April 24, 2014 Special Meeting Minutes

Mr. Wrathell presented the April 24, 2014 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Mears and seconded by Mr. Mulhere, with all in favor, the April 24, 2014 Special Meeting Minutes, as presented, were approved.

EIGHTH ORDER OF BUSINESS

Other Business

- **Reconsider the Approval of Guggenheim and Negotiations of a Contract, due to the inability to come to terms on Engagement Letter**

****This item was an addition to the agenda.***

Mr. Wrathell recalled that the Board previously approved a form of engagement letter and authorized District Counsel and Staff to work with Guggenheim to finalize the letter. Both Mr. Wrathell and Mr. Urbancic attempted to reach Guggenheim, numerous times, but without success.

- **Consider Form of Engagement Letter with FMS Bonds**

****This item was an addition to the agenda.***

Mr. Wrathell reported that Mr. Mears had internal communications with iStar regarding FMSbonds. Mr. Wrathell presented the form of engagement letter/agreement for underwriting services from FMSbonds. Mr. Wrathell pointed out the “Underwriter Fees”, in Section 2, on Page 1, which proposed a not-to-exceed 2% of the par amount of the bond with the minimum fee of \$60,000. Mr. Wrathell explained that the District anticipated that the first series of bonds will fund \$5,000,000 of construction; therefore, this will be a \$7,500,000 to \$8,000,000 bond issue, which is larger than the minimum fee for FMSbonds.

Mr. Wrathell suggested approving the agreement, as-is, with a not-to-exceed amount, or a motion to approve and authorize the Chair and Staff to negotiate a final form and fee structure.

Mr. Mears suggested that the not-to-exceed amount be reduced to 1.75%, with a cap amount.

On MOTION by Mr. Rodino and seconded by Mr. Davis, with all in favor, reconsideration of the approval of Guggenheim and negotiations of a contract, due to the inability to come to terms with the engagement letter, was approved.

On MOTION by Mr. Davis and seconded by Mr. Mulhere, with all in favor, the form of engagement letter with FMSbonds, setting a not-to-exceed fee of 1.75%, for the underwriters discount, was approved.

In response to a question, Mr. Wrathell confirmed that District Counsel will review the engagement letter prior to execution.

NINTH ORDER OF BUSINESS

Staff Report

A. District Counsel

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

B. District Manager

i. Approval of Unaudited Financial Statements as of May 31, 2014

Mr. Wrathell presented the Unaudited Financial Statements as of May 31, 2014. He reviewed the “Balance Sheet”, on Page 1. Mr. Wrathell explained that the District is developer-funded; expenses are paid as they are incurred. Mr. Wrathell referred to “Engineering”

expenses, on Page 3, much of which were related to bond work and funded by the developer; once the bonds are issued, the developer will be reimbursed for the advance funding.

On MOTION by Mr. Davis and seconded by Mr. Moyle, with all in favor, the Unaudited Financial Statements as of May 31, 2014, were approved.

ii. Next Meeting Date: July 29, 2014 at 10:00 A.M.

Mr. Wrathell indicated that the next meeting is scheduled for July 29, 2014 at 10:00 a.m., at this location.

TENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

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

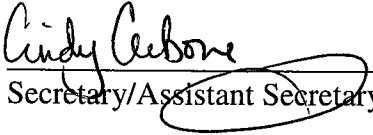
ELEVENTH ORDER OF BUSINESS

Adjournment

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

On MOTION by Mr. Moyle and seconded by Mr. Davis, with all in favor, the meeting adjourned at 11:10 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


Secretary/Assistant Secretary


Chair/Vice Chair