

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

The Board of Supervisors of the Naples Reserve Community Development District held a Workshop on October 14, 2021 at 10:30 a.m., at the Island Club at Naples Reserve, Activities Room, 14885 Reserve Circle, Naples, Florida 34114, or remotely, via Zoom, at <https://zoom.us/j/93710553245?pwd=L2xyZTBXLzVIM0NESVNoUHhGTFQzdz09>, and via Phone at 1-929-205-6099, Meeting ID 937 1055 3245 for both.

Present at the meeting were:

Thomas Marquardt	Chair
Deborah Lee Godfrey	Assistant Secretary
Charlene Hill	Assistant Secretary
Gregory Inez	Assistant Secretary

Also present, were:

Cindy Cerbone	District Manager
Jamie Sanchez	Wrathell, Hunt and Associates, LLC (WHA)
Daniel Rom (via telephone/Zoom)	Wrathell, Hunt and Associates, LLC (WHA)
Greg Urbancic (via telephone/Zoom)	District Counsel
Terry Cole	District Engineer
Jon Kessler (via telephone)	Resident/HOA President
Anna Harmon	Supervisor Appointee
Other residents and members of the public (in person and via zoom)	

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Ms. Cerbone called the meeting to order at 10:30 a.m. Supervisors Marquardt, Godfrey Hill and Inez were present, in person. Supervisor Appointee Anna Harmon was present but not yet sworn in.

Ms. Cerbone explained the difference between a workshop and a regular meeting and outlined how today's workshop would be conducted. Mr. Marquardt, the Board Chair, would start the conversations, the Board and Staff would respond to questions from residents attending in person, followed by those attending via zoom. Ms. Sanchez would gather

questions from those attending in person and Mr. Rom would lead the zoom session and present the questions posed through the “chat” function.

SECOND ORDER OF BUSINESS

Chairman’s Opening Remarks

Mr. Marquardt welcomed all attendees and stated the idea of the workshop is to familiarize everybody with how the CDD functions and operates, who makes the decisions and the Board’s goals. He introduced himself, the other Board Members, District Staff and Mr. Jon Kessler, of FMSbonds, who would start the meeting by explaining the bonds.

THIRD ORDER OF BUSINESS

Discussion: CDD Bonds

Mr. Kessler gave an overview of the bonds and noted the following:

- CDDs are extremely ubiquitous in Florida. Land developers use CDDs to finance the infrastructure. The developer puts in the infrastructure and issues the bonds.
- Bonds are typically collateralized by raw undeveloped land, so their issue does not raise the bonds.
- The bonds are issued and the debt is levied on the land. As the lots are platted, assessments are assigned to every unit.
- An assessment methodology sets forth the annual assessment that every product type will pay.
- In the Naples Reserve CDD, bonds were issued in two phases; one in 2014 and another in 2018.
- Bonds can have 10 to 15 years of call protection and, once the community is built out, the CDD has the ability to refinance the bonds.
- Typically, once the community is built out, the CDD has an improved credit status and might be able to refinance the bonds at a lower interest rate, depending on the rates at that time.
- The vast majority of the bonds are owned by large institutions and/or mutual fund companies.

Discussion ensued regarding the Trustee, US Bank, the 2014 and 2018 bonds, callable bonds and the assessment billing process.

The Board and Staff responded to questions about current interest rates on the bonds, the budget, assessments, Amortization Schedule, term lengths of the bonds, what happens when the bonds are retired and whether additional bonds would be issued.

Regarding additional bond issuances, Mr. Urbancic stated he would have to review the Trust Indenture and Supplemental Trust Indenture for each series of bonds and make sure there were no prohibitions to issuing additional bonds. Although issuing additional bonds would be at the Board’s discretion, homeowners would be notified and an assessment public hearing would be held for property owners to voice their comments, objections and opinions.

Mr. Kessler left the call.

- **Public Comments**

There were no public comments about the bonds.

FOURTH ORDER OF BUSINESS

Discussion: CDD Background

Mr. Marquardt discussed how CDDs are formed, the number of CDDs in Florida, Florida Statutes Chapter 190, importance of transparency in CDD operations, Sunshine Law, the Developer (I-Star), CDD assets and conveyances to the County. The main powers of the CDD are to plan, finance, construct, operate and maintain community infrastructure for services.

Regarding the assessment that appears on the property tax bill, Mr. Marquardt stated it is a lump sum; the debt assessment portion is a set amount.

Regarding the operations and maintenance (O&M) responsibilities, Mr. Marquardt stated, when the community was established, the Developer felt it was best for the HOA to assume O&M of the lakes, stormwater management system and catch basins but the HOA recently decided to pass the O&M responsibilities to the CDD, which was the cause of the assessment increase, as the CDD had to increase its budget from \$105,000 to \$400,000. He discussed current lake maintenance issues, erosion, hurricanes, filters, catch basins and the District Engineer performing spot checks on the storm drains.

Regarding docks, Mr. Marquardt stated residents are allowed to install docks on the big lake and adjoining lakes but the CDD must ensure that nothing on the docks interfere with stormwater moving into the lake. Responsibility for the dock was unanticipated.

Mr. Marquardt addressed items that the Board routinely considers, such as residents installing generators, propane tanks causing runoff, the littoral shelf and drainage complaints and repairs. He encouraged residents to take photographs of drainage issues and to be conscious of the fact that resolving drainage issues was a shared financial responsibility.

In response to a question regarding the O&M assessment for the year, Ms. Cerbone stated the O&M assessment for the current year is \$443.12; last year it was \$100.82 and in prior years it was in the \$100 range.

The Board and Staff responded to questions about bond maturation, a PVC pipe and measuring stick, monitoring lake levels, water quality and flood prevention. Regarding whether a wall would be raised to minimize long-term damage in an area that floods in the rainy season, Mr. Marquardt stated the area in question is HOA property so it is an HOA issue. Mr. Cole stated, in the northwest corner of the big lake, 12" to 18" of erosion was identified but an element could be lower than it should be and he would inspect the area.

Asked what percentage of assessment revenue is kept for reserves, Ms. Cerbone explained that there are three categories of reserves, \$80,000 three-months working capital to cover expenses at the start of the new fiscal year, \$150,000 lake bank remediation amount and \$6,569 Unassigned Fund Balance for miscellaneous items. She discussed the impact of the assessments on the reserve funds, protected reserves, the Debt Service and the General Funds. The goal is be proactive and not reactive in managing the reserves.

Mr. Rom presented a Zoom question about owners paying off the bond debt part of the assessment. Mr. Marquardt stated only one homeowner has paid off all the debt assessment.

- **Public Comments**

There were no public comments regarding the CDD background.

FIFTH ORDER OF BUSINESS

Discussion: Repairs and Maintenance of CDD Improvements

Mr. Cole reported the following tasks and actions of the District Engineer:

- During construction, checked the qualifying costs of the improvements, listed certain infrastructure items that were funded through the bonds, submitted invoices for review and qualified water, sewer, storm drains, lake excavation expenses.
- Issued certificates of approval for the 2014 bond items and is in the process of doing the same for the 2018 bonds. The exact amount remaining is being confirmed with Management’s Accounting Department.
- Prepared a lake map with the different lakes and the lake and pool areas.
- The lakes and pool areas are maintained monthly by SOLitude Lake Management. Cardno tests water quality of the lakes and performs monitoring for the CDD.
- From time to time, Staff inspects the lake banks and identifies a number of point discharges, runoffs, lake erosion areas and notifies the HOA and the Developer of items that need to be repaired.
- A lake erosion repair amount has been budgeted and the repairs would be made in the coming year.
- Staff checks the catch basins; approximately six basins need to be cleaned out.
- Typically, the Engineering Staff checks the lake banks and how the stormwater management system is functioning.

Mr. Cole responded to questions regarding the storm drains, conveyances, shoreline erosion, the HOA and who is responsible for storm sewers and roadside catch basins.

Asked about taking over the lake maintenance contracts from the HOA, Ms. Cerbone stated the decision was made at the June meeting and there was no dollar value to the contracts.

- **Public Comments**

There were no public comments about lake maintenance items.

SIXTH ORDER OF BUSINESS

Public Comments: *non-agenda items*

Mr. Marquardt responded to questions about whether Board Members are required to take any courses, acquire any certifications, how Board Members become familiar with CDD subject matters and Board Member compensation.

Regarding attaining a Board seat, Ms. Cerbone stated there is no application process to become a CDD Board Member. Candidates must be a US citizen, Florida resident and a registered voter residing within the boundaries of the District.

Mr. Rom read the following comment from Zoom participant, Mr. Mark Standler:

“On behalf of the homeowners of Naples Reserve, the Board is greatly appreciated for volunteering their services and are a doing a superb job for the community.”

Additional questions about paying off the bond assessment up front versus over 30 years, littoral shelf water levels and the lake maintenance contractors were addressed. Per Mr. Marquardt’s request, Mr. Cerbone would ask the contractors to resubmit their contracts to the CDD.

SEVENTH ORDER OF BUSINESS

NEXT MEETING DATE: December 2, 2021 at 10:00 A.M.

Ms. Cerbone reported the following:

- The next scheduled meeting would be on December 2, 2021 because the November 4, 2021 meeting was cancelled.
- The Board needs to meet as soon as possible to put agreements in place.
- District Counsel and the District Engineer are both available on Wednesday, November 3, 2021. Management would advertise for a November 3, 2021 meeting.
- The primary discussion item at that meeting would be the two maintenance agreements.
- Staff hopes to include the Memorandum of Understanding with the HOA regarding ownership and maintenance of certain improvements and the agreements for disaster debris removal and disposal and disaster debris monitoring and reimbursement consulting on the agenda.

In response to a question regarding liability, Mr. Urbancic stated, if someone files a tort or negligence action upon the CDD, Staff would perform a loss analysis to determine whether the CDD is responsible; just because something happens on CDD property does not mean that the CDD is negligent.

- **QUORUM CHECK**

The next meeting would be held on November 3, 2021, rather than December 2, 2021.

EIGHTH ORDER OF BUSINESS

Supervisors' Requests

There were no Supervisors' requests.

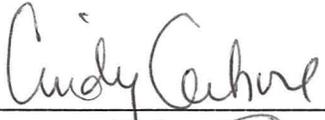
NINTH ORDER OF BUSINESS

Adjournment

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

On MOTION by Ms. Hill and seconded by Ms. Godfrey, with all in favor, the meeting adjourned at 12:10 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]


Secretary/Assistant Secretary


Chair/Vice Chair