

**MINUTES OF MEETING
MEDITERRA SOUTH
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Mediterra South Community Development District's Board of Supervisors was held on **Wednesday, May 16, 2012 at 11:30 a.m.**, at **The Club at Mediterra, 15755 Corso Mediterra Circle, Naples, Florida 34110.**

Present and constituting a quorum were:

Kenneth Nails	Chair
Kenneth Tarr	Assistant Secretary
Bill Rowe	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Jonathan Johnson	District Counsel
Carl Eldred	Hopping Green & Sams
Dave Robson	District Engineer
Brett Sealy	MBS Capital Markets, LLC
Danny Tyler	Nabors, Giblin & Nickerson, P.A.
Michelle Blackstock (via telephone)	Grau & Associates
Scott Schule	U.S. Bank
Gary Kaenzig	Mediterra North Chair
William Thomas	MCA, Director of Safety
Michael Bishko	Resident
Frank Godshall	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Nails called the meeting to order at 11:30 a.m., and noted, for the record, that Supervisors Nails, Tarr and Rowe were present, in person. Supervisor Luby was not present.

SECOND ORDER OF BUSINESS

**Acceptance of Resignation of Supervisor
Frank Godshall, *Term Expires November,
2012***

Mr. Nails presented the resignation of Mr. Godshall for consideration.

On MOTION by Mr. Rowe and seconded by Mr. Tarr, with all in favor, the resignation of Supervisor Frank Godshall, from Seat 3, term expires November, 2012, was accepted.

- **Discussion/Consideration of Potential Candidate to Fill Unexpired Term**

Mr. Adams asked for nominations to fill the seat vacated by Mr. Godshall's resignation. Mr. Tarr nominated Mr. Michael Bishko. There were no other nominations.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, appointment of Mr. Michael Bishko to fill the unexpired term of Seat 3, term expires November, 2012, was approved.

- **Administration of Oath of Office to Newly Elected Supervisor (*the following to be provided in separate package*)**

Mr. Adams, a Notary of the State of Florida and duly authorized, administered the oath of office to Mr. Bishko. Mr. Adams confirmed that he will provide the oath of office to Mr. Bishko, for his signature. Mr. Adams explained the Supervisor responsibilities and summarized the following items, which will be sent Mr. Bishko:

- **Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**
- **Membership, Obligations and Responsibilities**
- **Form 1: Statement of Financial Interests**
- **Form 1X: Amendment to Form 1, Statement of Financial Interests**
- **Form 1F: Final Statement of Financial Interests**

- **Consideration of Resolution 2012-2 Electing Officers of the District**

Mr. Nails presented Resolution 2012-2 for consideration. Mr. Adams recommended maintaining the current slate of officers, for this meeting, and appointing Mr. Bishko as an Assistant Secretary. He noted that this item can be considered again, at a future meeting.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, Resolution 2012-2 Electing Officers of the District, maintaining the same slate of officers and appointing Mr. Bishko as an Assistant Secretary, was adopted.

THIRD ORDER OF BUSINESS**Presentation of Audited Financial Report
for Fiscal Year Ended September 30,
2011, Prepared by Grau & Associates**

Ms. Michelle Blackstock, of Grau & Associates, reviewed the Audited Financial Report. She directed the Board to the Independent Auditor's Report, on Page 1, and noted that this is an unqualified opinion, meaning it is a clean opinion. She referred to the Balance Sheet, on Page 8, and pointed out that the District's total assets of \$2,949,612 exceeded its total liabilities of \$151,607, leaving a total fund balance of \$2,798,005. Page 10 reflects changes in fund balances; total revenues were \$2,189,357, which exceeded the total expenditures of \$2,143,692. She noted the transfers out, which closed the capital projects fund, with those funds transferred in to the debt service fund. The fund balance increased by \$45,665.

Ms. Blackstock noted that The Report on Internal Control over Financial Reporting and on Compliance, on Page 23, gives a clean opinion. She referred to Page 24 and advised that there were no current or prior year findings or recommendations noted in the Report to Management.

Mr. Tarr asked Mr. Adams which capital assets are still owned by Mediterra South CDD. Mr. Adams indicated the District retained its stormwater management system, including ponds, wetlands, interconnecting pipes, control structures and outfall structures. Mr. Tarr asked where the life expectancy of those items is addressed in the audit. Ms. Blackstock directed Mr. Tarr to the third paragraph under, Capital Assets, on Page 14, indicating the estimated life of 10 to 30 years. Regarding the pipes, Ms. Blackstock believed most are depreciated on a straight-line basis over 30 years. Mr. Tarr asked Mr. Robson if the District can reasonably expect 30 years from the pipes before any major repairs would be necessary. Mr. Robson confirmed that the type of pipe installed has an anticipated lifespan in excess of 20 to 30 years, barring someone damaging the pipe or unforeseen shifting due to nature. In response to Mr. Tarr's question, Mr. Adams indicated that most CDDs do not set aside a reserve to address this type of matter; major capital renovations will be addressed at the time of need and be financed at that time through a bond issue or privately placed loan.

Mr. Tarr asked Mr. Adams to identify the worst problem related to the stormwater system. Mr. Adams felt that lake bank erosion is the most prevalent but it can be addressed as problems arise.

FOURTH ORDER OF BUSINESS

**Consideration of Resolution 2012-3,
Accepting the Audited Financial Report
for the Fiscal Year Ended September 30,
2011**

Mr. Nails presented Resolution 2012-3 for consideration.

On MOTION by Mr. Rowe and seconded by Mr. Tarr, with all in favor, Resolution 2012-3, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2011, was adopted.

FIFTH ORDER OF BUSINESS

**Update and Consideration of Any
Remaining Documents Related to Bond
Refinancing for Series 1999 and 2001**

Mr. Johnson recalled that the Board approved a resolution at the last meeting, which set parameters for negotiation and sale of the bonds. He recommended that Mr. Sealy provide an update and then consider Resolution 2012-7, which was emailed to the Board last week.

Mr. Sealy explained the terms of the delegation resolution approved at the last meeting. He reported that the bonds were successfully marketed and sold within the parameters and exceeding both the debt present value savings and the annual debt service reduction parameters projected at the March meeting. He provided a spreadsheet of the March 2012 estimates, along with the actuals. The information in the spreadsheet demonstrates that the bonds were priced within the parameters set forth in the delegation resolution but also highlights the pertinent components of the refinancing, specifically, the net present value savings, net interest costs and reductions from both dollar and percentage standpoints.

Mr. Sealy referred to the net present value percentages, noting that the original projections for the South bond issue were 11.13% and 9.44% but the ultimate net present value percentages for the 1999 and 2001 bonds were 15.86% & 14.09%, respectively. The projected dollar amount for the net present value were estimated at \$384,880 and \$403,103 but the final savings amounts were \$536,070 and \$586,985.

Mr. Sealy recalled that part of the parameters in the delegation resolution required them to exceed an annual reduction in debt service of 10%. The reductions amount to 15.3% for the 1999 bonds and 14.73% for the 2001 bonds.

In terms of the average coupon, Mr. Sealy advised that 4.78 was estimated and the actual figure was 4.84. He noted that, when the bonds were priced, they had to ensure that the principal amount of the bonds did not exceed the current outstanding principal. The original estimate priced the bonds with an original issue discount (OID) but, because there were proceeds issues and to keep each bond series below their principal, the coupons had to adjust up, which eliminated the OID. This resulted in the bonds being sold close to the par dollar price, as opposed to receiving a slight discount.

Regarding the net interest costs, Mr. Sealy indicated that the original projections were 5.03 and 5.04 and the actual figures were 4.99 and 4.98 on the 1999 and 2001 bonds, respectively. This slight differential relates to the allocation of cost of issuance on a pro rata basis.

Mr. Sealy stated that all numbers presented are net; net of costs, net of transfers, etc. The debt service reserve fund was sized at 75% maximum annual debt service, as originally projected. Issuance costs of \$240,000, exclusive of underwriter's discounts, were projected; the actual issuance costs were \$150,500. The issuance costs were much lower because the Districts were able to issue a single bond series, rather than three (3) separate series.

Mr. Nails asked who purchased the bonds. Mr. Sealing indicated there were numerous purchasers. Many sold to high net worth retail and credit investors and three (3) institutions participated.

Mr. Nails asked Mr. Adams when this will be reflected in the assessment rates. Mr. Adams indicated this takes effect immediately and will be reflected in the next financials. Mr. Sealy advised that the November 2012 tax bill will contain the debt service reduction, as a result of the refinancing. Mr. Tarr asked if there is disproportionate ownership. Mr. Sealy indicated the three (3) entities collectively purchased 50% of the bonds and the remaining 50% were private placements.

Mr. Bishko noted his intention to prepay and asked if the amount would be higher or lower this year, compared to if he prepaid last year. From a principal standpoint, Mr. Sealy advised that the principal amount is reducing for both Mediterra South 1999 and 2001.

Mr. Johnson presented Resolution 2012-7, noting that, as part of the refinancing, the District must adopt revised assessments that accurately reflect the terms and conditions of the refinanced bonds. He reviewed the resolution indicating that it contains the terms of the reallocation. For the record, he asked Mr. Adams to confirm that the assessments, as imposed,

do not exceed the benefit, provided by the District's improvement program that was financed with the original debt. Mr. Adams replied affirmatively. Mr. Johnson asked if the allocation provided by Wrathell, Hunt and Associates, LLC, is a fair and reasonable allocation among the benefitted properties within the Mediterra South CDD. Mr. Adams replied affirmatively. Mr. Tarr asked Mr. Adams to detail the procedures Wrathell, Hunt and Associates, LLC, did to check and certify the allocation. Mr. Adams indicated Management worked directly with the District's lien roll manager, Ms. Alice Carlson. The only changes were related to finalizing the numbers based on the pricing secured by Mr. Sealy; the means and method of allocating the debt did not change from the original assessment methodologies.

Mr. Johnson pointed out that, upon adoption of Resolution 2012-7, he will record an assessment notice that puts subsequent purchasers on notice as to the revised numbers.

On MOTION by Mr. Rowe and seconded by Mr. Tarr, with Mr. Nails in favor and Mr. Bishko dissenting, Resolution 2012-7 was adopted. (Motion passed 3-1)

Mr. Bishko indicated that he is dissenting, as he just joined the Board and has not been privy to the discussions or materials on which the vote was taken.

SIXTH ORDER OF BUSINESS

**Consideration of Resolution 2012-4,
Approving the District's Proposed Budget
for Fiscal Year 2013 and Setting a Public
Hearing Thereon Pursuant to Florida
Law**

Mr. Nails presented Resolution 2012-4.

Mr. Adams indicated the District must approve a draft budget for distribution to local municipalities and the purpose of setting a public hearing to adopt the budget. He recommended holding the public hearing at the August 15, 2012 meeting, at 11:30 a.m., at this location. The proposed budget is status quo and consistent with the past year, taking into account the District's more aggressive approach to its aquascaping program. He discussed the benefits of aquascaping.

Mr. Adams stated that appropriations are consistent in terms of the per-unit operating assessment; there is a slight reduction in overall appropriations, resulting in a slight reduction in the assessment amount, per unit.

Mr. Johnson reminded the Board that this resolution only approves the proposed budget in order to set the public hearing; they are not approving a final budget, at this time. He confirmed that changes can be made between now and the public hearing.

Mr. Tarr voiced dissatisfaction with the mulch vendor and asked that a discussion item be added to the next agenda.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, Resolution 2012-4, Approving the District's Proposed Budget for Fiscal Year 2013, as presented, and Setting a Public Hearing for August 15, 2012, at 11:30 a.m., at this location, was adopted.

Discussion of the Board's summer schedules ensued and whether the quorum requirements can be met at the August regular meeting and public hearing. Mr. Adams commented that the District can reimburse a Board Member's travel expenses to attend a meeting such as the budget public hearing. Mr. Johnson confirmed that the District has a travel policy in place allowing for reimbursement of travel expenses.

Mr. Johnson recommended authorizing the Chair to change the public hearing date, in the event a quorum cannot be established on August 15, 2012.

On MOTION by Mr. Bishko and seconded by Mr. Rowe, with all in favor, authorizing the Chair to change the budget public hearing date, if necessary, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2012-5, Amending and Restating the License Agreement with The Club at Mediterra, Inc., Authorizing the Withdrawal of Surface Water From, and Discharge of Groundwater to, the District's Stormwater Management System for the Purpose of Irrigation

Mr. Adams indicated that the District received a request to restate its existing agreement acknowledging that it has a stormwater management system, that the ponds may be able to serve as irrigation holding ponds and that the District is not opposed to permitting the ponds for such

usage. Mr. Adams clarified that this establishes the community to use one (1) of the existing stormwater management ponds for irrigation purposes.

In response to Mr. Tarr's question, Mr. Adams confirmed that the pond would serve a dual purpose; it would not be isolated for irrigation. He explained the utilization and noted, in response to a question, that residents would observe significantly greater fluctuations in water levels by as much as two (2) to three (3) feet, as it is filled during the day and drained at night. Mr. Adams reiterated that this resolution only gives approval for use of the pond for a dual purpose, to the extent that permitting agencies allow.

Mr. Tarr asked Mr. Robson to confirm that using the lake water for irrigation will not lower it below the seasonal levels of all other lakes. Mr. Robson indicated that the South Florida Water Management District (SFWMD) consumptive water use permit should have one (1) to one (1) parameters meaning, for every gallon withdrawn, a gallon must be put back when the lake is replenished.

Discussion ensued regarding who decides which pond is used. Mr. Adams stated that the permitting process will require designation of the particular pond. In response to a question, Mr. Johnson confirmed that the District can stipulate that it must approve the proposed pond. Mr. Adams recommended stipulating that further approval is required prior to commencing any improvement or construction. This will enable the Board to review the plans and understand the intention, location, mitigation efforts, etc. In response to Mr. Nails' question, Mr. Johnson advised that, if the resolution is adopted, as presented, the District is authorizing the attached agreement which allows The Club at Mediterra, Inc., to select the pond and apply for the permit. If the Board desires more information, Mr. Johnson suggested tabling this item and requiring The Club to present specific plans on specific ponds for review by the District Engineer.

Various Board Members voiced their questions and concerns.

This item was tabled, pending further information.

EIGHTH ORDER OF BUSINESS

Discussion: Putting Green Within Lake Tract at Parcel 109; Lot 5

Mr. Robson reported on Collier County Land Development codes, which states that lake banks are to be a 4:1 slope, vegetated and access must be maintained. There is no specification limiting the vegetation, other than how it relates to access; for example, a tree might be a problem but putting green grass is just green vegetation. There is nothing inherent about putting

green grass that is in violation of Collier County's codes or the SFWMD permit. Mr. Robson confirmed that the District cannot use Collier County Code Enforcement to say the putting green is a violation. The grass is not a violation and the slope is within the specifications.

Mr. Tarr stressed his opinion that the resident is using CDD property to his own benefit. In response to a question, Mr. Johnson advised that the CDD has the ability to consent to or reject the use; the Board can demand removal.

On MOTION by Mr. Nails and seconded by Mr. Tarr, with all in favor, revocation of the Board's previous authorization to enter into a right-to-use agreement with the property owner and authorizing Management to notify the property owner of the encroachment issue and demand removal of the portion of the putting green encroaching onto the CDD right-of-way easement, was approved.

NINTH ORDER OF BUSINESS

Notice of General Election - November 6, 2012 [Seats 3, 4 & 5]

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

- **Candidate Qualifying Dates**
 - **Noon, Monday, June 4, 2012 through Noon, Friday, June 8, 2012**
 - **Pre-Qualifying Begins on May 21, 2012**
- **Consideration of Resolution 2012-6, Placing Special District Candidates on General Election Ballot**

Mr. Nails gave notice of the November 6, 2012 general election for Seats 3, 4 and 5 and the candidate qualifying dates.

Mr. Nails presented Resolution 2012-6 for consideration.

On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, Resolution 2012-6, Placing Special District Candidates on General Election Ballot, was adopted.

TENTH ORDER OF BUSINESS

Consideration of Minutes

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

- **January 18, 2012 Regular Meeting**

Mr. Nails presented the January 18, 2012 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, the January 18, 2012 Regular Meeting Minutes, as presented, were approved.

- **March 15, 2012 Special Meeting**

Mr. Nails presented the March 15, 2012 Special Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, the March 15, 2012 Special Meeting Minutes, as presented, were approved.

- **April 15, 2012 Special Meeting**

Mr. Nails presented the April 15, 2012 Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, the April 15, 2012 Special Meeting Minutes, as presented, were approved.

ELEVENTH ORDER OF BUSINESS

Other Business

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

Mr. Nails asked Mr. Adams to develop another newsletter, which identifies the Board Members, reports on the bond refinancing and providing details, gives notification of the

upcoming budget public hearing, reports on the lake water quality test results, provides the annual meeting schedule and gives information about paying off the assessment balance.

TWELFTH ORDER OF BUSINESS

**Discussion: Recent Conservation Area
Fire and Fire Access Roads**

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

Mr. Tarr indicated there was a large brush fire in the preserve area south of Mediterra, which came close to the District's property line. He indicated that he attempted to help and turned on irrigation systems, where possible. Mr. Tarr stated that this situation caused him to question what the District would do, in this type of event. He indicated that fire roads or firebreaks are often installed.

Mr. William Thomas, Mediterra Director of Safety and Security, noted that three (3) lightning strike fires have occurred in Mediterra's history. In those events, Lee and Collier Counties had their trucks on the cart paths. The location of the recent fire caused them to enter into negotiations with DOT to address the south and southwest area and, along with the conservancy, to install a firebreak along the perimeter to protect the areas abutting Mediterra South CDD's property. Regarding an interior fire, he was told that precautions would be taken in moving equipment to lessen damage.

Mr. Nails asked if the preserve is wetland area and whether SFWMD would allow fire roads to be installed. Mr. Robson indicated that fires generally do not encroach on a wetland area. There are limitations on the pathways, etc., that can be installed in upland portions. Mr. Robson was not aware of any CDDs proactively installing firebreaks or pathways for this purpose. Mr. Robson noted that, in the event of a fire, the Department of Forestry (DOF) has authority to do whatever is necessary; the CDD cannot use the same equipment, etc., without obtaining a modification to its SFWMD permit. In response to a question, Mr. Robson indicated that when SFWMD allows a path, it is generally approving a path for foot travel, not one that would accommodate fire trucks and equipment.

Regarding residents being instructed to run their sprinkler systems, Mr. Rowe noted that the Toro systems are virtually impossible to just turn on.

Mr. Tarr noted, for the record, that the Board discussed this matter; however, the CDD cannot take any action.

Regarding the difficulty of fighting a fire in the preserve areas, Mr. Thomas indicated this matter will be a discussion topic with North Naples to bring in their crews and obtain professional opinions and plans.

Mr. Robson felt it might be beneficial if DOF or Collier County Emergency Services puts forth a plan to advocate a fire road; SFWMD might be more willing.

THIRTEENTH ORDER OF BUSINESS

Lake Water Quality Test Results

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

Mr. Nails recalled prior approval for an outside service to test the water quality in five (5) locations, over one (1) year. He reviewed the test results reveal good water quality.

Mr. Robson noted that these test results incorporated the nutrient criteria levels being discussed for South Florida and only one (1) lake exceeded the limitations.

Mr. Tarr questioned why dissolved oxygen was not measured, as he feels that is the most important concern, and read from information regarding oxygen level impacts on fish. Mr. Adams advised that measurements can be taken; however, there have been no fish kills, prompting this type of testing.

Discussion ensued. Based on the test results, Mr. Adams indicated the Board must decide whether to continue the testing program and, if so, whether to include more or different parameters and frequency.

On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, continuation of lake water quality testing on the same lakes, for the next year, testing only dissolved oxygen levels, was approved.

FOURTEENTH ORDER OF BUSINESS

Staff Reports

a. Attorney

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

b. Engineer

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

c. Manager

- i. Unaudited Financial Statements as of March 31, 2012**
- ii. 466 Registered Voters in District as of April 15, 2012**
- iii. NEXT MEETING DATE: August 15, 2012 at 11:30 a.m.**

These items were not addressed.

FIFTEENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors'

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

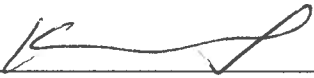
SIXTEENTH ORDER OF BUSINESS

Adjournment

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

On MOTION by Mr. Rowe and seconded by Mr. Tarr, with all in favor, the meeting adjourned at approximately 1:15 p.m.


Secretary/Assistant Secretary


Chair/Vice Chair