

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

A Special Meeting of the Mediterra South Community Development District's Board of Supervisors was held on **Tuesday, March 19, 2013 at 11:00 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	Vice Chair
Bill Rowe	Assistant Secretary
Michael Bishko	Assistant Secretary

**Also present were:**

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Carl Eldred	District Counsel
Dave Robson	District Engineer
Brett Sealy (via telephone)	MBS
Jon Kessler (via telephone)	FMS Bonds, Inc.
Brian Neary	Mediterra North Board Member
David Square	Resident

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Nails called the meeting to order at 11:02 a.m., and noted, for the record, that Supervisors Nails, Tarr, Rowe and Bishko were present, in person. Supervisor Luby was not present.

**SECOND ORDER OF BUSINESS**

**Discussion: Potential Refinancing of Series 2003 Bonds (to be provided under separate cover)**

Mr. Jon Kessler, of FMS Bonds, recalled that the District recently refinanced other bonds covering areas that were built out. He indicated that, although these bonds have a different level of absorption and could not likely be rated, the strength of the bond market is such that the

District could still issue the bonds and generate significant savings without increasing the debt per unit.

Mr. Kessler reviewed a summary of the potential savings. He noted that the current bonds require a reserve fund of \$317,000, which is equal to one (1) year's worth of debt service. The required debt service on the proposed bonds would be \$70,000. The maturity date on the bonds would remain the same. The coupon rate would be significantly less. All associated refinancing costs would be included in the bonds, as reflected on Page 1. Mr. Kessler explained that the maximum annual debt service would drop an average of \$43,000, equating to approximately 11.3%. He noted that the expected issuance costs are \$125,000; however, he believes it could be less. The proposed underwriting fee is 2%. The last page summarizes the potential savings, by product type, ranging from \$146 to \$333 per unit. Mr. Kessler stated that the proposed structure has no increase in the par per unit.

Mr. Kessler felt that the District could proceed quickly with this refinancing, as it would not need to go through a rating agency.

Mr. Tarr asked if there is a downside to refinancing.

Mr. Kessler stated that there is no real downside; refinancing would lower assessments by taking advantage of the strong interest rate environment.

Mr. Tarr asked for an explanation of how the debt service requirement could be reduced from \$300,000 to \$70,000. He questioned the real world issue of having a significant reduction in the debt service reserve fund and how it impacts the District. Mr. Tarr asked if the District could save underwriting or issuance costs if the bonds were refinanced as a private placement with a single institution.

Mr. Kessler explained that the area covered by the bonds started out as dirt and there has never been a draw on the reserve. The reserve was originally so high because the land was vacant and the market required that level of debt service reserve. Mr. Kessler stated that, now, ten (10) years later, there has never been a draw but the money is sitting, earning nothing, which is not the most efficient use of the cash. Given the strength of the underlying assessment collections and the tax certificate market, there does not appear to be much risk.

Mr. Tarr questioned what happens to the debt service reserve fund if the District does not refinance. If the District never refinances, Mr. Kessler indicated that the debt service reserve would be used to pay the debt service during the last year of the bonds. Mr. Kessler explained

that, without refinancing, the debt service assessment would be eliminated from the 2033 tax bills. Mr. Tarr asked how Mr. Kessler arrived at \$70,000 for the new debt service reserve amount. Mr. Kessler stated that he backed into the \$70,000 amount so that the par amount of the bonds was not increased, which would have required an assessment hearing. In response to Mr. Tarr's question, Mr. Kessler reiterated that the annual debt service reserve amount is currently about \$300,000 per year. Mr. Tarr asked how the reduction of the debt service amount factors into the net present value savings, since the money would have been available but would be used with a refinancing. Mr. Sealy stated that it is removed; netted out of the net present value calculation, so that all of the existing funds in the current account are transferred over to pay the November 1, 2013 debt service on the new bonds and the remainder would be utilized as a source of funds towards the refunding, which would assist in reducing debt. Mr. Sealy indicated that the net present value calculation nets out the excess transfers; the net present value calculation percentage is truly a net figure. Mr. Tarr voiced his opinion that, without having someone else confirm the information, the District is forced to take the information on faith. Mr. Sealy stated that a verification agent, which is a third-party independent entity, would prepare a verification report to verify the information.

Regarding whether private placement could save the District costs, Mr. Kessler stated that savings related to private placement generally involve banks; however, it is uncommon for a bank to participate in a situation such as this. Mr. Sealy agreed with Mr. Kessler, indicating that the credit related issues pertaining to the build out, in addition to the duration, are factors. Mr. Sealy explained that, primarily, only two (2) banks participated in bank private placements; however, one (1) has dropped out and the other, BB&T, requires a debt service reserve equal to one (1) year's principal and interest. Mr. Sealy advised that this requirement would likely result in losing any savings realized by the rate.

Discussion ensued regarding future building plans. Mr. Tarr asked if the assessment amounts roll into the other units, if the number of units changes in areas being built. Mr. Adams stated that the units will fall into an assessment category; if the number is different, it would trigger a true-up payment. Mr. Tarr asked if current property owners could find their assessments increased because the product type changed. Mr. Adams replied no and stated that the obligation would fall on the owner of the products that changed.

Mr. Adams stated that a special meeting could be scheduled, once the refinancing documents are ready to be executed.

**On MOTION by Mr. Rowe and seconded by Mr. Bishko, with all in favor, engaging the finance team of MBS and FMS Bonds to develop documents and an offering to market refinancing bonds, to be presented to the Board, was approved.**

▪ **Discussion: Staff Review**

*\*\*\*This item, previously the Eighth Order of Business, was discussed out of order.\*\*\**

Mr. Nails indicated that he invited Mr. Brian Neary, a Mediterra North CDD Board Member, to speak to the Board regarding staff reviews.

Mr. Nails stated that the District Manager and all contracts were reviewed in March, 2011, by Mr. Neary.

Mr. Tarr asked about the appropriate interval for evaluating service providers and seeking new proposals. He pointed out that the District's primary vendor is Wrathell, Hunt and Associates, LLC; however, Management's primary function is to ensure that the District runs smoothly. Mr. Nails noted that when the District evaluated the contracts, they knew that Mr. Adams already had eight (8) years experience with the District. The subvendors utilized by the District have experience with CDDs. He stated that much of the District's faith rests with Mr. Adams, as an expert in the industry.

Mr. Tarr stated that no one is denying the District Manager's expertise; however, he feels that it is important to test the market with regard to fees, services, etc. Mr. Tarr stated that it is not only a question of capabilities but a question of what the District Manager should be paid.

Mr. Nails pointed out that the District Manager's contract is subject to review yearly, when the budget is established. In 2011, the District considered an adjustment and Wrathell, Hunt and Associates, LLC offered a 25% reduction in their fees, to remain competitive. Mr. Nails questioned if the concern is related to performance or price.

Mr. Tarr stated that consideration of Management's contract is in response to a solicitation that each Board Member received from one of District Management's competitors. He confirmed that he is not familiar with the other company.

Mr. Nails pointed out that there are always competitors.

Mr. Neary stated that he has no doubt that he can find a cheaper District Manager for the District; however, the Board should consider other factors, such as that Wrathell, Hunt and Associates absorbed the cost of a new methodology report when previously refinancing, which would have cost the District \$20,000 if someone else had prepared it.

Mr. Tarr noted that point; however, it is history and any Board must have a benchmark for reevaluation.

Mr. Nails asked how detailed Mr. Tarr wants the review to be. Mr. Tarr suggested inviting an appropriate candidate to present to the Board; the Board should shop for services. Discussion ensued regarding the need to have other vendors make presentations to determine the benefits and services provided by other management companies, which may be newer or better.

It was noted that Wrathell, Hunt and Associates is a premier vendor, who works with the same vendors that other Management companies also deal with.

Mr. Bishko stated that, since he joined the Board, he has been troubled by the fact that the District's website is horrible and communication is nonexistent. He pointed out that he never received the District's newsletters. Mr. Bishko feels that there is a deficiency in the communication system.

Mr. Nails stated that the District communicated via the MCA and separately.

Mr. Bishko stated that he cannot sit on a Board that does not reevaluate vendors.

Mr. Nails questioned the need for formally reevaluating on a yearly basis.

In response to a question regarding timing of reevaluating Management's contract and possibly hearing from competitors, Mr. Adams indicated that the draft Fiscal Year 2014 budget will be presented at the May meeting.

**On MOTION by Mr. Tarr and seconded by Mr. Bishko, with Mr. Tarr and Mr. Bishko in favor and Mr. Nails and Mr. Rowe dissenting, inviting two (2) Wrathell, Hunt and Associates, LLC competitors to make presentations to the Board at the next meeting or at a special meeting, was not approved. (Motion failed 2-2)**

**THIRD ORDER OF BUSINESS**

**Review of Pinestraw Specifications/Timing for 2013**

This item was discussed later in the meeting.

**FOURTH ORDER OF BUSINESS**

**Update by Dave Robson: Feedback from Collier County or Maintenance/Monitoring Activities of Receiving Drainage Facilities**

Mr. Tarr stated that he researched the occurrences of major rain events happening back-to-back. He indicated that, if he had designed Mediterra, he would have required every home to be built on stem wall construction and a minimum floor elevation of 18' or 19'. He recalled a conversation with Mr. Wayne Press, of Six L's, a tomato grower, regarding drainage. Mr. Tarr stated that Mr. Press questioned when Mediterra drainage pipes were last cleaned. Mr. Tarr informed Mr. Press that, to his knowledge, the drainage pipes had never been cleaned. Mr. Press recommended checking and cleaning drainage pipes annually. Mr. Tarr voiced his opinion that the District should evaluate the pipes.

Mr. Robson explained the permitting process for development in Southwest Florida. He stated that South Florida Water Management District (SFWMD) is the controlling agency. SFWMD has permitting criteria; everyone must submit permit applications to meet the permit criteria. Part of the review process involves runoff coefficients or assignments for all areas. This relates to the amount of runoff allowed. The figure is supposed to be pre and post development. Mr. Robson indicated that the stormwater ponds are for stormwater attenuation; the ponds provide alternative storage for runoff water. The control structures, which allow water to leave the system, must meet the same type of criteria. Mr. Robson noted that water must be stored and released slowly so that it does not run off differently than before development.

Mr. Robson indicated that the original design met SFWMD's permitting criteria.

Mr. Robson explained that part of Mediterra drains into Imperial River's system. Discussion ensued regarding the pipe leading to Imperial River's system and how it functions. Mr. Tarr questioned who inspects the pipe. Regarding buildup in pipes, Mr. Robson pointed out that the Six L's system is agricultural, with a low impervious surface, so runoff carries a lot of sediment. Mr. Robson stated that the District's system carries very little sediment, as the area is developed; once initial development is completed, the expectation is that the system will remain clean for a very long time. Mr. Robson reviewed the directional flow of runoff.

Mr. David Square, a resident, voiced his opinion that there is confusion regarding the sea level measurement. He stated that new construction uses a different type of measurement. He feels that reference levels should be verified to determine if they are uniform.

Mr. Robson assured Mr. Square that SFWMD permits areas, the measurements are cross referenced so they correspond.

**On MOTION by Mr. Tarr and seconded by Mr. Bishko, with all in favor, authorizing inspection of the primary outfall drainage pipes and recommending to the Mediterra North CDD Board that they inspect their pipes, was approved.**

Discussion ensued regarding ownership of certain parcels reflected on Mr. Robson’s maps.

Mr. Robson stated that he spoke with Mr. Steve Preston, of Collier County, regarding Collier County property and noted that problems downstream from the District should be directed to Collier County and/or the school district, who also owns property downstream.

- **Communications Program/Policy**

- **Consideration of Quotes to Create and Maintain CDD Website**

*\*\*\*This item, previously the Seventh Order of Business, was discussed out of order.\*\*\**

Mr. Nails indicated that the District previously worked through the MCA to send communications. He noted that many people do not read the information and that mailings are quite costly.

Mr. Tarr stated that he reviewed the links to other CDD websites provided to him by Mr. Adams. He noted that the websites are rich with information and asked who writes it all. Mr. Adams indicated that he writes the information contained on the websites. Mr. Tarr suggested providing the links to the other Board Members.

Mr. Adams reviewed a sample website, noting, however, that this District does not have a lot of exciting events or subjects to communicate on. The District only needs to communicate what is being done regarding management of the District’s infrastructure. He stated that the website will primarily be a staging point for data and documentation. Mr. Adams discussed the information included on the sample website and the scope of information that the District’s website can contain.

Mr. Adams reviewed The Strange Zone quotes to create and maintain a CDD website.

Regarding disseminating information via newsletters, Mr. Adams explained the U.S. Postal Services geographical mailing option, which mails an item to everyone within a

geographical area for \$0.16 each. He felt that this is a viable option for mailing a newsletter to residents.

Regarding dissemination of information, it was noted that a resident involved in the previous bond refinancing was disappointed by how few residents were aware of the savings that was achieved through refinancing. This is the type of information that should be communicated to residents.

In response to a question, Mr. Adams indicated that he plans to incorporate both Mediterra North and South into a single website, as they share similar information; therefore, the costs to create and maintain the website would be shared between both Districts, under the previously established 70/30 percent split.

**On MOTION by Mr. Tarr and seconded by Mr. Rowe, with all in favor, The Strange Zone quotes to create and maintain a CDD website, in not-to-exceed amounts of \$675 and \$600, respectively, were approved.**

▪ **Discussion: Agenda Preparation and Review**

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

Mr. Tarr stated that the draft agenda is never sent to Board Members for review prior to finalizing it. He asked that Supervisors be given the opportunity to review a draft agenda so that suggestions can be made.

Mr. Adams stated that he usually receives requests and input from individual Board Members of items they want included in the agenda. He does not normally submit a draft version for review, due to time limitations. Mr. Adams noted that the quorum check email generally serves as a reminder to Board Members to contact him if there is anything they want to include on the upcoming agenda. He confirmed that, with the Board's approval, items can be added to the agenda at the beginning of a meeting.

Mr. Bishko asked why the Board cannot receive their agenda packages at least ten (10) days prior to the meetings. Mr. Adam noted that the agenda is sent electronically a week in advance.



**FIFTH ORDER OF BUSINESS**

**Update: MCAs Ability to Help CDDs Enforce Private Property Owner Washout Repairs**

This item was discussed during the Sixth Order of Business.

**SIXTH ORDER OF BUSINESS**

**Status of Bulrush Removal Within Lakes**

Mr. Tarr indicated that he was of the impression that all bulrush was addressed; however, it was not. Mr. Adams stated that Ms. Crismond confirmed that it was and, if lingering amounts of bulrush are observed, the contractor is to remove it, at no cost to the District. Ms. Crismond confirmed that bulrush was removed from every lake.

In response to a question, Mr. Adams indicated that bulrush is a beneficial plant that was planted by the developer; however, it is not well liked because it creates line-of-sight issues in backyards. He noted that residents want to see the lakes, rather than bulrush.

Ms. Crismond stated that bulrush was not removed from areas where it abuts a preserve or wetland.

▪ **Update: MCAs Ability to Help CDDs Enforce Private Property Owner Washout Repairs**

Mr. Adams reported on his follow-up conversation with Mr. Cliff Verdeber, MCA General Manager. He stated that Mr. Verdeber, nor the MCA's counsel, found anything within the MCA's documents that would allow them to assist the District with enforcement.

Mr. Adams suggested mailing letters again. In response to a question, Mr. Adams indicated that the District does not have the ability to perform the necessary repairs on the bank areas that are the property owners' responsibility.

Discussion ensued regarding the number of residents who did not make the requested repairs. Mr. Adams explained the types of repairs that are necessary. Regarding the MCA's relationship to this issue, Mr. Adams stated that the thought was that the MCA might have the ability to enforce repair of the necessary issues; however, the MCA does not have the ability.

In response to a question about involving SFWMD, Mr. Adams stated that the approach leads to a legal action, of sorts, through SFWMD; the District hoped to avoid taking legal action against the noncompliant residents.

Mr. Tarr suggested that Mr. Adams make a presentation to the MCA. Mr. Adams stated that he is willing to make a presentation, if there is perceived value.

▪ **Review of Pinestraw Specifications/Timing for 2013**

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

Mr. Tarr reported on his conversations with Mr. Adams about ensuring that pinestraw applications are done on a timelier basis and that application is consistent. Mr. Adams indicated that application is nearly complete; a few areas remain. Ms. Crismond stated that everything should be completed by Friday.

Discussion ensued regarding including golf course information on the District’s maps.

**SEVENTH ORDER OF BUSINESS**

**Communications Program/Policy**

• **Consideration of Quotes to Create and Maintain CDD Website**

This item was discussed earlier in the meeting.

**EIGHTH ORDER OF BUSINESS**

**Discussion: Staff Review**

This item was discussed earlier in the meeting.

**NINTH ORDER OF BUSINESS**

**Discussion: Agenda Preparation and Review**

This item was discussed earlier in the meeting.

**TENTH ORDER OF BUSINESS**

**Audience Requests**

**Comments/Supervisors’**

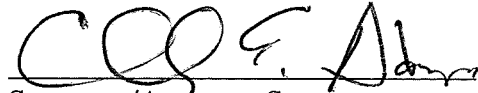
Mr. Tarr indicated that he researched the ownership of property adjacent to the CDD’s lake properties. He recalled an MCA meeting where the number of dead plants in Mediterra was discussed and the cost to replant. He reported that he questioned if the MCA was including the lake banks that they are required to maintain, to which, the MCA stated that they do not maintain any lake banks. Mr. Tarr stated that Mr. Verdeber reported that the MCA only maintains 13’ from the edge of gutters, which means the MCA totally abdicated maintenance of the lake bank to the water’s edge. He pointed out that the master documents require owners to maintain to the water line.

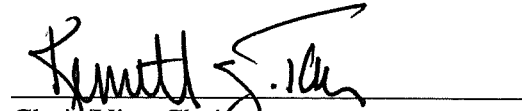
Ownership of certain areas was discussed. Mr. Adams confirmed that the lake tract is owned by the CDD. Mr. Robson stated that most plats use the waterline for the lake tract, not the top of the bank. Mr. Tarr felt that is not correct. Mr. Tarr stressed that, in spite of a decade of maintenance, planting, irrigation, etc., the MCA's position is that they are no longer responsible for those areas. Mr. Tarr asked for confirmation that the MCA is required to maintain those areas, the same as any other property owner. Mr. Nails suggested that Mr. Adams research the matter to determine ownership. Mr. Tarr questioned the document the CDD gave to the developer and/or MCA regarding what happens to those areas. Mr. Adams explained dedications that would be contained within the plats, etc. Mr. Eldred stated that District Counsel will review the specific tract.

**ELEVENTH ORDER OF BUSINESS****Adjournment**

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

<b>On MOTION by Mr. Rowe and seconded by Mr. Tarr, with all in favor, the meeting adjourned at 12:55 p.m.</b>
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Secretary/Assistant Secretary

  
Chair/Vice Chair