

**MINUTES OF MEETING
MEDITERRA NORTH AND MEDITERRA SOUTH
COMMUNITY DEVELOPMENT DISTRICTS**

A joint public workshop of the Board of Supervisors of the Mediterra North Community Development District and Mediterra South Community Development District was held on **Wednesday, February 1, 2017, at 9:00 a.m., at The Sports Club at Mediterra (Board Bella Vita I & II), 15755 Corso Mediterra Circle, Naples, Florida 34110.**

For Mediterra North CDD:

Frank Godshall	Chair
David Risley	Vice Chair
Brian Neary	Assistant Secretary
David Bocchini	Assistant Secretary

For Mediterra South CDD:

Robert Greenberg	Chair
Ken Tarr	Vice Chair
Mike Bishko	Assistant Secretary
John Henry	Assistant Secretary/Treasurer

Also present were:

Chuck Adams	District Manager
Cleo Adams	Assistant Regional Manager
Jonathan Johnson	District Counsel
Dave Robson	District Engineer

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the Mediterra North CDD and Mediterra South CDD Joint Public Workshop to order at 9:11 a.m., and noted, for the record, that Supervisors Godshall, Neary, Risley and Bocchini were present, in person, for Mediterra North CDD. Supervisor Van Tassel was not present.

For Mediterra South CDD, Supervisors Greenberg, Tarr, Bishko and Henry were present, in person. Supervisor Luby was not present.

SECOND ORDER OF BUSINESS

Public Comments [3 minutes per person]

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Proposed Merger of the Districts Presentation

- **Overview**

Mr. Greenberg discussed the format for the workshop and hoped that there was agreement to sponsor the Resolutions to merge. Questions were asked regarding the District Manager and Assistant Regional Manager's responsibilities.

- **Reasons for Pursuing Merger**

Mr. Greenberg stated that, originally, there were two parallel operations, due to the Districts being in separate Counties. The statute originally required that CDDs be limited to County lines; however, the statute changed, allowing for the Districts to merge. Mr. Greenberg discussed the reasons for pursuing the merger and having a single unified CDD.

- **Merger Process**

- **Merger Timeline**

Mr. Johnson presented the following timeline:

1. Prepare Merger Agreement and Resolutions.
2. Each District adopts the Merger Resolution, authorizing and approving the Merger Agreement and executes. **[Day 60]**
3. File a petition with the City of Bonita Springs, Collier County and the Florida Land and Water Adjudicatory Commission (FLWAC). **[Day 85]**

Mr. Johnson stated that the Governor and Cabinet comprise FLWAC, which must approve an Administrative Rule. Once the petition is filed with the state, the City and County have optional rights of hearings; however, due to the large expense of holding a hearing, be convinced the filing fee is set by statute at \$15,000 for each District, a lower amount could be negotiated to pay just actual costs.

Mr. Greenberg asked if Lee County must be involved. Mr. Johnson replied that if the District was entirely within the City of Bonita Springs, not only the City of Bonita Springs and Collier County would be involved. Mr. Greenberg asked if the Mediterra North CDD was within the County boundaries. Mr. Robson stated that the County line was the boundary of the City of Bonita Springs. When the Mediterra North CDD was created in 2002, there was no City of Bonita Springs. The City was created and it assumed the County responsibilities in 2004.

4. FLWAC reviews the petition and forwards it to the Division of Administrative Hearings (DOAH). [Day 120]
5. DOAH hearing held. [Day 190]

Mr. Johnson stated that, once the Office of Policy and Budget in the Governor's Office, reviews the petition and, are satisfied that it complies with the requirements of the statute, it would be referred to an Administrative Law Judge. The hearing would be held in the community and noticed once per week for four weeks. Evidence would be presented on why the merger was appropriate, the judge would ask questions and the hearing would conclude. For the hearing to run smoothly, Mr. Johnson suggested that written testimony be filed in advance and that Mr. Adams and Mr. Greenberg serve as witnesses to the pre-filing. Mr. Greenberg suggested that The Club and the community file letters of support with District Counsel. Mr. Johnson stated that, if the City of Bonita Springs and Collier County did not object and the merger was supported by the community, the Governor and Cabinet would not interfere but could intervene if it was controversial and someone objected.

In response to questions, Mr. Johnson stated that there were no negatives to the City of Bonita Springs and Collier County by the Districts merging; it would simplify matters by having to deal with one entity. Differing directions would be resolved at the administrative level; however, if there were conflicts, an agreement would be necessary. The financial impacts to the City of Bonita Springs and Collier County were negligible. There were three mergers at the state level and Mr. Johnson handled two and all were successful. The trend was towards consolidation. Bondholders received notice of the merger but were not involved in the process. Once the Bonds were paid off, the District could be dissolved and transferred of the stormwater system to the MCA could proceed.

6. DOAH Administrative Law Judge provided report of findings and recommendations to FLWAC. [Day 215]
7. FLWAC holds a public hearing at Florida Cabinet meeting. [Day 290]
8. Administrative Rule was adopted creating the merged District. [Day 350]

Mr. Johnson stated that, after the hearing, the judge would return to Tallahassee, a recommended order would be filed, which hopefully the judge would adopt in the form presented and file it with FLWAC. There would be a lengthy administrative rule process with publications and cabinet meetings, between when the petition was forwarded to DOAH, and

when the Administrative Rule was adopted. This was a state mandated notice and hearing process. The entire process was estimated to take one year to complete.

- **Description of Merged CDD and Operational Efficiencies**

Mr. Greenberg stated that there would be one CDD Board for the entire community and meetings would be held in Mediterra with one District Manager, one set of books and one operation. The major benefit was better continuity and coordination, with fewer stakeholders.

- **Board of Supervisors (How Many, Transition, Future Elections)**

Mr. Greenberg stated that five Supervisors would serve on the merged CDD Board. The Mediterra North CDD would merge into the Mediterra South CDD. The Mediterra South CDD would become the surviving entity and hold all assets, property, cash and all liabilities and the Mediterra North CDD would cease to exist and the Board would dissolve. Mr. Henry and Mr. Luby plan to resign and their seats would be filled by Mediterra North residents. Mr. Godshall strongly objected to the Board composition, noting that there were 10 equal Board Members. Mr. Johnson proposed throwing names into a hat to choose the Board. Mr. Risley did not object, as Mediterra South CDD was larger than the Mediterra North CDD with 70% residents; however, the Mediterra North CDD Board should choose their successors. Mr. Greenberg explained that the Mediterra North CDD Board would choose the Board Members and then an election would occur. Mr. Tarr disagreed with pulling names out of a hat, as the structure was a 70%/30% split on the cost and he did not want the Mediterra North CDD Board to have control.

A lengthy debate ensued regarding the number of Mediterra North CDD seats versus Mediterra South CDD seats.

Mr. Greenberg stated that Mr. Godshall had valid points and proposed that the Mediterra South CDD Board name two candidates, the Mediterra North CDD Board name two candidates and the remaining names placed into a hat to choose the remaining candidate. Mr. Greenberg predicted that if the Mediterra North CDD Board delayed the merger for this issue, backlash from the community would ensue. Since the Mediterra North CDD Board was reviewing the information for the first time, Mr. Greenberg proposed that the Mediterra North CDD Board discuss this matter further. Mr. Neary favored an equitable way to form the Board as there was no longer a 70%/30% split and all Board Members were members of Mediterra and wanted to participate to improve the community. In response to Mr. Greenberg's question, Mr. Johnson stated that arrangements must be made with the Supervisor of Elections in both counties; however, this could be addressed after the merger. The options for merging were to create a new

District or have a surviving District. A surviving District was contemplated to preserve the voting rights as individual landowners. Creating a new District could create six years of Landowner Elections.

- **Merger Effect on CDD Bonds**

Mr. Greenberg stated that bondholders must receive notice 10 days within execution of the Merger Agreement and benefitted from a merged CDD versus an individual CDD. All of the Mediterra South CDD landowners would become responsible for the payment of the Mediterra North CDD bonds. Mr. Adams served as Dissemination Agent.

- **Merger Cost Estimate**

Mr. Greenberg thanked Mr. Henry and Mr. Johnson for assisting with the financial aspects of the merger. Attorney fees were \$45,000, based on Mr. Johnson's experience with prior mergers; however, the amount depended on whether optional hearings were necessary. Filing fees were fixed; however, District Counsel could negotiate with the County and City. Mr. Johnson stated that, although they were occasionally successful in negotiating a reduced filing fee, prior counsel at FLWAC opined that \$15,000 was statutory. Mr. Greenberg stated that the fee for advertising was statutory, the Court Reporter fee was reasonable and the miscellaneous amount could be used as a contingency. Mr. Bishko asked if \$84,000 was the estimated cost, with a difference of \pm \$9,000. Mr. Johnson stated that the unknown was whether there would be community opposition; if so, costs would increase.

- **Estimated Cost Savings for Operating One Merged District**

Mr. Adams presented the estimated cost savings and return of investment and highlighted the following:

- "Supervisor Fees" would decrease from \$7,751 to \$6,600, based on six meetings plus FICA
- "Audit" would decrease from \$17,300 to \$15,000 by having one audit, versus two separate audits

Mr. Godshall was surprised that the "Audit" cost was not less, due to significant time savings. Mr. Adams stated that the estimate was conservative and that the District would be going out for Request for Proposals (RFP) in April for auditing services. He expected there would be signification reductions, as the market was becoming competitive for auditors. Mr. Johnson asked if it would be fair to assume that the savings would not occur until a period of time after the merger, as there would be two separate audits. Mr. Adams replied affirmatively.

- “Insurance” would decrease from \$19,046 to \$9,523

Mr. Tarr asked if the insurance rate could be locked in. Mr. Adams replied that it was based on the current year premium. Last year, Director and Officers (D&O) coverage was increased from \$1 million to \$5 million. Mr. Adams anticipated 1% to 3% yearly increases. In response to a question, Mr. Adams stated that there was the same coverage but for fewer members. Mr. Greenberg proposed including the MCA and The Club in the RFP.

- “Management” would decrease from \$76,500 to \$48,000 and “Accounting” from \$30,600 to \$16,700
- Total annual savings would be \$57,299; however, additional savings could be realized after the merger
- The estimated return of investment was 1.5 years

Mr. Risley felt that the dollars were insignificant and the purpose of the merger was the efficiencies of consolidating to one operation.

Discussion ensued regarding Management’s responsibilities, which did not include assessment services. Mr. Greenberg voiced concern about AJC Associates (AJC) running a “one-man operation”, as the Mediterra South CDD Board suggested that Management perform the same functions. Mr. Adams was preparing the RFP and anticipated cost savings.

- **Draft Merger Agreement**

Mr. Johnson presented the draft Merger Agreement for consideration. Section 2 presumed that the Boards adopted the resolutions, provided for the filing of the petitions and permits in the name of the surviving District and an effective date, which was 60 days after FLWAC takes final actions. Section 3 delegated authority to the Districts Chair or Vice Chair, in the Chair’s absence, for administrative tasks and testimony. Section 4 recognized that costs would be shared, pursuant to the Interlocal Agreement. Section 5 was included if legal options were necessary. Section 6 provided for the change in the name of the surviving District to “the Mediterra CDD”. If FLWAC ruled that merging the Mediterra North CDD into the Mediterra South CDD was the same as creating a new District, the District could be called “Mediterra South” or a petition could be filed after the merger for \$5,000 to change the name. Mr. Greenberg proposed calling the Districts “The Combined Mediterra CDD”. In Section 7, Mr. Johnson stated that both Boards must agree.

Mr. Johnson stated that, Section 8 and several sections, deal with items that must be transferred or consolidated, such as real property and environmental permits. Based on the

decision of the Boards, all real estate title in the name of the Mediterra North CDD could be transferred under a quit claim deed. The termination of contracts was also addressed. Section 11 provided for the termination of the Interlocal Agreement between the two Districts, as well as the consolidation of any other agreements. Section 13 recognized that any outstanding liabilities of the Mediterra North CDD were assumed by the Mediterra South CDD, provided for the termination and consolidation of the insurance, audits, bank accounts, budgets and rules.

Mr. Tarr asked about access agreements, such as the agreement that the Mediterra North CDD had with The Club for access to the lakes for irrigation purposes. Mr. Johnson stated that there could be an assignment. Mr. Greenberg suggested including a list of all contracts and agreements as an exhibit to the Merger Agreement. Mr. Adams had resolution and agreement books that could be circulated. Mr. Greenberg asked Management Staff to compare the two lists to ensure that there were no differences.

- **Questions**

Mr. Bishko asked when residents would be educated on the merger, so there were no misconceptions. Mr. Greenberg stated that the audio of this workshop would be posted on both CDD websites and possibly the MCA website. When the resolutions were signed, an e-blast would be sent to residents; however, the best way to educate the public was word of mouth. Mr. Greenberg proposed including the PowerPoint presentation in “The Chronicle” with a cover letter or email it to the community.

In response to Mr. Risley’s question, Mr. Johnson stated that the merger documents could be approved as soon as the next meeting; however, the filing could not occur until the Boards adopted the Merger Resolution.

FOURTH ORDER OF BUSINESS

Discussion: Change in Banking Services Provider

This item was discussed following the Sixth Order of Business.

FIFTH ORDER OF BUSINESS

Upcoming Dates

- A. **Joint Public Workshop: Thursday, February 9, 2017 at 9:00 A.M. (*The Sports Club at Mediterra, (Bella Vita I & II) [Wildlife Management]*)**
- B. **Next Meeting Date – Mediterra South CDD: Wednesday, February 15, 2017 at 9:00 A.M. (*The Sports Club at Mediterra, (Board Room)*)**

C. Next Meeting Date – Mediterra North CDD: Wednesday, May 18, 2017 at 9:30 A.M. (*The Renaissance Center*)

Mr. Greenberg stated that the next step was for the Mediterra North CDD Board to discuss Section 7 of the Merger Agreement and, since the next meeting was not until May, Mr. Greenberg asked the Mediterra North CDD Board to schedule a special meeting.

Mr. Godshall voiced concern about choosing names out of a hat. Mr. Greenberg proposed that, if three Mediterra North CDD Board Members did not want to serve, the remaining two Supervisors should serve on the merged Board. Several Mediterra North CDD Board Members favored Mr. Greenberg's earlier proposal of the Mediterra South CDD Board naming two candidates, the Mediterra North CDD Board naming two candidates and the remaining names being placed into a hat to choose the remaining candidate. Mr. Greenberg was prepared to resign in order to complete the merger, as it was in the best interest of the community for the Districts to merge.

SIXTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Bocchini asked if there were plans to ask the District Engineer, Accountant and District Manager to present a letter stating that they knew of no situation that could affect the merger such as liability that could impact the bondholders. He hesitated to vote for the merger without knowing the answer. Mr. Greenberg was satisfied that the answer was "No", based on his review of three years of CDD minutes, resolutions and speaking to Mr. Adams and Ms. Alyssa Willson, of Hopping, Green & Sams; however, he preferred to receive the letters to attach with the Merger Agreement.

Mr. Tarr stated that each Board seat had a term and asked if the merger would change the character of the seat. Mr. Johnson confirmed that the five Mediterra South CDD Board seats would continue with their term limits and assigned term numbers. It was noted that Mr. Henry, Mr. Greenberg and Mr. Bishko's seats expired in 2020 and the remaining two seats expired in 2018. Mr. Greenberg stated that two seats must run for re-election in 2018.

▪ **Discussion: Change in Banking Services Provider**

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

Mr. Greenberg requested that the Mediterra South CDD Board defer the RFP until after the merger.

SEVENTH ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

EIGHTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned at 10:15 a.m.

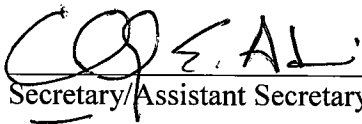
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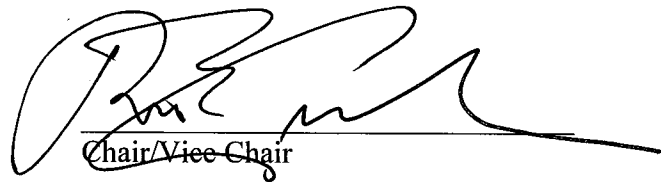
MEDITERRA NORTH CDD


Secretary/Assistant Secretary


Chair/Vice Chair

MEDITERRA SOUTH CDD


Secretary/Assistant Secretary


Chair/Vice Chair