

WATERLEFE COMMUNITY DEVELOPMENT DISTRICT
DISTRICT OFFICE • 9530 MARKETPLACE ROAD • SUITE 206 • FORT MYERS, FLORIDA 33912

Waterlefe CDD Community Workshop

April 16, 2013 @ 6:30 p.m.

AGENDA

- 1. Opening Remarks**
Mr. Ken Bumgarner, Chairman
- 2. Overview of a CDD**
Mr. Pete Williams, Vice President, Rizzetta Management Services
 - A. What is a CDD and how does it differ from the MPOA
 - B. The role and responsibilities of the CDD at Waterlefe
- 3. Overview of Major Assets of Waterlefe**
Mr. Ken Bumgarner, Chairman
 - A. Canals and Ponds
 - B. Landscape Management
 - C. Roads, Walkways, and Signage
 - D. Walls
 - E. Security
- 4. Overview of Golf Course**
Mr. Steve Sanborn, Chairman, Golf Course Committee
 - A. Background
 - B. Golf Course Financial Information
 - C. Major project priorities
 - D. CDD support of the Golf Course
- 5. Importance of the Golf Course as a Community Asset**
Mr. Pete Williams, Vice President, Rizzetta Management Services
- 6. Audience questions**

Reminder: All CDD meetings are held on the fourth Tuesday of every month and the Public Hearing on the proposed 2014 budget is scheduled for August 27th at 6:00 p.m. in the River Club.

Thank you for attending.

OPENING REMARKS – Mr. Ken Bumgarner, CDD Chairman

I want to welcome everyone to the CDD Community update discussion. You should have a copy of the Agenda and the MPOA/CDD comparisons which will be discussed later.

Before beginning I want to address a rumor; this meeting is NOT to discuss or announce assessments that are going to be made. The CDD Budget review and discussion takes place throughout the summer with a public hearing in August. I encourage everyone to attend. This process that you will hear about tonight started about a year ago with a combined meeting of the CDD/MPOA. The focus of the discussion was regenerating our community. The Board of Supervisors felt it was time to report to the residents of our progress on the regeneration of Waterlefe.

* Before I forget please take time to review the Landscape Project plans in the Lobby.

I would like to recognize three other Board members present tonight, Roz Warner, John Brocki, Vice Chairman, and our newest member Chris Hogan.

Communities like ours cannot function without volunteers and I want to recognize three very important committees of the CDD. I will ask them to stand; members of the Landscape, Erosion, and Golf committees. Thank you for all of the work you do for our community. In addition, I want to thank Molly Syvret, District Manager for the CDD and her staff who helped pull all of the information together.

We also have a couple of invited guests Mr. Steve Dietz, representing Escalante Golf. Steve is the Director of Golf, Mr. Andy Cohen, Counsel to the CDD, and Mr. Pete Williams of Rizzetta Management Services.

With that completed we will begin the presentations. I ask that you hold your questions until the end of all presentations. We have allowed about 45/60 minutes for presentations and a similar time for questions at the end.

Introduction of Pete Williams, Vice President of Rizzetta Management Services; his organization manages over 180 communities much like ours and Pete has several personal experiences in communities that he may share with us tonight.

**WATERLEFE COMMUNITY DEVELOPMENT DISTRICT
GENERAL INFORMATION
Spring 2013**

CDD COMPARED TO MPOA

The Waterlefe CDD (Community Development District) is a special purpose form of local government described as an “independent special taxing district” and as such is a “public” entity. The MPOA (Master Property Owners’ Association) is a “not-for-profit corporation” which is made up of “members” (consisting of the property owners within Waterlefe and The Shores), and is considered “private”.

The Waterlefe CDD owns, operates, and maintains the roadways (including sidewalks within the road right-of-way), entry features, gatehouse and entry/exit gates, stormwater drainage system, landscaped areas, natural preserve areas, and the golf course. The MPOA owns, operates, and maintains such areas as the River Club and pool, the Pointe, and boat lift, and oversees deed restriction enforcement and architectural control matters. Each of these entities is distinctly different with separate responsibilities; however, both entities coordinate with each other with the goal of delivering quality services to the residents of the community.

THE FUNCTION OF THE CDD

As mentioned above, the CDD is a special purpose form of local government that exists under Florida Statute, Chapter 190, and functions as any local government. The District is governed by a Board of five Supervisors elected for a 4-year term through the general election process conducted by the Supervisor of Elections Office in Manatee County. The CDD has similar powers as other local governments, with the exception of “police powers”. It cannot have its own police department, building, zoning and compliance codes, etc. The CDD does not enforce “deed restrictions” as this is the responsibility of the MPOA

The CDD is an “independent special taxing district” and therefore is not dependent on Manatee County for funding. The source of funding for the CDD is non-ad valorem assessments levied on the respective property owners’ tax bills. The special assessments provide for funding for the annual operations and maintenance of the CDD, as determined by an operation and maintenance budget adopted by the Board each fiscal year (October 1st through September 30th), as well as to make required debt service payments on the bonds that were issued to acquire and/or construct the Waterlefe infrastructure (see information below relating to the bonds). The District itself is tax exempt for most of its property with the exception of property that may be income producing.

ROAD OWNERSHIP AND PUBLIC ACCESS

At Waterlefe, the CDD owns and maintains the roads. The roads are considered public roadways, as they were constructed with tax-exempt bonds. Consequently, the roads within Waterlefe must allow for access to the public, and access to non-residents of Waterlefe cannot be restricted. However, the CDD can, and does, monitor access to its roads by means of an entry gate with 24-hour attendants and camera monitoring.

The CDD also has an agreement with the Manatee County Sheriff's Office for provisions of off-duty officers to conduct patrols throughout the Waterlefe community routinely on varied days and times.

HOW LONG DOES THE CDD EXIST

As many believe, the District does not cease to exist or go away when its bonds have been paid off. The District may continue to exist for perpetuity, unless otherwise dissolved by way of several events, such as merger with another community development district or if the local general-purpose government (Manatee County) takes over all of the ownership of a district's facilities and financial responsibilities.

DESCRIPTION OF THE BONDS

Originally, the CDD issued three separate series of bonds - the 2001A Series and 2001B Series Capital Improvements Revenue Bonds, and the 2001 Series Golf Course Revenue Bonds.

The "A" Series bonds are usually referred to as long-term bonds. These are the bonds that are repaid by the debt service portion of the CDD's non-ad valorem assessments on the property owner's tax bill. All land with the CDD was assessed its pro-rata share of the "A" Series debt. WCI pre-paid this debt for the first 96 lots in the first phase of the community. These lots had previously been sold or offered for sale prior to the existence of the CDD and the issuance of the bonds. Any current landowner has the right to pay off its portion of the "A" Series debt at any time during the life of the bond term. The "B" Series bonds are usually referred to as short-term bonds. These bonds were repaid by WCI upon the sale of a lot to a property owner, and never passed through to the property owner.

The 2001 Series Golf Course Revenue Bonds are repaid by the revenue of the golf course. There is no assessment obligation placed on the property owners within the CDD for repayment of these bonds.

In 2012, the CDD refinanced the "A" Series 2001 Bonds, which resulted in an annual debt service assessment reduction in the approximate amount of 20.45%. This savings commenced with the tax bills that were sent out this past November and will continue through the term of the refinancing bonds (the terms of the bonds was not extended beyond the original maturity). Therefore, the CDD's outstanding bond issues at this point in time are the Series 2012 Capital Improvement Revenue Bonds (replaced the original 2001 Series) and the 2001 Series Golf Course Revenue Bonds.

GOLF COURSE

The golf course is owned and operated by the CDD. As with all of its other property, the golf course is public, rather than private. As an independent special district, there is no ownership responsibility or governance of the course by any other branch of government, including Manatee County, other than the Waterlefe CDD.

The CDD has an agreement with Escalante-Waterlefe, L.L.C., to operate and manage the course on its behalf. All revenues from the golf course operation are deposited into CDD bank accounts that are monitored and controlled by the CDD's management firm and US Bank, as Trustee of the CDD bonds.

Waterlefe CDD Community Update

April 16, 2013 6:30 PM

Opening Remarks: Ken Bumgarner, Chairman CDD

- Some facts about Waterlefe you might not know.
- Introductions - CDD Board and other guests

Overview of a CDD: Mr. Pete Williams, Vice President Rizzetta Management Services

1. What is a CDD and how does that differ from an MPOA (see handout).
2. The role and responsibilities of the CDD at Waterlefe

Review of Major Assets of Waterlefe: Ken Bumgarner

Every year the CDD Engineer tours the community property and evaluates each asset. He then submits a report to the Board that is used during the budget process to assign funds to the highest priority items. I just received four of those reports this week.

1. Canals and ponds

Erosion management---Started in 2009/10 with an inspection of all ponds and canals. A ranking was made for the inspection. Starting in 2010/11 the first of a 5 to 6 year project for canals and ponds was begun. Currently in year three; we are working on 16 properties shoreline 1453 feet. Total so far for three years about 2000 feet of shoreline protected at a cost of \$177,000. Budget annually approximately \$60,000 for projects.

Maintenance and plantings: contracts with Aquagenix \$39,840 in addition aquatic plant removal and replacement \$28,000 annually.

Vertex contract for servicing 5 pond fountains on a quarterly basis: \$2,400 annually.

2. Landscape Management

All common areas contracted out to Austin Outdoors annual budget \$160,000.annually. This includes irrigation maintenance, annual plantings and tree and shrub care

Landscape Project: Upper Manatee entrance and part of Waterlefe Boulevard. This is a 3 to 5 year project started in 2013 with an annual projected budget of about \$100,000. Phase 1 plans which are in the Lobby include the area to the South of the entrance and parts of the roadway to the gatehouse.

3. Road, Walkways and Signage

These are ongoing projects based on an annual inspection by the CDD Engineer. Funds allocated for these project are on an as needed basis. Most recent Roadway project was completed at a cost of \$100,000.

Funds for sidewalk repairs are also allocated on an as needed basis. Since 2009/10 the CDD has spent about \$20,000. Boardwalks, also come under this category and funds are provided for maintenance as required annually.

All speed and directional signs have been replaced this year; cost \$55,000. This was done in order to adhere to Manatee County Police regulations for enforcement in Waterlefe.

4. Walls

Funds for cleaning of walls is set aside as needed. Repairs are being made to the wall along Fish Hook Drive within the canal to add Rip Wrap to help stabilize the wall at a cost of \$34,540. A similar effort was made a few years ago along the River to stabilize the area by Hole 15 on the Golf Course.

5. Security

Gatehouse staff: annual cost \$118,000.

Police patrols within Community \$4,000. In response to recent incidents of home burglaries Patrols were increased, required Photo ID's for guests and visitors at an additional cost \$3,500.

Additional cameras and recording equipment were added at the gates; cost \$7,000.

Consideration will be given for replacing the current gate activation system during next years' budget discussion.

*** We need your help to report any suspicious activity to the POLICE first and then contact the Gatehouse staff and let them know of the incident. I also want to make a request of all residents to used your Security systems, Close your garage doors with away form the house, Provide the names of guests, visitors and service workers coming to your home in advance.

6. Reserve: about \$100,000 is placed in reserve for unforeseen needs during the year.

Golf Course review--Mr. Steve Sanborn, Chairmen of the Golf Committee

1. Background
WCI, Escalante
2. Golf Course Financial Information
Current conditions 2012/13 Revenues and expenses
3. Major project priorities
Safety, Infrastructure Protection
Revenue enhancements and cost savings
4. CDD support of the Golf Course

The importance of the Golf Course as a Community asset: Mr. Pete Williams, Rizzetta

Golf Course Bonds

Audience questions

Reminder: All CDD meetings are held on the fourth Tuesday of every month and the Public Hearing on the proposed 2014 budget is scheduled for August 27th at 6:30 PM in the River Club.

Thank you for attending.

Background; Financial Condition; Project Priorities; CDD Expenditures in support of the Golf Course

SLIDE 1

I. Background (History & Organization)

A. In 2000, WCI opened the golf course; financed with revenue bonds issued by the CDD; WCI guaranteed the bonds, and managed the course

B. In 2007, CDD Board established Golf Committee; Purpose: to review operations, and keep the CDD board informed

1. 13 members; 11 men; 2 women; subcommittees: legal; finance; golf operations; fact finding; communication; activities; also: WMGA & WWGA & MPOA liason

C. Golf Committee meets with Escalante monthly and receives info & recommendations: Meetings are open to the public. Usually 4th Monday, at 12:30 in the RC

1. Golf Committee reports to the CDD Board; it reviews budgets, suggested changes, any issues that arise, and makes recommendations to the Board.

2. The CDD Board then votes on recommendations

3. We don't manage the course on a day to day basis; we don't hire or fire etc; Escalante manages day to day operations

- D. In 2009, WCI declared bankruptcy, and no longer paid the principle and interest on the bonds, and Escalante was hired to manage the course

- E. In 2010, the CDD defaulted on the bonds
 - 1. When WCI declared bankruptcy, there were sufficient funds in the accounts to pay principal and interest for about a year and a half, but then the funds ran out.
 - 2. The bond holders have not communicated with the CDD, and our Bond attorney, and other consultants recommend the CDD not approach the bond holders. The bond holders have limited rights, and their primary protection was the WCI guarantee. Pete Williams will give you more information on the bonds.

SLIDE 2 (FINANCIAL CONDITION)

II. Financial Condition of the Golf Course

A. The golf course does not generate sufficient funds to pay for the bonds, principal and interest payments are around \$900,000 a year, but it has been able to pay for the operating expenses

B. 2012 Operating Revenues: \$2,232,000

1. 50% Passport Holders; 50% Public Play

a) Passport memberships have been declining

b) Why? Moved; Medical; special deals canceled

c) The golf committee and the board were unaware of these special deals, and the golf committee felt it was inappropriate to have different fees for like memberships. When we found out about them the golf committee recommended that they be cancelled. The CDD Board agreed. Some members elected to stay members, but some chose not to.

d) All rates must be approved by the Board.

e) 145:118:124

f) Some members with medical problems will return

g) Medallion Homes: 3 new members

h) Escalante has hired a full time sales director

C. 2012 Total Operating Expenses were \$2,189,000

D. 2012 Major Operating Expense Categories:

1. Maintenance: \$858,000; Payroll: 10 staff members(372); equipment lease(154); fertiliser(62)
2. Pro Shop: \$583,000; Payroll(221); Merchandise(133); Utilities; Advertising
3. Administration: \$388,000; payroll(188); Management fee(120)
4. Grillroom: \$272,000; Payroll(137); Food(106)

E. 2012 Operating Profit \$42,000

F. 2013 Forecasts Operating Profit to be about \$5,000.

G. WCI lost about \$250,000 in 2008

SLIDE 3

H. Compare Escalante 2012 vs WCI 2008 Expenses

1. Maintenance: \$205,000
2. Pro Shop: \$137,000
3. Administration: \$175,000
4. Total Savings: \$550,000

SLIDE 4 (MAJOR PROJECTS)

III. Project Priorities

- A. Safety: The CDD engineer inspects the golf course once a year & identifies any problems; Examples: Cart Path Repairs; Ropes on the 17th tee box

- B. Infrastructure Protection; Bridge Repairs: later this year some of the bridges will be modified to better protect them; Irrigation pumps are being rebuilt or replaced

- C. Cost Savings/Revenue enhancement
 - 1. Spartina beds; Maintenance costs high; Erosion problems
 - 2. Eliminated waste bunkers; added tees

IV. CDD Board Expenditures in support of the golf course

A. Each of the last 4 years the board has approved funds for use by the GC to give us the ability to independently verify management practices; any issues related to the bonds, and any other issues that may arise and need investigation

B. General Categories of CDD Expenditures

1. Consulting Fees
2. Infrastructure Investment/protection

C. The following figures represent the amounts spent over the last 5 years.

D. \$20,000 for Golf Consultants; WCI bankruptcy hired a consultant to help us with Course Management; later we hired consultant to help solve a problem with our greens

E. \$30,000 Legal Fees: The CDD attorney has helped us with a number of legal issues, including giving us advice on the Bonds, and ensuring that contracts and other documents are written in a way that protects us.

F. \$37,000 Addition & repairs to the Grillroom:

1. Escalante recommended that we expand our grillroom to allow for Large Outings; they estimated they could get 6 outings a year to help increase revenue in our slow months. The golf committee agreed, but the golf course did not have sufficient funds available for this project.

2. The golf committee explained the situation to the CDD Board and they agreed to finance the addition. The board's decision was influenced to some degree by the fact that the building is used for more than just the golf course. It's used during the year for other events. Just recently it was used for the art show, and the security meeting among others.

G. Pete Williams is going to come up again and discuss the value of all of these assets to the community, and talk about the bonds in more detail.

Waterlefe Trivia

Waterlefe consists of 458 acres

Waterlefe Contains:

- 619 Homes/Condos
- 7.3 Miles of roads
- 83 acres of storm water ponds and lakes
- 43 acres of wetlands
- 100 acres of golf course
- 135 acres of residential property
- Over 11,000 linear ft. of walls/bulkheads

Estimated cost to build Waterlefe in 2000: 17.1M

Overview of a CDD

Pete Williams, VP Rizzetta

Management Services

Review of Waterlefe Assets

Ken Bumgarner, CDD Board Chairman

- Canals and Ponds
 - Erosion Management
 - Maintenance and Plantings
- Landscape Management
 - Landscape Project
- Roads, Walkways and Signage
- Walls
- Security

Background

- WCI opened the Course in 2000; financed by CDD Bonds
- CDD Board established Golf Committee in 2007
- WCI bankrupt in 2009; Escalante began managing the Golf Course
- CDD defaulted on the bonds in 2010

Financial Condition of the Golf Course

2012 Operating Revenue: \$2.232 million

2012 Operating Expenses: \$2.189 million

2012 Operating Profit: \$42,000

2013 Operating Profit Forecast: \$5,000

2008 WCI vs. 2012 Escalante Savings

Maintenance Savings:	\$205,000
Pro Shop Savings:	\$137,000
Administrative Savings:	\$175,000
Total Operating Savings:	\$550,000

Major Project Priorities

- Safety
- Infrastructure Protection
- Revenue Enhancement/Cost Savings

CDD Board Expenditures in Support of the Golf Course

Golf Consultants:	\$20,000
Legal Consultants:	\$30,000
Grillroom Expansion & Repair:	\$37,000