

***Waterstone  
Community Development District***

***January 3, 2019***

# Waterstone

## Community Development District

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December 17, 2018

### Board of Supervisors Waterstone Community Development District

Dear Board Members:

The regular meeting of the Board of Supervisors of **Waterstone Community Development District** is scheduled for **January 3, 2019 at 11:00 a.m. at 2160 NW Reserve Park Trace, Port St. Lucie, Florida**. Following is the advance agenda for the meeting:

1. Roll Call
  
2. Approval of the Minutes of the December 6, 2018 Meeting
  
3. Staff Reports
  - A. Attorney
  
  - B. Engineer
  
  - C. Manager
  
4. Supervisors Requests and Audience Comments
  
5. Financial Statements
  - A. Approval of Check Run Summary
  
  - B. Balance sheet and Income statement
  
6. Adjournment

**MINUTES OF MEETING  
WATERSTONE  
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Waterstone Community Development District was held on Thursday, December 6, 2018 at 11:00 a.m. at 2160 NW Reserve Park Trace, Port St. Lucie, Florida.

Present and constituting a quorum were:

Bob Bishop	Assistant Secretary
John Blakley	Assistant Secretary
Adam Lerner	Assistant Secretary

Also present were:

Michael Pawelczyk	District Counsel
Rich Hans	District Manager
Camille Evans	Greenberg Traurig (by phone)
Juan Alvarez	District Engineer (by phone)
Tracy Robin	Straley, Robin & Vericker (by phone)

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Hans called the meeting to order and called the roll.

**SECOND ORDER OF BUSINESS**

**Approval of the Minutes of the  
November 1, 2018 Meeting**

Mr. Hans: Item No. 2 is the approval of the minutes of the November 1st meeting. If anyone has any comments on those minutes we can address those, and if not a motion approving the minutes would be in order.

On MOTION by Mr. Bishop seconded by Mr. Blakley with all in favor, the Minutes of November 1, 2018 Meeting were approved.
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**THIRD ORDER OF BUSINESS**

**Approval of latest version of Exhibits  
to Resolution #2019-02 Delegation  
Resolution**

- A. Term Sheet**
- B. Form of Second Supplemental Indenture**
- C. Form of Third Supplemental Indenture**
- D. Form of Acquisition Agreement**
- E. Form of Completion Agreement**
- F. Form of Informational Memorandum**

Mr. Hans: One of the main reasons we're here is the approval of the latest version of exhibits to resolution #2019-02, the delegation resolution. There were some substantive changes in the term sheet which caused these documents to change, one was setting a fixed 10 year conversion date and then having a, not really what they call a hope bond but, some bonds like the 2007B that are only going to be paid if there's excess funds from the 2018A Special Assessments available. So there's a term sheet that kind of goes over that, the new structure, which is in your book. It's been updated and I think there's actually an update, this is a 12/5 redline if anybody wants to see the changes that have taken place since the book went out, not substantive, but more of numbers and just clearing up language and so forth. There's a second and a third supplemental indenture, and again, both of those changed to match the term sheet, I do have redlines from what's in the book, again the same type of just updating comments to the language, and making numbers conform to the term sheets and then we also have the acquisition and completion agreements which District counsel prepared, and Michael is here to give you any comments or any changes that were made from what you've seen in your book that was distributed.

Mr. Pawelczyk: Right, and the only changes that are different than that which is in the book include updating the numbers, making sure the numbers conform with the latest term sheet and then referencing the engineer's report and the methodology report dated December 6, 2018, they're both dated that day, those two agreements had referenced prior versions of those reports, and that's essentially the only changes. All the changes have been reviewed by all parties involved in the restructuring deal, so as far as we're concerned these revisions are ready to go.

Mr. Hans: Then the last one is the informational memorandum which basically reflects the terms of the bonds and the offering type document that's in the packet, and these are all in the forms of substantially final form, they're subject to small changes based on final numbers for the bonds and tweaks that may be needed. If there was something that was substantial then we'd have to come back to the Board. So basically a motion approving A through F of these documents in substantially final form would be in order.

On MOTION by Mr. Blakley seconded by Mr. Lerner with all in favor, Resolution #2019-02 the delegation resolution, accepting exhibits A through F in substantially final form was approved.

**FOURTH ORDER OF BUSINESS**

**Consideration of Engineer's Report dated December 6, 2018**

Mr. Hans: Then we have consideration of the engineer's report dated December 6, 2018, and there were a couple of changes to that report from what's in the book, one was just the date of the report, and a couple of minor changes but, Juan do you just want to give a quick overview since you're on the phone?

Mr. Alvarez: Yes. If you had a chance Rich to bring the reports, then maybe you can distribute them to the Board. They should be dated December 6, 2018, and inside it should say at the bottom pages, the 4th draft of the engineer's report. If it has that label, you're looking at the latest, and this report is not very different than the one for August 22nd that you approved. The only thing is in August we didn't have a legal description for the unplatted roads, so we were kind of estimating the acreage of those unplatted right-of-ways but, now that we have the legal descriptions and the acreage certified by a surveyor, then we included those acreages and they modified somewhat the values of the land. So this report now shows the final values and I think if you go to table 7, on page 7 that summarizes the values. Tables 7 shows that the 2007 project is valued at \$9,732,680 and then the 2018 project, the values of the improvements of the onsite roads are estimated to be \$1,081,211 and the value of the amenities center is \$869,710, and the value of the land, that is the platted on the road right-of-ways, the unplatted road right-of-ways and the site

December 6, 2018

Waterstone CDD

for the amenity center, all of those three together are valued at \$1,979,280 for a total value of 2007 and 2018 projects are \$13,662,881. Those numbers are reflected in other documents already because this engineer's report has been reviewed by District counsel and developer's counsel too, and we have introduced every comment that they had has been taken care of. So I think if this report is acceptable to the Board, I would then remove the "draft" label and circulate the final accepted report. If you have any questions I will be happy to answer them.

Mr. Hans: Do any of the Board members have any comments or questions for Juan? Not hearing any, then a motion accepting the engineer's report dated December 6, 2018 would be in order.

On MOTION by Mr. Lerner seconded by Mr. Bishop with all in favor, accepting the Engineer's Report dated December 6, 2018 was approved.
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**FIFTH ORDER OF BUSINESS**

**Consideration of Methodology  
Report dated December 6, 2018**

Mr. Hans: Then the next item is consideration of a methodology report dated December 6, 2018. It's titled Preliminary Allocation Report for Waterstone, and this was adjusted to reflect the little bit of changes in the terms. You'll see on table 1, the B Bond, the 2018B bonds is \$9.24 million, that's very close to what it was in the prior report, it's just timing because we're closing later, it changed a little bit. The biggest difference is, in the Capital Improvement Bonds, the 2018A, they were reduced somewhat because what's going to happen now is, the issue we had was there was no set conversion date, or due date on the bonds and caused a tax issue. So it's set for a 10 year conversion or at the time when there's buildout if it's prior to all 702 lots are sold, then it would convert sooner but this number reflects what would happened if you accrete that for 10 years, and the value at that fully accreted amount would equal roughly \$3 million dollars and that's the carrying cost of the 702 units at their fixed assessment rates, that the size of a bond that they would be able to support in year 10 for the balance of the 9 years, so that went down, and then the

Capital Improvement Revenue Bond, the 2007Bs, that amount went up. There's two components of that, one is about \$3.9 million which is allocated to the first 200 units, and that's going to be offset by a contribution of infrastructure by the developer, and then the remaining \$2.6 million or so is allocated to the remaining units, and will only be paid if there's excess funds from the 2018A collections because we're going to start collecting as they close prior to the conversion dates, so there could be excess funds generated and if everything goes according to the buildout plan that was provided, absorbs the schedule, it would roughly pay back that, a little more than that \$2.6 million. If things get pushed off then it won't but, that's kind of the change in the structure. Table 2 just shows the same development plan that you've looked at before, the 702 units. Table 3 shows the initial principal that's assigned to the first 200 units, and then the balance, the 502 units for the 2007B, the 2018A and the 2018B Bonds. Table 4 shows the allocated fully accreted value to those units, and then tables 5 through 10, they're for the different product types, so if it was a 35' it would be one amount, and this has not changed at all, it's a fixed rate of \$516 per year is what they would assume, and the table shows the principal amount that would be allocated depending on what year the end user took title. Then going on to table 11, you just have your assessment roll and it just shows all the different units and their allocation of the bonds and it reflects the current principal amounts that we're planning on restructuring the bonds with. So if there are any questions or discussion on that we can take those, and if not, a motion approving the methodology report would be in order.

On MOTION by Mr. Blakley seconded by Mr. Lerner with all in favor, accepting the Methodology Report dated December 6, 2018 was approved.

**SIXTH ORDER OF BUSINESS**

**Staff Reports**

Mr. Hans: Staff reports, anything additional for us today?

**A. Attorney**

Mr. Pawelczyk: No, other than the fact that we've been asked and it's really appropriate to do so, to recess and reconvene this meeting for Monday at 11:00 a.m. in the unlikely event that it's needed. So this is coming from really Scott asked that we do it

just in case something comes up, and we would typically do that on any bond closing anyway.

Mr. Blakley: This next Monday?

Mr. Pawelczyk: Yes.

Mr. Hans: Yes, and Monday is the date, the 13th, of the scheduled closing right?

Mr. Pawelczyk: The closing is the 13th.

Mr. Hans: Ok, so what date is Monday?

Mr. Pawelczyk: The pre-closing is Monday.

Mr. Hans: Ok, so the pre-closing is Monday, and the bond closing is the 13th, so just in case like Mike said, so probably not but, the way things have gone with this deal it may happen, otherwise we'd have to re-advertise and we'd miss the closing date and then everything changes.

Mr. Pawelczyk: If that time works for you, it can be later in the day if that works but, they've asked for us to recess and reconvene. I guess we set it at 11:00 and it turns out we can't get here until noon, or 1:00 that's fine we can just put a note on the door saying the meeting will start at 1:00 but, we just can't do it before that.

Mr. Blakley: Well, as I'm fond of saying, you can't start without us.

Mr. Pawelczyk: That's absolutely true. So on our end, District counsel, and District manager, we don't think there's anything that's going to come up but, I can't say it's not going to happen.

Mr. Blakley: Right.

Mr. Bishop: So if it doesn't?

Mr. Pawelczyk: Then there's no meeting.

Mr. Blakley: We don't have to take any other action if we continue the meeting?

Mr. Pawelczyk: Correct, it will just disappear.

Mr. Blakley: In other words, it just adjourns automatically.

Mr. Pawelczyk: Right.

Mr. Blakley: Ok.

Mr. Pawelczyk: So that's the bad news for today, otherwise I don't have anything to report, so we'll do that at the end.

**B. Engineer**

Mr. Hans: Juan, anything additional under staff reports?

Mr. Alvarez: No, nothing else Rich.

Mr. Hans: Perfect.

**C. Manager**

Mr. Hans: Manager, Mike just explained about recessing the meeting.

**SEVENTH ORDER OF BUSINESS      Supervisors Requests and Audience Comments**

Mr. Hans: Supervisors requests, anything from our Supervisors?

Mr. Blakley: How will the resignations, or will we need to be in attendance to a meeting to tender our resignations?

Mr. Hans: We're going to need 3 of you to attend, and 2 will not need to attend.

Mr. Blakley: So it will just be, hand in the resignation letter?

Mr. Hans: And the remaining Board members will appoint someone.

Mr. Pawelczyk: Basically you have 5 Board members so 3 of you will be here, and let's say it's you 3, the first action would be to accept the resignations of the 2 Board members who are not in attendance, and then you would appoint 1 or 2 to those spots, and then you guys would just resign, appoint, resign, appoint, as long as you're acting with a quorum.

Mr. Blakley: I'm unclear, isn't the new owner putting their people on the Board?

Mr. Pawelczyk: Yes, but you have to appoint them, the new Board would have to appoint them.

Mr. Blakley: Ok, so we'll have names of people to appoint?

Mr. Hans: Yes.

Mr. Pawelczyk: Yes, to transition the Board pursuant to that gentlemen's agreement I guess is the best way to say it from a government standpoint.

Mr. Hans: Right.

Mr. Pawelczyk: So I think that's proposed for the January meeting.

Mr. Lerner: Wasn't that January 8th or something like that?

Mr. Hans: It's January 3rd.

Mr. Lerner: Ok.

Mr. Hans: Alright, so we have no audience here for any comments.

**EIGHTH ORDER OF BUSINESS      Financial Reports**

**A. Approval of the Check Run Summary**

**B. Balance Sheet and Income Statement**

Mr. Hans: Moving on to financial reports, there's a check run summary and the balance sheet and income statement. If there are any questions or discussion on that we can take those, and if not, a motion accepting those would be in order.

On MOTION by Mr. Bishop seconded by Mr. Lerner with all in favor accepting the Check Run Summary, Balance Sheet and Income Statement were approved.

**NINTH ORDER OF BUSINESS      Adjournment**

Mr. Hans: So then from our Board what we'd be looking for then is a motion to recess and reconvene the meeting to Monday, December 10th at 11:00 a.m. at this same location.

On MOTION by Mr. Lerner seconded by Mr. Bishop with all in favor, the Meeting was recessed and reconvened to December 10, 2018 at 11:00 a.m. at 2160 NW Reserve Park Trace, Port St. Lucie, Florida.

\_\_\_\_\_  
Secretary / Assistant Secretary

\_\_\_\_\_  
Chairman / Vice Chairman

**Waterstone**  
**Community Development District**

Check Register Summary

December 18, 2018

<i>Check Date</i>	<i>Check #'s</i>	<i>Total Amount</i>
12/6/2018	641-643	\$ 6,579.90
12/11/2018	644	\$ 4,000.00
<b>Total</b>		<b>\$ 10,579.90</b>

CHECK DATE	VEND#	INVOICE DATE	INVOICE	EXPENSED TO YRMO DPT ACCT# SUB SUBCLASS	VENDOR NAME	STATUS	AMOUNT	CHECK AMOUNT	CHECK #
12/06/18	00022	10/31/18	152889	201810 310-51300-31500 LEGAL SV THRU 10/31/18	BILLING, COCHRAN, LYLES, MAURO &	*	2,684.10	2,684.10	000641
12/06/18	00030	11/21/18	79287-11	201811 320-54100-43000 ELCTR SV 10/23-11/21/18	FPL	*	1,163.94	1,163.94	000642
12/06/18	00004	12/01/18	163	201812 310-51300-34000 DEC 18- MGMT FEE		*	2,500.00		
		12/01/18	163	201812 310-51300-35100 DEC 18- COMPUTER TIME		*	83.33		
		12/01/18	163	201812 310-51300-35110 DEC 18- WEBSITE ADMIN		*	41.67		
		12/01/18	163	201812 310-51300-51000 DEC 18- OFFICE SUPPLIES		*	20.88		
		12/01/18	163	201812 310-51300-42000 DEC 18- POSTAGE		*	5.17		
		12/01/18	163	201812 310-51300-42500 DEC 18- COPIES		*	63.90		
		12/01/18	163	201812 310-51300-41000 DEC 18- TELEPHONE		*	16.91		
					GMS - SO FLORIDA, LLC			2,731.86	000643
12/11/18	00031	10/30/18	155	201810 310-51300-31300 ANNUAL DISCL FEE FY18/19	LERNER REPORTING SERVICES, INC.	*	4,000.00	4,000.00	000644

TOTAL FOR BANK A 10,579.90  
 TOTAL FOR REGISTER 10,579.90

**Waterstone**  
**COMMUNITY DEVELOPMENT DISTRICT**  
**COMBINED BALANCE SHEET**  
November 30, 2018

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>ASSETS:</b>				
Cash	\$153,220	---	---	\$153,220
Investments:				
Reserve	---	\$49,661	---	\$49,661
Interest	---	\$929	---	\$929
Revenue	---	\$195	---	\$195
Construction	---	---	\$675	\$675
Assessments Receivable	---	\$0	---	\$0
Remedial Expenditure Account	---	\$4,337	---	\$4,337
Prepaid Expenses	\$0	---	---	\$0
Accrued Interest Receivable	---	\$0	\$0	\$0
Due from Other	\$327	---	---	\$327
<b>TOTAL ASSETS</b>	<u>\$153,547</u>	<u>\$55,123</u>	<u>\$675</u>	<u>\$209,345</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$7,848	---	---	\$7,848
Accrued Expenditures	\$1,030	---	---	\$1,030
Due to Bondholders	---	\$8,665,663	---	\$8,665,663
<b>FUND BALANCES:</b>				
Unassigned for Debt Service	---	(\$8,610,540)	---	(\$8,610,540)
Restricted for Capital Projects	---	---	\$675	\$675
Assigned	\$144,669	---	---	\$144,669
<b>TOTAL LIABILITIES &amp; FUND EQUITY &amp; OTHER CREDITS</b>	<u>\$153,547</u>	<u>\$55,123</u>	<u>\$675</u>	<u>\$209,345</u>

**Waterstone**  
**COMMUNITY DEVELOPMENT DISTRICT**  
**GENERAL FUND**

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Period Ended November 30, 2018

DESCRIPTION	ADOPTED BUDGET	PRORATED BUDGET THRU 11/30/18	ACTUAL THRU 11/30/18	VARIANCE
<b>REVENUES:</b>				
Maintenance Assessments-Direct	\$135,128	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$135,128</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENDITURES:</b>				
<b><u>Administrative</u></b>				
Supervisor Fees	\$4,000	\$1,600	\$1,600	\$0
Fica	\$306	\$122	\$122	\$0
Engineering	\$3,000	\$500	\$0	\$500
Arbitrage	\$1,200	\$0	\$0	\$0
Dissemination	\$4,000	\$4,000	\$4,000	\$0
Attorney	\$20,000	\$3,333	\$2,684	\$649
Auditing	\$5,500	\$0	\$0	\$0
Trustee Fees	\$11,000	\$0	\$0	\$0
Management Fees	\$30,000	\$5,000	\$5,000	\$0
Computer Time	\$1,000	\$167	\$167	\$0
Website Compliance	\$500	\$83	\$83	\$0
Telephone	\$25	\$4	\$12	(\$7)
Postage	\$100	\$17	\$7	\$10
Insurance	\$6,356	\$6,356	\$5,778	\$578
Printing & Binding	\$200	\$33	\$439	(\$406)
Legal Advertising	\$1,000	\$167	\$0	\$167
Other Current Charges	\$550	\$550	\$78	\$472
Office Supplies	\$25	\$4	\$48	(\$44)
Dues, Licenses & Subscriptions	\$175	\$175	\$175	\$0
Capital Outlay	\$250	\$42	\$0	\$42
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>\$89,187</b>	<b>\$22,153</b>	<b>\$20,193</b>	<b>\$1,961</b>
<b><u>Field</u></b>				
Landscape Maintenance	\$6,180	\$1,030	\$1,030	\$0
Lake Maintenance	\$10,300	\$0	\$0	\$0
Electric	\$14,000	\$2,333	\$2,328	\$5
Water/Sewer	\$1,000	\$167	\$135	\$32
Contingency/R&M	\$10,000	\$1,667	\$0	\$1,667
Cable/Internet Services	\$5,520	\$0	\$0	\$0
<b>TOTAL FIELD EXPENDITURES</b>	<b>\$47,000</b>	<b>\$5,197</b>	<b>\$3,493</b>	<b>\$1,704</b>
<b>TOTAL EXPENDITURES</b>	<b>\$136,187</b>	<b>\$27,350</b>	<b>\$23,686</b>	<b>\$3,664</b>
<b>EXCESS REVENUES/(EXPENDITURES)</b>	<b>(\$1,059)</b>		<b>(\$23,686)</b>	
FUND BALANCE - Beginning	\$1,059		\$168,355	
FUND BALANCE - Ending	<u>\$0</u>		<u>\$144,669</u>	

**Waterstone**  
**COMMUNITY DEVELOPMENT DISTRICT**  
**DEBT SERVICE FUND - SERIES 2007B**

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Period Ended November 30, 2018

DESCRIPTION	ADOPTED BUDGET	PRORATED BUDGET THRU 11/30/18	ACTUAL THRU 11/30/18	VARIANCE
<b>REVENUES:</b>				
Interest Earned	\$0	\$0	\$159	\$159
Assessments - Direct	\$912,175	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$912,175</b>	<b>\$0</b>	<b>\$159</b>	<b>\$159</b>
<b>EXPENDITURES:</b>				
<b>Series 2007B</b>				
Interest - 11/1	\$456,088	\$0	\$0	\$0
Interest - 5/1	\$456,088	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$912,175</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
EXCESS REVENUES/(EXPENDITURES)	\$0		\$159	
FUND BALANCE - Beginning	\$0		(\$8,610,699)	
FUND BALANCE - Ending	\$0		(\$8,610,540)	

**Waterstone**  
**COMMUNITY DEVELOPMENT DISTRICT**  
**CAPITAL PROJECTS FUND - SERIES 2007B**

Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Period Ended November 30, 2018

<u>DESCRIPTION</u>	<u>ADOPTED BUDGET</u>	<u>PRORATED BUDGET THRU 11/30/18</u>	<u>ACTUAL THRU 11/30/18</u>	<u>VARIANCE</u>
<b><u>REVENUES:</u></b>				
Interest Earned	\$0	\$0	\$2	\$2
<b>TOTAL REVENUES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$2</u></b>	<b><u>\$2</u></b>
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	\$0	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
EXCESS REVENUES (EXPENDITURES)	<u>\$0</u>		<u>\$2</u>	
FUND BALANCE - Beginning			\$673	
FUND BALANCE - Ending			<u><u>\$675</u></u>	