

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
PUBLIC HEARING AND REGULAR MEETING OF THE BOARD OF SUPERVISORS
AUGUST 17, 2016**

The public hearing for approval of the 2016/2017 Budget and regular meeting of the Lely Community Development District Board of Supervisors was held on Wednesday, August 17, 2016 at 1:30 p.m. at the LCDD Maintenance Building.

SUPERVISORS PRESENT: Gerry Campkin, Chairman
William Lee, Vice Chairman
Harold Ousley, Treasurer
Kenneth Drum, Secretary
Robert Fisher, Legal Aide

ALSO PRESENT: W. Neil Dorrill, Dorrill Management Group, Manager
Assistant Secretary /Treasurer
David Bryant, District Counsel

INVOCATION AND PLEDGE OF ALLEGIANCE

The invocation was offered by Mr. Dorrill, and the Board recited the Pledge of Allegiance.

ROLL CALL

All members were in attendance. Mr. Dorrill indicated that the public hearing, the regular monthly meeting and an executive session following the meeting were on today's agenda.

APPROVAL OF 2016-2017 GENERAL FUND BUDGET

The public hearing was opened, and Mr. Dorrill gave those present a brief overview of the 2016-2017 Budget as previously approved and advised that the meeting today was to receive public comment and to adopt the budget for purposes of getting it transmitted to the property appraiser's office and merged onto the tax bill.

At the conclusion of the presentation, any questions or comments from the public will be addressed, and then a series of three motions will be passed; one to close the public hearing, one to adopt a resolution to set the assessment rate and one to approve the budget.

Mr. Dorrill went over the spread sheet prepared by Mrs. Emerson in his office which showed

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the budget that had been workshopped and adopted at the beginning of the summer. The revised access control cost center for the next fiscal year was included, and the budget remains unchanged. The rate of the assessment will remain at \$2,017,188 as it has been for the past five years as a result of growth within the community and the Comprehensive Service Agreement. Total combined revenues for next year are set at \$2,895,988, which represents a small increase over the current year in terms of the total revenues.

Access control shows that next year the numbers will be split out to include general wages and the cost of associated overtime, FICA, unemployment compensation, uniforms, cell phones and workers' comp in anticipation of two full time and some part time employees. That program will increase from \$80,000 to \$123,000. Total expenditures for the coming year will be \$2,895,988, which matched the revenue portion.

The number of assessable units based on the most recent approved development order plat was 3,139. The commercial properties as well as the golf courses within the District are paying an equivalency based on the number of equivalent dwelling units, or the amount of square footage. The next year's assessment remains unchanged at \$642.47. There is no debt component as the bonds have been completely paid off.

Mr. Drum asked how underfunded the capital project fund was, and Mr. Dorrill indicated that they are funded for five years, and the Board annually approves and funds a five year sliding capital program. In the next 15 years the amount of funding needed depends upon the rate of decay of the drainage and water management system and lake bank erosion. For the next 15 years, however, Mr. Dorrill felt that they were probably three to five million dollars underfunded. Other than those items listed above, the program is very well funded for operating capital, street lights, landscaping and memorials.

To have everything fully funded for the next 20 years, Mr. Dorrill suggested that the Board should increase the annual contribution to the capital reserve by \$50,000 to \$75,000.

At the end of the third quarter, the District had \$1,120,000 in their capital project fund, and beyond this year's expense budget, the District is carrying about \$1,250,000 in cash reserves for future capital replacements.

Mr. Drum felt that they should work towards the full funding of capital replacements, because one time assessments are not popular, and it would be necessary to float more bonds to pay for a large capital replacement for the water management system. He added that it would be better to budget it. Mr. Dorrill suggested that at the time of the annual budget and capital planning workshop this coming spring they could take an actuarial look at this issue.

(Mr. Lee's comments were inaudible.)

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Mr. Campkin asked if there were any comments from the public, and none being received, Mr. Dorrill asked for a motion to close the public hearing.

On a MOTION by Mr. Lee and a second by Mr. Fisher, the public hearing for the 2017 Budget was closed on a unanimous vote of the Board.

On a MOTION by Mr. Drum and a second by Mr. Fisher, Resolution 2016-3 to adopt the maintenance assessment within the Lely Community Development District of \$2,017,188 was unanimously approved, and the Chairman was authorized to execute that Resolution.

On a MOTION by Mr. Fisher and a second by Mr. Ousley, Resolution 2016-4 to adopt the final general fund budget of the Lely Community Development District for 2017 for purposes of transmitting it to the County was unanimously approved, and the Chairman was authorized to execute that Resolution.

The public hearing was then concluded at 1:43 p.m. and the regular monthly meeting commenced.

APPROVAL OF AGENDA

Items 7A, Mr. Fisher's Expenses; 7B, Holiday Display; 7C, Security Plan; 7D, Horses Monument; 7E, Mr. Drum's absence in September and 7F, Insurance/Assets were added to the Agenda.

With those additions, the Agenda was unanimously approved on a MOTION by Mr. Fisher and a second by Mr. Drum.

No public comment was received at this time.

APPROVAL OF MINUTES OF JULY 20, 2016 MEETING

On a MOTION by Mr. Ousley and a second by Mr. Fisher, the Workshop Minutes were unanimously approved by the Board.

On Page 1 of the Regular Minutes, there were no corrections to the June meeting minutes.

On Page 2 under Item D, Lake Bank Erosion, Mr. Harry Spitzer and Mr. Stacy were both present from the Mustang Island Community.

With those additions, on a MOTION by Mr. Fisher and a second by Mr. Ousley, the Regular Meeting Minutes were unanimously approved by the Board.

MANAGER'S REPORT

A. July Patrol Reports

The Sheriff's Activity Report was once again provided to the Board members, and showed

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27 vehicular stops for the previous month, with eight citations being written for a variety of reasons, including speeding and failure to stop at stop signs. There were no criminal arrests this month. During the month there were two instances where the contract duty officers were the first responders as they were working when the 911 calls were made. One was a traffic accident, the other, a silent alarm at a residence which turned out to be a lightening related alarm.

Until the Board advises Mr. Dorrill to discontinue these contract duty officers, they will continue to work the same number of hours in addition to the start of the employee related activities that are scheduled for October.

(Chairman Campkin's comments were inaudible.)

Mr. Dorrill is discussing enhancing some of the security recording equipment with Mr. Carter. They have been pricing some new, high tech and night vision cameras, and are also looking at some touch pad devices that make it possible for in house security to show that they are stopping and checking various spots throughout the District.

Mr. Drum agreed that this was important, as there are some things that the police do not do, such as enforcing no trespassing. Mr. Dorrill indicated that they can enforce no trespassing within an easement that someone owns or controls. It is expected that as the new shifts begin in the coming months, many of these things will be taken care of.

Mr. Drum indicated that he has been getting numerous reports of various animals in the neighborhood, such as coyotes, and asked if there was anything that could be done about them. Mr. Dorrill advised that if there are specific instances of concern about coyotes or wild hogs, they should be referred to Mr. Carter, who will contact the licensed trapper they have used in the past. Coyotes continue to be a problem as they are difficult to trap, and if there are incidents of domestic animals being attacked or other dangerous situations, there are other options that can be utilized to handle the problem. Mr. Dorrill added for those present that they have a specific protocol for alligators, as they are so many of them. Mr. Ousley works with the state licensed trapper to handle those issues.

B. Market Rate Adjustment

Mr. Dorrill, with Mr. Carter's help, prepared a spread sheet for the Board related to the salary administration program. The price point for groundskeepers is very competitive in this improving economy, and there are a number of loyal employees who have been with Lely for quite a few years, and are very important to the District and its effective operation. Many of them are at the bottom of the hourly pay classification as compared to someone new being

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hired now. Mr. Dorrill would like to have the Board consider and authorize either today or at the next meeting, a onetime market rate adjustment to get these loyal employees up off the entry level classification that they are in as an incentive to keep them at Lely. The annual costs of this onetime adjustment were provided at \$150 to \$180 per month for the positions that have been identified.

Mr. Drum asked for clarification on the percentages presented, and Mr. Dorrill explained that to get them up from the bottom classification, the total cost for these half a dozen employees based on their current rate of pay would be 6 percent. Mr. Drum suggested that it may be time to think about a salary schedule, limited to a one year adjustment. There are presently 15 employees, but that number will increase by two full time and one part time employee very soon.

Mr. Dorrill indicated that if the Board wished staff to evaluate some minimum and maximum ranges with some steps within those ranges, they would be glad to do so. He felt that this would be important step for the Board to make, as it would go a long way towards creating incentive and good will among these employees, and ultimately less turnover. The total costs for this would be \$11,000.

On a MOTION by Mr. Lee and a second by Mr. Ousley, the Board unanimously approved the market rate adjustment previously discussed, and further authorized staff to evaluate some pay ranges with steps for increases within them and bring that information to the Board at the next monthly meeting.

C. Follow-up on Lake Bank Restoration

Staff and Mr. Cole, the District's engineer, had a follow-up with the gentlemen from the Mustang Island Community about the concerns some residents have regarding the lake bank erosion in the lake behind their homes and the difficulties they were having getting permitting to install riprap. This neighborhood is now interested in proceeding at their own expense with the Geotube concept Mr. Dorrill had advised them about.

Mr. Carter indicated that at the meeting with Mr. Cole and the representatives of the Community when Mr. Cole advised them of the costs involved with installing riprap as well as the necessary permits from the South Florida Water Management District, they opted to go with the Geotube which does not require a permit and is much less expensive.

The subject of the signs on this lake came up, and Mr. Bryant indicated that apparently they were installed by the developer.

For today's purposes, Mr. Dorrill suggested that this community has never experienced or

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addressed lake bank erosion until recently, and as the asset that is being improved is the District's lake maintenance easement, at a minimum a policy or specification should be adopted by the Board as to how this asset can be improved. It can be done by payment in advance to the Board who will have their contractor do the work, or Mr. Cole can certify for them after completion that it was done according to specifications.

Once this lake is done, there will be many people who will want to have their lake done as well, and Mr. Dorrill stressed the importance of having a policy or specification in place for the District's protection. Mr. Bryant agreed, and suggested that a combination of the two be done to handle this lake bank issue. The Board should pass a policy and procedure so that everyone is treated equally, which is one of his concerns. Certain people should be hired to do this work, those who are licensed, approved and insured as there could be a liability issue for the District. The Board unanimously agreed.

Mr. Dorrill agreed with Mr. Lee's assessment that the LCDD taxpayer should not be subsidizing this work, and going forward, whether it is an individual or an association, it should be set up as discussed.

A MOTION was made by Mr. Drum and seconded by Mr. Ousley for approval of the development by staff of a draft policy and specification with respect to lake bank restoration which will be brought to the Board for consideration.

Mr. ***Cromley from the Development originally requesting the riprap noted that the lake and easement ownerships are still in question. (Inaudible here.)

Mr. Dorrill explained that the Board is involved in a multiyear litigation regarding the permit and/or ownership and/or maintenance easements associated with the drainage facilities in this community. The District holds the permit, but does not necessarily own the fee simple interest in the lake in question, and in some cases the District has easements, and in others the easement was never conveyed. The assignment of easements or ownership is one of the issues that is going to be discussed going forward and the potential resolution of the lawsuit will reconcile the ownership of the easements with the permit that the District holds.

Mr. Bryant noted that counsel for the Association has indicated that the Master HOA is responsible for the lake as it is dedicated to their responsibility in the plat, and Mr. Drum added that if that was the case, the residents pay into the Master so it doesn't really matter who does it as it is the same population.

After further discussion on this issue, Mr. Bryant clarified that the original issue was due to some homeowners wanting to improve their own property, and it was not part of their Association or part of the Master HOA or the CDD. They came to the Board because they had

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found that they had to have permits.

Mr. Dorrill noted that this situation may evolve over time, as the District's interest in the Majors and other similar communities is a property interest. That lake is either owned by the CDD or they have a lake maintenance easement that surrounds it. The policy that staff will draft will make an attempt to iron out the confusion a bit, and hopefully over the short term resolve all the other ownership and easement issues. Mrs. Peregoff also expressed her concern about the seriousness of the problem, noting that the easement had been badly affected by the erosion of the lake bank and was among the reasons why the residents first approached the Board.

The MOTION then passed unanimously.

A break was then taken in the regular meeting for the Executive Session.

The regular meeting was then reconvened.

ATTORNEY'S REPORT

Mr. Bryant had nothing further to come before the Board.

FINANCIALS

The end of the third quarter financials showed \$2,386,000 in cash between the operating account and the capital reserve against \$127,000 in payables.

The income statement showed that \$10,190 in non ad valorem assessments were received as the proceeds of the tax certificate auction. The surplus property sale proceeds were almost \$24,000 during that month as well, against a budget of \$15,000. This amount was \$60,000 over budget in what was anticipated, and the District is at 97 percent of revenues for the year. No additional revenue is anticipated, and the 3 percent difference is due to the aggregate discounts taken when taxes were paid early.

Total operating expenditures year-to-date were noted to be \$1,626,000 against a year-to-date budget of \$1,652, approximately \$26,000 under budget. This amount will balance out during July when there are three pay periods. Mr. Dorrill indicated that Mr. Carter is doing an excellent job watching the monthly outflows, and the year will end with a positive variance. In response to Mr. Lee's question as to what the positive cash position will be at year's end, Mr. Dorrill indicated that he will calculate it and advise the Board via email as to that amount.

On a MOTION by Mr. Fisher and a second by Mr. Lee, the Financials were unanimously accepted by the Board.

SUPERVISORS' REQUESTS

A. Travel Expenses for Mr. Fisher

On a MOTION by Mr. Lee and a second by Mr. Ousley, the Board unanimously approved the payment of Mr. Fisher's travel expenses related to District business, as well as the other expenses he incurred during the last two months in this regard.

B. Holiday Display

Preliminary research has been done regarding replacing the holiday flags, and some proposals have been developed to purchase additional patriotic banners. Mr. Carter has met with the vendor and they are preparing a final proposal to be presented to Mr. Dorrill. The banners will be installed at the main entrance in and around the Lely Freedom Horses memorial. Once schematics are received Mr. Dorrill will share them with the Board, and he expects that they will have them available for the next holiday where the patriotic theme is used. Mr. Drum felt that November 11, Veterans Day, should be the target for the use of these banners.

C. Security Update

A resume has been obtained from a gentleman who is currently working for another company, and they will be doing a background check on him before he is interviewed. If his background check meets with staff approval, he could be hired within a month, and he would then help interview for the second position. Mr. Bryant is taking a final look at the policies for this program, and once they are approved by the Board, the program should be up and running effective October the first.

There will be no changes at all in the special duty Sheriff's Department patrol, and this new program will be in addition to that, and has been budgeted for accordingly.

D. Freedom Horses

Stock's engineer provided a copy of the plans and schematics for the new Freedom Horses memorial, and the installation will not affect the landscaping presently in place, nor will it require the reconfiguration of the roundabout where it will be located. Mr. Dorrill expressed only one concern, that being that people will tend to pull over to the side of the road to take pictures of this new monument, and Stock's engineer will be asked to consider this issue which may become a problem in the future.

The Board members briefly discussed the possibility of Stock's Plaza being used as a parking area for that use.

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E. Mr. Drum's Participation in September Meeting

On a MOTION by Mr. Ousley and a second by Mr. Fisher, the Board unanimously approved Mr. Drum's participation via speakerphone at the September meeting due to unusual circumstances.

Mr. Dorrill noted that Mr. Fisher may also be unable to attend the meeting, but if three Board members are physically present, that will constitute a quorum.

In the event Mr. Fisher is unable to attend physically, on a MOTION by Mr. Ousley and a second by Mr. Lee, the Board unanimously approved his participation via speakerphone as well at the September meeting due to unusual circumstances.

F. Insurance on Horses

As the Freedom Horses have been in storage and will soon be installed, it was determined that they are currently insured for \$200,000 apiece, and once a bill of sale is received for the hardscape and landscape that will be installed, that amount will be adjusted. After a brief discussion, Mr. Bryant was asked to confirm ownership of the property where the horses will be placed.

Before the horses are moved from storage and installed, the Board will make sure that the District has an effective property interest in the monument.

G. Signature Club Entrance

This new entrance to this Club has not yet been paved, and the dirt pouring into the drain is a problem. Mr. Bryant indicated that after he had been advised by Mr. Campkin of the problem, he dictated a letter that is being sent to Stock's attorney about this issue with a request to have it fixed.

ADJOURNMENT

There being no public comment received, it was noted that the next meeting would be held on September 21. **On a MOTION by Mr. Ousley and a second by Mr. Fisher the meeting was then adjourned.**