

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
REGULAR MEETING OF THE BOARD OF SUPERVISORS
OCTOBER 18, 2017**

The regular meeting of the Lely Community Development District Board of Directors was held on Wednesday, October 18, 2017 at 1:30 p.m. at the LCDD Maintenance Building.

SUPERVISORS PRESENT: William Lee, Chairman
Robert Fisher, Vice-Chairman (Via Speakerphone)
Harold Ousley, Treasurer
Kenneth Drum, Secretary
Gerry Campkin, Supervisor

ALSO PRESENT: W. Neil Dorrill, Dorrill Management Group, Manager
Assistant Secretary/Treasurer
Kevin Carter, Dorrill Management Group
Freddy Bowers, Operations Manager
Terry Cole, District Engineer

PUBLIC COMMENT

*** Tape began here, inaudible section. Mr. Carter indicated that they had begun the mowing, fertilizing and weed eating. In response to the question if any other work was being taken over from the Master HOA, Mr. Dorrill noted that there was one other item under discussion, that being the mowing of the area of Bermuda grass at the entrance off of Collier Boulevard. The HOA had been paying the golf course to do this work, and have asked the CDD to assume this work as well. It is a minor issue, and the value of the work the CDD has assumed and will be paid for by the Master Association is approximately \$29,000 a month.

(Inaudible question)

A resident of Lakoya asked if the maintenance being taken over by the CD will go past the Lakoya entrance, and was advised that this new work would, all the way to the four way stop. The total work associated with new landscaping is being reimbursed directly by the Master HOA and is not part of an assessment. A decrease from the Master to those residents should be expected going forward.

(Inaudible remarks by Mr. Lee.)

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A resident of Legacy asked if an announcement of the meeting and the agenda is sent out every month to the presidents of the various HOAs, and Mr. Dorrill advised him that it is not, but by law they are both advertised in the news paper and posted on the public website. He added that the attendance today was average, with as little as 12 and as many as 20 at the meetings. Apparently the residents at Legacy were unaware of the meetings.

(inaudible portion.)

Mr. Dorrill added that the Board has been resident controlled for the better part of 15 years, and the majority of people who own property or live in Lely are interested in what goes on. Frank ***Pelicki felt that there was a lack of information in this regard, and that the role of the LCDD in communicating vital information to their constituency regarding water and sewer and other vital information was important and should be on the website. For example, many people at Lely did not know that there was a mandatory evacuation during the storm, and he asked that the District take a look at the important information that must get to the residents when a catastrophic event occurs.

Annette ***Tinkerman of Lely Island Estates wondered if there was any way for the Board to communicate information about upcoming County meetings with the residents. Some of these are related to the US 41 Corridor that will affect everyone, and she noted that very few Lely residents appear to attend these meetings or even know about them, and this would be good community outreach from the Board. Mr. Dorrill advised that the County has an elaborate public information office that will send out notices by first class mail to property owners within a mile or half a mile of any road related improvement in advance of these meetings.

Mr. Dorrill added that typically CDDs do not have the power or duties of emergency management or planning and public information. There have been occasions where the Master HOA Presidents Counsel addresses have been used, and typically that is helpful, but the names and not routinely updated by the Master HOA. Additionally, he did not feel that they were the best source for emergency management or public information, just in terms of resources.

(Inaudible section.)

Mr. Drum noted that the CDD sends out a newsletter every quarter that has all this information, and people don't seem to read it. He was not sure how to address the problem, and Mr. Dorrill added that accurate information was important, and suggested that a blast email could be sent out under certain circumstances through the Master HOA, which has been done in other districts. He will speak to the Master Association about it.

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INVOCATION AND PLEDGE OF ALLEGIANCE

The Invocation was offered by Mr. Dorrill, and the Pledge of Allegiance was recited in unison.

A break was then taken in the proceedings to introduce two members of the US Coast Guard who had presented the Capitol Flag to Lely and raised it during the National Anthem.

Petty Officer ***Shelder and Seaman Walker introduced themselves to the Board, and gave a little bit of their background.

Mr. Dorrill thanked them on behalf of the 7,000 residents of Lely for their service to the country and for coming to Naples to be part of the dedication ceremony.

ROLL CALL/APPROVAL OF AGENDA

All Board members were in attendance with the exception of Mr. Fisher who participated via speakerphone.

Items 4G, Engineer's Report on Lake Banks; 7A, Request for Update on Aerators; and 7B, Debris Dumping, were added to the agenda.

On a MOTION by Mr. Ousley and a second by Mr. Campkin, the Agenda was unanimously approved as amended, and Mr. Fisher's participation via speakerphone was approved by the Board.

APPROVAL OF MINIUTES OF SEPTEMBER, 2017 MEETING

On Page 1, the starred name under Public Comment was Mr. Kay.

On a MOTION by Mr. Ousley and a second by Mr. Campkin, the September meeting minutes were then unanimously approved by the Board.

MANGER'S REPORT

G. Engineer's Report/Lake Bank Restoration

This item was addressed first as a courtesy to Mr. Cole.

A report was previously prepared as to lake ownership, and the Board has been working with the Master HOA as they will be doing a project later in the fiscal year.

Mr. Cole updated the Board on the summary of lake ownership, noting that the total costs for this project will be about \$700,000, half of which are CDD lakes. Lake 4 in Tiger Island Estates needs the most attention, with about 4,300 feet of lank bank that needs to be repaired. The Geotube installation will be done by Lake Shore Restoration, and the work will begin very shortly. The costs will be about \$90,000.

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Mr. Cole also noted that there may be some trees down that caused some damage to the lakes within the District, and they will be checking on that as those repairs, if any, should be done as soon as possible.

Other lakes needing attention include Lake 38, with 1,550 feet of repair required, and Lake 35 with 1,050 feet. There are about 20 lakes that will require some type of repair in Lely.

Mr. Drum noted that Pinnacle Cove had two Banyan trees that were almost in the water, and there is no way that their HOA can pay to have those trees taken down. He asked if Mr. Cole had seen them and if anything could be done about it. He was advised that the lake was owned by the Master Association, and Mr. Dorrill indicated that he would make a note of that and relay this information.

Mr. Cole explained how the Geotubes work, how the ten foot diameter tubes are filled with fine sand from the lake bottom, and used as permanent bags. If there is a drop of more than nine inches on a lake bank, that is considered by the Water Management District as an area that needs repair. If there is an area greater than 12 inches, those were previously identified in a study for the CDD. The permanent bags are installed in these areas, and then what they call sacrifice bags are filled, cut open on a four to one slope so the sand from the bag can maximize that slope, which will then be sodded. This is a permanent fix which has been very successful in many districts.

In response to a question regarding how lake ownership between the CDD and the HOA is determined, Mr. Cole explained that when an area is developed, a lake can be dedicated to the Master or in the case of the older lakes, they were dedicated via the plat or deed to the District. It is a legal matter, and occasionally there are maintenance agreements between entities as well.

Mr. Cole was thanked for his appearance and will continue to keep the Board updated on lake bank issues.

Mr. Ousley asked the president of Pinnacle Cove about a lot in that neighborhood that the HOA owns and what they planned to do with it, as it holds water and needs to be filled. This gentleman indicated that it belonged to Mr. Boff, who had just recently cleaned it up, but that it was not part of their HOA. Mr. Dorrill indicated that he would take a look at it before he left, and added that from time to time they had gotten involved with Code Enforcement regarding this lot.

A. September Community Safety and Patrol Summary

There were a total of 44 incidents reported in September, of which 16 involved the Sheriff's

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Department. These stops included no headlights, no tag lights, no valid registration, running stop signs, and reckless driving, where six citations were issued. There were no criminal arrests or citations.

There were 28 Community Patrol incidents that resulted in reports being documented, including post hurricane snakes, property damage, loitering, trespass associated with fishing and assistance for the Fire Department and EMS. A letter was received from a resident who asked Mr. Dorrill to read it to the Board. It complimented Mr. Bower on responding to a request for ice in order to keep some needed medication cool on a daily basis until power was restored after the storm. Mr. Dorrill added that many calls that were received from residents regarding the work of the Community Patrol during the week following the storm.

B. Employee Health Insurance Renewal

This renewal for fiscal 2018 employee health insurance will occur on November 1. While there are some viable options for the Board to consider, there is a large increase in the premium of 11.9 percent, translating into an extra \$819 a month. There are 14 eligible employees currently in the plan, with two additional men being hired as a result of the CDD assuming responsibility for all of the streetscape and median maintenance for the community, which was budgeted for. Alternatively, a separate plan proposal was received for less money but having substantial negative impacts to the various benefits, with increases in co-pays and drug benefits. Two other proposals were received that were unacceptable as well.

While only a 5 percent increase was budgeted, the 11.9 percent will cause an over budget amount of \$300 a month. Mr. Dorrill felt that while the increase was more than expected, for a work force of the caliber that Lely has makes it worthwhile. While the District has been with Blue Cross for ten years, every year staff does get separate proposals from other carriers, but the present plan is grandfathered from several years ago and is a good plan, which includes a wellness benefit that pays 100 percent of annual physicals.

Mr. Dorrill is evaluating a new plan called *** TeleDoc, which will interface with a patient via smart phone for \$40 a month. The benefit will extend to the spouse and dependent children for no additional cost. Mr. Dorrill will be getting more information on this plan and will speak more about it at a later time.

Mr. Drum felt that Mr. Dorrill should go ahead with the increased Blue Cross plan, as did Mr. Ousley, given the dedication and hard work of these employees. Mr. Lee added that the additional interest income from the bank change will help offset the increase.

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The premium for the current plan combined is \$7,644, at \$484 monthly, which Mr. Dorrill felt was a very good plan. Insurance is not offered to spouses or dependents, and the increase will be to \$540 in 2018 with no change in benefits.

On a MOTION by Mr. Ousley and a second by Mr. Campkin, the Board unanimously approved renewing employee health insurance with Blue Cross with the increase of 11.9 percent.

C. Chemical/Fertilizer/Mulch Bids

This is another year ending, routine item which is done jointly with Mr. Carter's counterpart at Pelican Marsh. Overall the prices have come down as many of the chemicals are tied to petroleum. Bids were received from five different companies, and the lowest and most responsive bid in each category was circled for the Board on the bid sheets. Overall there is a net decrease in costs for the various chemicals and fertilizers, and the cost of pine straw and mulch has not changed.

On a MOTION by Drum and a second by Mr. Ousley, the bi-annual bid was awarded to the lowest and most responsive bidders as depicted on the bid sheet by a unanimous vote of the Board.

For the benefit of those people who could not see the bid sheets, Mr. Campkin pointed out that there were three and a half pages of chemicals listed. Mr. Dorrill indicated that the Round Up is bought 30 concentrated gallons at a time, at \$324.

D. Hurricane Irma Recovery Update

As Mr. Dorrill anticipated early that the County's FEMA contractor for debris removal would be overloaded, and this is the case, staff made the decision to use their own resources to pick up the material from the public road right-of-way, the streetscape and the sidewalk, and move it to a staging area for pickup by the County's contractors.

Mr. Dorrill has not yet received confirmation from the County that they will pick up the debris, so Mr. Carter is working with him to develop an alternative plan to rent a big grinder and convert the debris to mulch, which can be used in some of the perimeter landscape buffers.

They are eligible to be reimbursed by FEMA, and if necessary Mr. Dorrill will work with Commissioner Fiala as well as the North Naples Commissioner where he has some planned communities in hopes that the County will come in and haul the debris away.

While FEMA can be difficult to work with, historically Lely has been able to get 85 to 90 cents on the dollar on eligible costs, primarily connected with debris removal and a certain portion of the initial in house labor required to pick up and move debris.

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During the month of October a heavy contractor was brought in to assist in the debris removal, Weery Trucking, who moved the debris to the staging area. The first invoice for September was received for \$38,000, which is quite a bit of money, but not nearly as bad as some of the other districts in the area. Most of the Queen Palms were lost, but it was intended ultimately to get rid of those trees in any event.

Mr. Dorrill will continue to keep the Board advised, and his senior accountant will be conference calling with a state emergency management liaison to make sure that the various forms and documentations are in place in order to get reimbursed as soon as possible.

Mr. Campkin noted that there are three piles at the dumping site across from Stock Plaza, one of which belongs to the Lely CDD, and the other two belong to Stahlman Landscaping and Crawford. He has learned that Stahlman was earning large sums of money for debris removal, advising people that this is the cost of putting it in the dump, which they are not doing, but rather dumping it at Stock Plaza. He has spoken with Mr. Stahlman, who has charged a great deal of money to Mr. Campkin's HOA for the removal, and Mr. Dorrill will be speaking with him as well in an effort to work out an agreement related to these costs.

(Inaudible section.)

Mr. Ousley asked if there was an estimate available that Lely will be claiming for FEMA reimbursement, and Mr. Carter felt that an approximate amount would be \$80,000, counting the initial road clearing and debris removal. Mr. Dorrill felt that \$100,000 may be a better number. He added that they were evaluating some insurable loss claims involving signage and street lights. They were fortunate to have had no damage to the maintenance or the pumping and irrigation facilities.

The contractor that has been working for Lely for ten years, removing horticultural debris, was invaluable in removing large trees and other debris and did an excellent job for them.

Mr. Drum noted that in his community they had a landscaper remove their debris, for which they were charged. Some residents did not want to pay the charge for cleaning up their property, so they put their debris out on the curb, on the right-of-way, and some have opted to wait until the County comes and picks it up. As there is no way of knowing when the County will get to it, Mr. Drum asked what should be done with it. Mr. Dorrill indicated that he is very reluctant to pick up private property debris with governmental resources, as he did not know whether he would get reimbursed for it.

At the very beginning Mr. Dorrill and Mr. Carter advised the Master and all the associations to have their contractor pay for debris removal so that Lely could return to normal as soon as possible. There is at least one problem community at the south end of Celeste that continues

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to dump debris in the right-of-way and streetscape after it has been removed by the CDD. It is his hope that all individual HOAs will pay extra to have their debris removed from private property, and 95 percent of the associations have done just that. Mr. Campkin advised everyone to be careful about what the contractor is charging them to do. Mr. Lee asked if photos can be taken and then offenders charged back for certain things, and Mr. Dorrill indicated that this could be done as they do have photographs. Mr. Dorrill will follow up with the offending HOA in an effort to get them to display some citizenship and clean up their area. A resident noted that Tiger Island and Lely Island Estates had County roads, and was not sure how that fit in with Mr. Dorrill's comments about debris removal, and wondered if the County would do their roads before the gated communities. Mr. Dorrill indicated that the County had not made that distinction, but have made the commitment to pick it all up. The County has not yet received an indication from FEMA as to whether they will be reimbursed for the private, gated community debris.

(Inaudible question regarding the chipper.) Mr. Dorrill explained that the company that they use have large machines called tub grinders which are big, diesel powered mulchers. If it becomes necessary to use them, Mr. Dorrill indicated that he would make it available to the community, but would need to be separately compensated as they charge by the engine hour and the number of operators. Sales tax may also be required. Stahlman and Crawford could avail themselves of it as well, and Mr. Dorrill added that Mr. Stock's gesture in letting those five acres be used for dumping was much appreciated.

A resident asked if there was any idea yet what an assessment may be to replace landscaping and other plantings once all the debris removal and reimbursements have taken place. Mr. Dorrill indicated that he has been asked this question once already, and noted that to a certain extent he and Mr. Carter were still finding their way through this recovery period, and did not anticipate having a plan until January.

(Another question and discussion related to new landscaping was almost all inaudible.)

E. LCDD Attorney Update

Four firms have been prequalified, but the chairman did not want to make any decisions until Mr. Fisher returns to Naples. At the earliest it will be at the November meeting, or a workshop may be held in December to meet the representative of the four final firms, where a presentation will be made by them as to their firm's qualifications. At this point the Board members can ask questions as well.

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F. Water/Wastewater Rules

The rate increase next year for irrigation water for Lely as a major wholesale customer is 2.9 percent, which is good news as it has been much higher in the past.

FINANCIALS

As the year end approaches, the 11th month financials were presented to the Board.

At the end of August the CDD had \$1,923,000 in cash, and in any given month about \$200,000 is spent on operating expenses. That will put the District in the area of \$1,650,000 to \$1,700,000 at year's end.

Contingency related cash was shown in the reserves, which can be used for debris removal and restoration. That will become one of the factors going forward as the Board looks at re-landscaping.

There was \$113,000 noted in payables, the majority of which was an estimate of final billings in the estate of David Bryant. Mr. Bryant generally lagged in his billings to the LCDD, and it remains to be seen as to whether a bill will be received for the work done over the past year. Money is being reserved for it, however, and is being shown on the balance sheet as a potential liability.

The income statement showed \$1,948,000 having been received year-to-date over 11 months in assessments, which is a gross number. An amount for discounts taken was budgeted this year for \$63,000, and the actual number was \$68,900. Mr. Dorrill felt that this was good historical forecasting for a \$3,000,000 budget.

On the expense side, engineering fees were significantly over budget, a function of the difficulty in determining lake and lake bank ownership, with surveys and severity of erosion. They will finish the year about \$23,000 over budget. Every cost center, however, in the entire budget is under budget, with \$115,000 under budget on the landscaping and field management side. Mr. Carter was complimented on the excellent job he has been doing in watching costs.

On the expense side, year-to-date the CDD is roughly \$150,000 below budget. Additionally, the interest earnings this year were well over what was budgeted at approximately \$18,000 at year's end. That alone will pay for the \$300 differential with the cost in the employee group health insurance. Mr. Dorrill noted that all in all the District remains in a very strong fiscal position, with excellent reserve capabilities.

Mr., Drum asked if they had set up a reserve for the costs the engineer indicated for this year, and Mr. Dorrill indicated that they did, and this year \$150,000 was deposited in it. and that the capital reserve was very strong. Mr. Dorrill added that as it relates to the lake bank restoration,

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they will spend public money on lakes that are owned by the public. The Master HOA will have to step up and do the others on their own. In response to Mr. Drum's question, if half of the CDD lakes were done this year, it would cost about \$350,000. Mr. Dorrill added that they have the resources to do the lakes that the Board chooses, based on their severity. The additional funds would come out of the capital reserve fund that has been segregated for these types of capital projects.

On a MOTION by Mr. Campkin and a second by Mr. Drum, the Financials were then unanimously accepted by the Board.

SUPERVISORS' REQUESTS

A. Portrait of Mr. Bryant

Mr. Ousley commented on the picture, noting that it was very well done, and once again stated that Mr. Bryant was a very good attorney and did quite a bit for the Lely CDD Board.

B. Update on Aerators

Mr. Lee asked why the aerators in the lakes, which are not part of the irrigation system, were being maintained by the CDD, and was advised by Mr. Dorrill that the aerators help control algae and also stir the water column and force some oxygen into the water.

PUBLIC COMMENT

A resident indicated that he had driven through many areas after the storm, and noted that given the extent of the damage at Lely, staff has done an excellent job in moving forward with cleaning up and doing damage repairs.

Mr. Lee added that just before the storm hit, at Mr. Dorrill's suggestion they agreed to offer their employees a \$200 bonus for showing up on Monday after the storm to begin cleanup, and out of the 15 employees, 13 showed up. The other two came as soon as they got back into town. These men were fed lunch every day as well, and Mr. Dorrill commented on the dedication of the employees. (Mr. Lee's comments were hard to hear.)

A resident indicated that both the Sheriff's Department and Commissioner Fiala have information websites that she got a great amount of information from as she was not in town during the hurricane. She suggested that the information is available when people take the initiative to look for it.

Another resident noted that it appeared that they had a fair amount of cash reserves, and

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wondered if there was going to be a special assessment for storm recovery, or what the plan was going to be. Mr. Dorrill indicated that there were two reserves that were alluded to earlier in the meeting, which are the capital reserves. The Board could, and probably will spend some money out of that for landscaping renovations or replacements. In addition, there is roughly \$650,000 in a contingency cash flow reserve. The CDD fiscal year begins on October 1, and the first distribution from the tax collector will be received sometime around Thanksgiving, and the cash flow reserve will help as a beginning fund balance before that distribution is received. Mr. Dorrill added that at this time there is absolutely no special assessment being contemplated. They hope to be reimbursed from FEMA, and there is a small insurable loss that they are filing a claim for.

A resident asked what the break down was on the assessment collected, (Inaudible portion) and Mr. Dorrill advised that they charge a flat rate assessment that is \$742.47, and everyone pays the same amount. This accounts for about two-thirds of the budget. The other funds come from a cost sharing agreement with the Master to provide services to the areas of the community that are outside of the District boundaries.

Another resident asked about a potential conflict that one of the law firms which may replace Mr. Bryant had, and Mr. Dorrill advised her that they were aware of that and the concern was raised by Mr. Drum two months previously. In response to Mr. Ousley's question, Mr. Dorrill indicated that the going rate for attorneys for this type of work was \$200 an hour.

ADJOURNMENT

On a MOTION by Mr. Drum and a second by Mr. Ousley the meeting was adjourned at 3:00 p.m.