

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
REGULAR MEETING OF THE BOARD OF SUPERVISORS
June 20, 2018**

The regular meeting of the Lely Community Development District Board of Directors was held on Wednesday, June 20, 2018 at 1:40 p.m. at the LCDD Maintenance Building.

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

ALSO PRESENT: Neil Dorrill, Dorrill Management Group, Assistant Secretary
Kevin Carter, Dorrill Management Group
Tony Pires, District Counsel
Freddy Bowers, Operations Manager

INVOCATION/PLEDGE OF ALLEGIANCE

Mr. Dorrill offered an invocation, and the Pledge of Allegiance was recited in unison by the Board.

PUBLIC COMMENT

No public comment was received at this time.

ROLL CALL

Mr. Campkin was noted to be out of the country, but the other Board members were in attendance, which constituted a quorum.

APPROVAL OF AGENDA

With the addition of items 7A, After Hurricane Discussion; 7B, Landscape Replacement Status, and 7C, Sheriff's Department, **the Agenda was unanimously approved as amended on a MOTION by Mr. Ousley and a second by Mr. Drum.**

Lely Community Development District – Minutes

June 20, 2018

Page 2

APPROVAL OF MAY, 2018 WORKSHOP AND MEETING MINUTES

Under the Workshop Minutes, in the last line of the second paragraph, \$536.000 should read \$536,000.

On Page 5, in the 4th line of the first paragraph, the word "separate" should be inserted before the word "special". The word "all" following that should be stricken.

The Workshop Minutes were then unanimously approved as amended on a MOTION by Mr. Ousley and a second by Mr. Drum.

Under the Regular Meeting Minutes, Public Comment on Page 10, the starred name should be changed to read "a resident". On Page 11, the starred speaker should be changed to read "a resident".

The Regular Minutes were then unanimously approved as amended on a MOTION by Mr. Ousley and a second by Mr. Drum.

MANAGER'S REPORT

A. May Community Patrol

Mr. Dorrill noted once more for the record that as a result of the shootings that have occurred in schools, all the special or off duty sheriff contract patrols have been suspended. Mr. Dorrill asked if any update had been received from the Sheriff's Office now that school is out for the summer, and Mr. Bowers indicated the special patrols have returned but he is not receiving a breakdown from them on what action they have taken. Mr. Dorrill will ask Dee in the office to coordinate with the Sheriff's Office and ask them to submit their activity reports to staff in the future.

As it relates to the in house community patrol, there were 62 incidents that occurred during the month of May, including some increased alligator activity, 14 no trespassing and fishing related incidents, 12 of which were nonresidents. There were also 12 different security gate issues, which Mr. Dorrill felt were largely due to the storms and heavy rains that have been occurring. Five traffic related assists also took place, and Mr. Dorrill indicated that this was an extremely busy month for in house patrol.

B. Second Quarter CSA Payment

The second quarter CSA payment had been received in the amount of \$263,000, and Mr. Dorrill indicated that he will speak again about this during the Financials presentation.

Lely Community Development District – Minutes

June 20, 2018

Page 3

C. Office Door Proposal

A proposal has been received to install a door directly from the meeting room at the maintenance building into the garage area in the amount of \$2,350 which includes the door and hardware, drywall repair, and permits. They included a separate invoice for painting of \$400. This meets the fire rating requirements, and is a commercial grade door.

On a MOTION by Mr. Ousley and a second by Mr. Drum, the Board unanimously approved going forward with the installation of the new door in the maintenance building.

Mr. Lee asked if it might be possible to have a mail slot in the door, and Mr. Dorrill indicated that it may be something to check the code requirements on, but a small mailbox could be put outside the door. Mr. Carter will check into this.

D. Master HOA Land Inventory

Mr. Dorrill referred to the inventory Mr. Gelder had compiled and provided to them, an inventory of surplus property parcels. The request was made by Mr. Drum that this document be sent to all of the affected homeowner associations or condominium presidents. As this process moves forward, all those residents with an interest in a parcel that may be adjoining their property can be advised.

The Master appears to be willing to convey their interest in any of these surplus properties, and will work through the District to get that done. In response to Mr. Drum's question about ownership of these parcels, Mr. Dorrill indicated that he was under the assumption that the listed parcels are controlled by the Master HOA.

Mr. Pires indicated that in quickly going through the list, it appears that there are several old Lely affiliates listed, and they are all Lely Development Corporation parcels.

Mr. Drum noted that there is a piece of property which is considered a preserve that is next to 9000 Lely Island Circle and the cart path. This is the property his HOA is interested in, and he felt that other HOAs may be interested in property not on this list. Mr. Drum asked who they should refer any questions from HOAs to, or if the District will act as a clearing house on these. Mr. Dorrill noted that this is the question for the Board. If there are additional parcels that are under Stock Development's control through the Master HOA that can be conveyed, then a separate accounting will have to be provided of that.

There is a parcel owned by Mr. Boff that is a swale and fills with water after a rain, and most people would not be interested in acquiring it. Code Enforcement has been contacted, and they asked to be advised the next time it fills up with water and they will come out and look at it, as the draining issues will have to be addressed on this piece.

Lely Community Development District - Minutes

June 20, 2018

Page 4

Mr. Drum asked what liability the District would have if they took over these types of parcels, and Mr. Dorrill noted that they would assume any liabilities in the future of exotics. When asked about taxes attached to these parcels, Mr. Pires advised that typically the property appraiser would give a nominal value to them which would result in taxes of less than \$5.00 a year, if at all. They do not send a tax bill on these.

(Inaudible question from a resident.)

Mr. Ousley asked if pictures could be taken of the flooded area they were discussing as proof of the problem for Code Enforcement, and Mr. Carter indicated that he would be happy to take those pictures.

The Board members discussed these properties and what it would take to maintain them, realizing that nothing could be done with them, especially those that are deemed to be preserves. Mr. Pires added that provided the District has the requisite easements it needs over these parcels, he was not sure what benefit would accrue to the District in acquiring them. The only additional benefit would be the trespassing issue, and no one could be allowed on that property if the District owned it.

Another approach that has been done by developers would be to create a shell corporation that would own the strips of land. Some of them then let it go to the tax resale as they don't care about them, and then these parcels would have no relationship to Lely.

Another thing that is done by developers is the common area is given to a property owners' association, and then if the property owners all resign from the association, including the registered agents, that would result in its dissolution.

Mr. Drum indicated that he liked the idea of being able to offer these different parcels to the homeowner groups that are interested in them, but he was not comfortable in making any decisions until they have the entire list of all the properties in front of them so they could make informed decisions on them.

Mrs. Bularzik noted that Mr. Gelder had indicated at the last meeting that the Master had 20 properties under their jurisdiction; Mr. Boff had 32 properties, which brought it to 52 properties. (Inaudible Portion.)

The more complete listing of properties will be provided to Mr. Pires and Mr. Cole if they are going to attempt to merge these two inventories, after which it will be easier to determine who may want some of these parcels. Mr. Pires suggested that due diligence be done on each one of the properties as to their condition, to include an affidavit of compliance with all codes, permits and development orders. The title policy can also be obtained to see if there are any encumbrances or liens on the properties. Additionally, the burden should be put on the owners

Lely Community Development District – Minutes

June 20, 2018

Page 5

of the properties to do that search.

Mr. Dorrill advised that they will continue to pursue this, and to get the two different schedules that are out there merged. This background work will take some time, but Mr. Dorrill hoped to have more information for the Board sometime at the end of the summer or early fall.

Additionally, Stock has indicated that they are hopeful about turning the Master over in 2019.

Mr. Lee added that it was important that the preserve parcels were cleaned up as much as possible considering that some of them could be a fire hazard. That should be done before the Board considers taking any of them over.

Mr. Pires reminded the Board that South Florida Water Management had the ability to impose fines on someone if there is permit noncompliance. Mr. Drum felt that there were several areas where there was noncompliance, for instance, several places on the golf course that were designated as preserve, There were Red Cockaded Woodpeckers in there, but the woodpeckers had abandoned the preserve as it was not maintained properly. With some of the properties there are problems that may be 20 or 30 years old, and he did not want to see the District get into legal fees and problems.

Mr. Pires indicated that his perspective is that to the extent that the CDD is not the permit holder, and to the extent that this property is still owned by Lely Development or one of its iterations and the permittee on the South Florida Water Management permit, then they are the entity responsible for permit compliance, exotic removal, mitigation and monitoring. He added that if they have the application to South Florida Water Management District for the permits that will show who the current permittee is and who the ultimate operating entity is. The original permittee is traditionally the developer, and once the compliance checklist is finished, there is a transfer to the ultimate operating entity.

Mr. Dorrill suggested that Mr. Cole or his assistant may have this information, as they had done a bit of advance work on this previously. Mr. Pires added that once they have that information, staff can come back to the Board and have it contact South Florida Water Management to get them to begin to enforce getting those areas cleaned up.

ATTORNEY'S REPORT

A. Estate of Mr. Bryant

The Board had previously discussed the issue of Mr. Bryant's estate and whether there was any money owed to him by the District. Any claim against the District from the estate must be made within four years or five years, depending on the circumstances. There has been no written retainer agreement found.

Lely Community Development District – Minutes

June 20, 2018

Page 6

Mr. Pires suggested to the Board that he could contact the personal representative of the estate and advise him or her that they have not heard anything from the estate, and they wondered if they could reach an agreement on a number they owed as they did not want to continue to carry this amount on the books. Mr. Lee felt that this would be a good idea, and Mr. Pires and Mr. Dorrill will talk about what a good starting number would be and wait to hear from them as to what they think a good number would be, at which point they will bring the information back to the Board.

Mr. Drum felt that they could work forward from the last payment made and reach a reasonable number, and Mr. Pires felt that he and Mr. Dorrill could come up with that number. Mr. Pires will keep the Board advised.

FINANCIALS

These financial statements were through the end of April, or the seventh month, at which point there was \$2,832,000 against a small payable of \$64.23.

The income statement showed the second quarter CSA payment of \$263,000 was received in April, and the third quarter payment was received as well. The year-to-date actual numbers are now \$758,000 through May, which will be depicted on the financial statement next month. Mr. Dorrill's forecast for the end of the year is \$1,021,427, which is almost \$96,000 over the original budget for CSA revenues.

The expense side of the income statement showed year-to-date Mr. Carter's personnel wages are under budget, due to a couple of vacancies. There was a small increase in overtime, at \$3,000 over budget year-to-date, but overall personnel was \$43,000 under budget.

Plant replacement was over budget due to the hurricane activity, and water management was substantially under budget on chemicals as there were very few problems with algae, but that will increase during the summer months.

Contractual services were also under budget under access control by \$7,000 due to no sheriff's deputies being on duty during the last part of the school year.

The total operating budget year-to-date was about \$1,300,000 against a year-to-date budget of \$1,500,000. The overall fiscal picture for Lely is very good at this point.

Mr. Drum asked about increasing wages to keep the landscaping staff at Lely, and Mr. Carter advised that a case could be made for that if they hire the right people. When most of these men start it is at \$10.50 an hour, and those are the ones who stay less than a year. The landscaping staff that are here longer and making a good wage are very well trained and are actively recruited by other landscaping companies who come in to Lely.

Lely Community Development District

June 20, 2018

Page 7

Mr. Dorrill added that in May they had made a couple of market rate adjustments to keep three of the staff with Lely, and they are now close to \$14 an hour. These men have been at Lely for over a year and are very good workers.

Mr. Drum suggested that as they spend a great deal of money training staff and then they lose some of them, perhaps they should pay an hourly wage above the going rate to keep them.

Mr. Dorrill noted that the County has done an annual salary survey, and he can get some statistics from them as to what the median salaries are for these grounds keepers, spray techs and crew leaders. He added that they may want to look at these for access control officers as well, as there is a lot of competition now with the two big contractors, C4 and Securitas, along with a startup company, Allied. Although a cost of living increase is in the budget, Mr. Dorrill felt it would be smart to make sure that they are not out of sync with the market.

Mr. Lee pointed out that they have insurance for these workers, and they receive a bonus at the end of the year as well.

Mr. Drum asked if the staff coming in is vetted, and Mr. Carter indicated that they get to know the people they hire very well, during interviews and while they are at Lely. Mr. Dorrill added that 95 percent of them are referrals from one of their existing crew leaders, and Juan **Resendez should be given most of the credit for getting the qualified people to come and work at the District, and Mr. Carter agreed. There is some money in the current budget to increase wages if the Board decides to do so, and Mr. Carter did not feel that there was a shortage of manpower; more importantly, it was keeping the staff they have and not having to do the retraining. Mr. Dorrill will check with the County and bring the information back to the Board.

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

SUPERVISORS' REQUESTS

A. Hurricane

Mr. Lee asked if the Board should approve a bonus now for those staff members who show up for the next scheduled day of work after a hurricane. Last year they received a cash bonus of \$200, and it would be helpful to have it preapproved. Mr. Lee also asked that a certain amount of gasoline should be allotted to them daily to go back and forth to work, and Mr. Dorrill indicated that last year it was one to two gallons a day depending on where they lived. Additionally, money should be allocated to feed the employees and their families so that they

Lely Community Development District – Minutes

June 20, 2018

Page 8

are all taken care of, and sufficient pallets of water should be kept on hand. All of these items would be in the event of a declared state of emergency or hurricane warning.

On a MOTION by Mr. Lee and a second by Mr. Drum, the Board unanimously approved the bonus and all of the other items listed above for staff.

On a MOTION by Mr. Lee and a second by Mr. Drum, the Board unanimously approved putting Weery and Bobcat on contract retainer to be the first responder at Lely immediately following a storm. If there is no storm activity, the retainer amount will be applied to their first regular bill in the fall.

Mr. Drum asked if they had cash available for overtime pay and extra security presence after a hurricane to prevent looting by unauthorized entry of individuals, as there were some problems with this during Hurricane Wilma several years ago. Mr. Dorrill suggested that they would need to talk to the access control manager to see what was done during Irma, and Mr. Bowers indicated that they did double on security staff after the storm.

Mr. Dorrill indicated that their current insurance does not allow those employees to be armed, but he did have some side conversations with the three security directors, and if the worst happened and there was lawlessness occurring, that they needed to do whatever was appropriate for their personal safety. Currently, however, the employees are not licensed or armed, and they observe and report. Additionally, the National Guard was called out after Irma, and there was upwards of 500 National Guardsmen in Southwest Florida. There were also police and deputies from as far away as the middle of the state that were called on to help patrol the area during recovery.

Mr. Drum asked if the use of stickers on cars to identify residents who could come and go from Lely would be useful, but with apartment complexes and the fact that it is a public road used by many people to go to Publix, it probably would not be feasible.

Mr. Ousley clarified that Mr. Bowers and his security staff would also be entitled to extra gas and the other amenities, and the Board agreed.

B. Sheriff's Department

Mr. Lee asked that the Sheriff's Department be contacted about their work at Lely during the summer, and what the Board wishes to do when the school year starts. If the deputies will be back at the schools providing protection, other arrangements will have to be made for Lely.

C. Update on Landscaping

The landscape architect was at Lely the previous week and is working on a proposal for them.

Lely Community Development District – Minutes

June 20, 2018

Page 9

Mrs. Goetz indicated that she would have the proposal to them as soon as possible. Mr. Dorrill noted that they will try and get her tied down to a date on this work. He wants the Board to look at her plans conceptually before any decisions are made, and he will get a schedule from her on this project.

D. Administrative Rules

Mr. Pires, Mr. Carter and Mr. Dorrill met the previous week to develop a draft for the set of rules the Board is contemplating putting in place, and when the annual workshop schedule is approved, they will include one for September for this purpose, as the Transportation Department was rescheduled for October.

The Supervisor of Elections will do a workshop in July, and the Public Hearing on the budget will be in August.

PUBLIC COMMENTS

Al ***Feroch from Legacy indicated that he supports the discussion about salaries and wages for staff, but he suggested that they do not want to get into a wage war with some of these large entities, as the prices for this work will be passed on to the individual HOAs as well. Mr. Lee thanked him for his comments.

ADJOURNMENT

The next meeting will be held on July 18th.

On a MOTION and a second, the meeting was then adjourned at 2:40 p.m. on a MOTION by Mr. Drum and a second by Mr. Ousley