

1 **LELY COMMUNITY DEVELOPMENT DISTRICT**
2 **NAPLES, FLORIDA**
3 **REGULAR MEETING OF THE BOARD OF SUPERVISORS**
4 **APRIL 17, 2019**
5

6 The regular meeting of the Lely Community Development District Board of Directors was held
7 on Wednesday, April 17, 2019 at 1:35 p.m. at the LCDD Maintenance Building, Naples, Florida.

8
9 **SUPERVISORS PRESENT:**

Gerry Campkin, Chairman
William Lee, Vice Chairman
Harold Ousley, Treasurer
Kenneth Drum, Secretary
Anne Marie Bularzik, Supervisor, Assistant Secretary

14 **ALSO PRESENT:**

Neil Dorrill, Dorrill Management Group, Assistant Secretary
Kevin Carter, Operations Manager
Tony Pires, District Counsel
Freddy Bowers, Director of Community Patrol
Nathan Phillips, District Auditor
Tom Hollis

21 **INVOCATION/PLEDGE OF ALLEGIANCE**

22 Mr. Dorrill offered an invocation, and the Pledge was recited in unison.

24 A. Public Comment

25 No public comment was received at this time.

27 **ROLL CALL**

28 All Board members were in attendance at the meeting.

30 **APPROVAL OF AGENDA**

31 With the addition of items 7A, Thank you to LCDD Board; 7B, Update on Master Turnover; 7C,
32 update on Parking Lot Extension; and 7D, Discussion on Reclaimed Water Transmission
33 System, **the Agenda was unanimously approved on a MOTION by Mr. Ousley and a second by**
34 **Mr. Drum.**

35 Mr. Ousley also pointed out for the record that while discussing the parking lot extension at the
36 previous meeting, he in no way meant to imply that people should be charged to park there.

4

5 **AUDIT PRESENTATION**

6 This item is being taken out of order to accommodate Mr. Phillips.

7 Mr. Phillips indicated that this audit was as of September 30, 2018, and he walked the Board
8 through it, noting that there were a few items in the audit that he hoped would go away at
9 some point, for instance, the pension fund.

10 His firm was engaged for an audit according to generally accepted auditing standards, and it
11 purports to say what happened as of the September 30 point in time.

12 Three components were highlighted, the financial and supplemental sections and other reports
13 pursuant to the Florida Statutes via the auditor general, as well as the government auditing
14 standards.

15 The opinion showed that as of the noted date the financials as presented were in accordance
16 with generally accepted accounting principles and were fairly stated. This is a clean opinion.

17 The District has fiduciary duties to have internal controls in place to mitigate errors and fraud.

18 The bank accounts followed the required depository rules pursuant to the Statutes, and that
19 the monies the District has are public funds and are set aside properly in accordance with the
20 Statutes and how the budget had been adopted for 2018.

21 A management discussion analysis was included which highlighted various components of 2018.

22 This analysis was reviewed by Dorrill Management and confirmed that it was consistent with
23 what happened during that year.

24 The statement of net position which discussed the assets and liabilities as of the September 30
25 date was also included. Cash was up by 46 percent, and the other components remained
26 consistent. Under capital assets, roughly \$10,000,000, it showed that the depreciation was
27 greater than the additions, so there was a decline of roughly \$277,000. Total assets as of
28 September 20, 2018 were approximately \$12,645,000. \$10,000,000 of that was the
29 infrastructure, the land, the building and the Freedom Horses, equipment and lakes. Liabilities
30 were \$114,000, and were consistent.

31 The net position was \$12,500,000 as of the audit date, and the net worth of the District was up
32 by \$554,000, due to expenses being less than expected along with higher revenues.

33 The government presentation of statement of activities showed where the money was spent.
34 Total expenses were 2.8 million, which is down 24 percent. Charges for services was up by 14
35 percent. The total net change for 2018 was the \$554,000.

36 Fund accounting was only for the general fund as the debt service has been paid off. The
37 general fund showed the cash position as being stronger with cash up by \$807,000. Liabilities
38 stayed the same. The assigned monies for various causes was \$482,000 going into the future.

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5 The unassigned money, which has not been set for any purpose, was \$1,900,000. This is the
6 needed, working capital.

7 The general fund snapshot showed \$3,362,000 being taken in, with total expenses of
8 \$3,568,000.

9 The accrual and fund statements were shown, and overall, with revenues combined was
10 \$831,000 to the good.

11 Most of the expenses were under budget, the exception being actual wages and benefits which
12 was higher.

13 The footnotes were consistent with the previous year, with nothing standing out. The capital
14 assets were shown as well as the things associated with them.

15 There are no long term obligations with the exception of the compensated absences, such as
16 unused sick leave.

17 Insurance remained consistent, although expense-wise they were lower as premiums were less
18 than were anticipated.

19 The reconciliation was shown, and Mr. Phillips indicated that the auditor general was arranging
20 to get together with the necessary entities and change the statements as they feel they are too
21 complicated.

22 Cash was shown, which was looked at and confirmed that they were in qualified depositories
23 pursuant to the Statutes.

24 Activity as it relates to the assets was shown, and it indicated that during the audit year
25 \$262,000 of new assets were purchased, with depreciation of \$535,000. The Freedom Horses
26 are what is called inexhaustible assets, and they are not depreciated but they are monitored
27 and maintained.

28 The employees that are there for ten years have compensated absences of \$14,000 for sick
29 leave. There is no defined pension plan.

30 The fund balance disclosure was shown, with contingency and capital reserves.

31 The CSA was shown and explained as it relates to the public services of the District and how it is
32 charged.

33 The budget to actual showed the District as being under budget as to what was anticipated,
34 most of which was in community service. No modification to the budget is required.

35 The government auditing controls document was shown and a recommendation was made with
36 regard to signatures and signoffs, which Dorrill Management is taking steps to correct. This was
37 due to staff changes and system upgrades.

38 There were no concerns attached to this.

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5 The Auditor General wants auditors to check compliance with all rules and regulations, and the
6 Statutes were followed and there were no illegal acts, fraud or abuse. There was nothing to
7 report in this regard.

8 As per the request of the Auditor General, Lely was checked and was not found to be in a state
9 of emergency, and there was nothing that needed to be brought to the Auditor General’s
10 attention.

11 Mr. Drum noted that Lely was at a watershed going forward as this year there will be no
12 available property for new construction and that affects CSA revenue. At the same time the
13 Board is trying to determine if there is any overlap between the Master HOA and the CDD. If
14 some of the responsibilities are taken over, that will raise costs.

15 In light of all of this, Mr. Drum asked if they were depositing enough money each year as their
16 storm sewer system only has 50 percent of its useful life remaining. Their reclaimed water
17 transmission system is also starting to break down, and the Board would like to avoid a new
18 bond or assessment.

19 Mr. Phillips indicated that if the CDD Board picks up some new responsibilities at turnover,
20 perhaps there would be a reimbursement arrangement. Mr. Drum noted that the HOA was
21 spending a lot of money, and they would need some money as well. Mr. Dorrill suggested that
22 they provide a copy of the current Master HOA budget to the auditors, and show Mr. Phillips
23 their most recent five year capital reserve plan and their current annual contribution into that
24 reserve, which is about \$400,000 a year. That way he can look at them before the tentative
25 budget is agreed upon.

26 Most of the original bonded assets were required to be conveyed to someone else, and the
27 CDD does not own the roadways, for example. They do have exposure on the irrigation,
28 drainage and street lights.

29 Mr. Phillips was thanked for his presentation, and **on a MOTION by Mr. Ousley and a second by**
30 **Mr. Drum, the Board unanimously accepted the 2018 audit as presented to them by Mr.**
31 **Nathan Phillips so it can be filed with the State.**

32 This motion is subject to Mr. Pires update as there is a legal claim that has been filed.

33 Mr. Dorrill then briefly explained what a Florida qualified depositor bank is and all of the
34 District’s funds are in a bank that has been prequalified by the State to ensure that all the
35 money is liquid.

36 Mr. Campkin thanked Mr. Dorrill and Mr. Carter for the excellent work they are doing in
37 keeping expenses in line for the District.

38

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5 **APPROVAL OF MARCH MONTHLY MEETING MINUTES**

6 On Page 1, Dr. Bularzik asked that her designation before her name be dropped.

7 On Page 6, Line 38, Mr. Pires' name was spelled incorrectly.

8 On Page 7, Line 20, the word "represented" should be changed to "sued".

9 On Page 11, Line 7, "Inspiron" should be changed to *******(inaudible.)

10 On Page 10, Line 37, Mr. Pires name should be removed and Mr. Carter's name inserted.

11 **With those corrections, the Minutes were unanimously approved on a MOTION by Mr. Drum**
12 **and a second by Mr. Ousley.**

13

14 **MANAGER'S REPORT**

15 B. Community Patrol

16 The March report was provided to the Board, which showed a total of 58 reports and eight
17 incidents of loitering and many trespass incidents. These included two panhandling incidents
18 on Triangle Boulevard which is a chronic, seasonal situation.

19 There were 14 nonresident trespass incidents, which again are seasonal. There was some
20 vandalism and gate issues, and one incident involving road rage with the District's patrol
21 vehicle, which was referred to the Sheriff's Department. There were several disabled vehicles
22 and non serious traffic accidents. In relative terms, this was considered a quiet month for the
23 Patrol.

24 Dr. Bularzik expressed concern about the two drivers going the wrong way on one way streets,
25 and Mr. Bowers indicated that this sometimes happens on Triangle.

26

27 C. Streetscape Proposal

28 This item relates to the fee proposal from Mrs. Goetz to take the current concept and
29 schematic drawings and prepare construction plans with the associated review of the final bid
30 phase based on the drawings, and the services during the course of the construction.

31 The total amount for the streetscapes shown was \$34,000, broken out into segments. Mr.
32 Dorrill felt that this was a very good price, and included Celeste Drive, Grand Lely Drive,
33 Wildflower Way and Lely Resort Boulevard.

34 Mr. Drum asked how they would monitor the extra charges, and Mr. Dorrill advised that the
35 proposal included reimbursables, and up to \$6,000 in overhead. The company's disclaimer
36 noted that if they were asked to attend additional meetings or site visits beyond the \$6,000,
37 their charges would then convert to an hourly rate.

38 Mr. Dorrill will confirm whether the overhead is included into the total price.

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5 Mr. Drum asked who would monitor if it goes to an hourly rate, and Mr. Dorrill suggested that
6 anything that goes beyond the allowance would have to be specifically authorized by the client.
7 It would not include meetings among themselves, and if a meeting was necessary with the
8 District, Mr. Carter would run it by Mr. Dorrill first.

9 **On a MOTION by Mr. Lee and a second by Dr. Bularzik, the Board unanimously approved an**
10 **amount not to exceed \$34,000 for the preparation of construction documents and**
11 **construction phase services during the installation of the proposed streetscape.**

12 If the estimate is higher than this amount, then it will be brought back to the Board and go
13 through a competitive process to evaluate other proposals.

14

15 D. Line of Credit, FFIB

16 Mr. Dorrill met with the bank to begin to lay the groundwork for a line of credit for the Board so
17 that some of the construction costs can be spread out for either the landscaping or street
18 lighting project up to ten years. The term sheet and application will be brought back to the
19 Board before it is filed.

20

21 E. Update on Streetlight Conversion

22 Mr. Hollis walked through the plans and process for the Board on the conversion, advising that
23 he had worked with the Board on replacing the intersection lights about two years ago, and Mr.
24 Carter had asked him to look into the rest of the system. He prepared a background drawing so
25 each of the lights could be looked at, and a spread sheet indicating that there are about 400
26 concrete poles with high pressure sodium lights.

27 He looked at replacing them and did some photoelectric studies to establish what kind of light
28 the sodium lights put out, and other studies to show what an equivalent LED fixture would be
29 on the roadway.

30 Mr. Hollis also talked to two streetlight reps who worked for different manufacturers, to get
31 some pricing. Both of their lights are LEDs, but are slightly different, and information on them
32 was provided to the Board as well. A control system that would enable the lights to be
33 monitored was also included, which would physically control when the lights would go on and
34 off. Mr. Drum asked what the useful life would be of what is presently in place, and was
35 advised that most people would say 30 years. The repair history is what drives it, and the
36 fixtures that are there are no longer made.

37 This will be a huge project, and what will be put in will probably have a 30 to 40 year life. While
38 the life of the lights won't be extended much, they will be saving on the maintenance and the

5 cost of the power. Mr. Drum asked how they would know if this was justified, and Mr. Dorrill
6 added that the majority of the lights are 20 to 25 years old. Mr. Hollis indicated that the
7 fixtures that are there don't have that much life left. The LED bulbs will need a new fixture, but
8 the poles can remain.

9 Mr. Drum asked about the extras that were mentioned, and he was advised that the
10 information provided to them gave reasons for these extras to be installed with the LED lights.
11 In response to Mr. Lee's questions, Mr. Hollis explained that putting an LED light into certain old
12 fixtures would not be efficient because of the driver that is in an older fixture. (Inaudible)

13 Mr. Drum asked if the LED light would look the same as what is there, and was advised that it
14 would not. He advised those present that there was a picture included in the information he
15 provided. (Inaudible)

16 The Board discussed the component that would advise when a street light goes out with an
17 alert.

18 Mr. Drum asked if the installation of these new lights was phased over a five year period, if
19 there would be any guarantee that in the fifth year they could get the same fixture. Mr. Hollis
20 indicated that they would be dealing with major manufacturers, so the probability would be
21 there that they could. However, technology is changing all the time.

22 Mr. Dorrill indicated in response to Mr. Campkin's question on affordability, that if the
23 landscaping is about \$300,000 and the streetlights are \$380,000, the Board could determine
24 whether they wanted to do it all at once or in phases, and how they would pay for it.
25 (Mr. Lee's comments were not audible.)

26 In response to Dr. Bularzik's question about several lights that recently went out, she was
27 advised that the common cause is the photocell, and when that fails, a whole section stops
28 working.

29 In response to a resident who described their experiences with these very expensive lights and
30 the costs of the bulbs, Mr. Hollis explained about the longer life of these bulbs and the strength
31 of the light coming from them.

32
33 **ATTORNEY'S REPORT**

34 A. Turnover Matters

35 Mr. Pires will be talking with Mr. DeBoest about the letter from that office that Dr. Bularzik got
36 a copy of related to the turnover.

37 Additionally, Mr. Pires felt that it was important to have discussions on the parcels of land and
38 lakes that the Master wished to turn over to the CDD, as they have not hear anything from

5 them as it relates to this, and the District did need to have a list of those properties. There may
6 also be properties that have not yet had the permit from the South Florida Water Management
7 District transferred to the CDD, and this would need to be done as well.

8 Apparently there are some documents on the website set up by the Turnover Committee that
9 may be helpful regarding the permits, but this website is only available to the Committee
10 members. These will be looked into as well.

11 Mr. Pires added that Mr. Cole had prepared a spreadsheet a while ago regarding the various
12 Water Management District permits and who the operating entities are intended to be. The
13 Ole permit was transferred to the Master Association back in 2015, and there would be a
14 question as to whether the District wants to take on that whole, internal system. At some point
15 in time the Master, the Developer and affiliated entities will have to make sure that any of
16 these untransferred items that the District is the proposed operating entity for, and additionally
17 are maintaining them, are in compliance and then transferred to the District. They do not want
18 to have the Water Management District send them a letter advising them that this transfer
19 must be done within a specific time frame.

20 Mr. Pires suggested that Mr. Dorrill set up a meeting with the various entities regarding the
21 permits that are going to be transferred to the District, and have Mr. Cole present as well, and
22 then return to the Board with this information.
23

24 **FINANCIALS**

25 The fifth month financials which are through the end of February showed \$3,767,000 in cash
26 against \$72,000 in payables.

27 The income statement showed \$62,000 in non ad valorem assessments were received that
28 month, which brought the District to \$2,140,000, almost 96.5 percent of the annual revenues.

29 On the expense side, computer services are substantially over budget by \$4,900 due to the
30 website conversion required by the ADA settlement agreement.

31 Wages in field management are \$28,000 under budget due to the vacancies in the early part of
32 the year. The total for that cost center was \$19,000 under budget.

33 FEMA expenses were shown, but water management was under budget, as was contractual
34 services in access control. Effluent water charges were also under budget by \$17,000 year-to-
35 date. Approaching midyear, total operating expenses were \$114,000 below budget.

36 **On a MOTION by Mr. Drum and a second by Mr. Lee, the Financials were then unanimously**
37 **accepted as presented.**
38

5 **FURTHER LEGAL QUESTION**

6 Mr. Pires was asked by Dr. Bularzik about a legal issue he mentioned, and Mr. Pires indicated
7 that a notice of claim has been filed pursuant to the Statute, which involved one of the District's
8 vehicles and a person in the roadway. If anything further happens the insurance carrier will
9 take care of it.

10
11 **SUPERVISORS' REQUESTS**

12 A. Thank You

13 Mrs. Bularzik thanked Mr. Carter and his team for taking care of the irrigation leak that her
14 community had underneath the roadway. The road and gutter have been repaired and staff's
15 work was very much appreciated.

16
17 B. Update on Master Turnover

18 This item was discussed earlier, but it was noted that the Turnover Committee is putting
19 together a list of items that they would like to see Stock change in the by-laws before the
20 turnover.

21
22 C. Round-Up Chemicals

23 Dr. Bularzik provided information on the glyphosate that is contained in this product, and has
24 been found in food as well. Apparently the percentage of this chemical is higher in the Round-
25 Up being used by the LCDD than that being used in a neighboring community, so this is
26 something she felt should be looked at. It is being linked to non Hodgkin's Lymphoma, and
27 there is more research being done on it.

28
29 D. Parking Lot Update

30 Mr. Carter indicated that he had shared the information on Option A with Mr. Cole, who will
31 also look at the option of having parking spaces along the driveway. No work product has been
32 received yet, but the Board will be kept advised.

33
34 E. Freedom Flyer

35 A bulk mail notice is going out on the date change for this event to the 10th of July.
36 (Mr. Campkin's comments were inaudible.)

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5 F. Reclaimed Water Transmission System

6 Mr. Drum expressed concern over this system, which has had a number of shutdowns. Mr.
7 Carter indicated that some of the shutdowns occur at night when the water level falls below a
8 certain point, and the system shuts off. This is an old system, and Mr. Drum suggested that the
9 District engineer take a look at it and if necessary Mr. Carter could get some proposals to
10 upgrade the system.

11 Mr. Drum added that an employee of Stahlman keeps putting out a message indicating that the
12 system is off, and a day later another message goes out that the system is on. While this is
13 aggravating, it does point out that the system is unable to recover quickly from some of these
14 shutoffs. Mr. Drum suggested that the water levels going down and shutting off the system
15 could be addressed and corrected, as that happens this time of year when the water tables are
16 down.

17 Mr. Lee commented on the amount of water that comes out of the ground on a daily and
18 weekly basis that Mr. Carter has to monitor and report to Southwest Florida Water
19 Management. Mr. Drum wondered if there was a way to monitor the individual homeowners
20 and landscapers when they are watering illegally, or doing wet checks. If Mr. Cole could
21 determine if this can be done through technology with system improvements, and hopefully
22 save on water costs, it would be helpful.

23 Mr. Lee suggested that there be no watering on Fridays from 10:00 a.m. to 4:00 p.m., which
24 would also save on water consumption.

25 Mrs. Bularzik noted that Alex *** from Stahlman felt that the entire community overwaters,
26 and Mr. Lee advised that they will be meeting with him in May to discuss the options on this.
27 A resident asked about the loss of water with fountain use in the lakes, and Mr. Campkin
28 indicated that this would be up to the individual communities to address.

29

30 **ADJOURNMENT**

31 There being no further public comment, Mr. Dorrill reminded the Board that the May meeting
32 would be held on the 15th, and the annual Budget Workshop will begin at 1:00, immediately
33 followed by the regular meeting. **The meeting was then adjourned on a MOTION and a**
34 **second at 3:20 p.m.**