

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
REGULAR MEETING OF THE BOARD OF SUPERVISORS
MAY 20, 2015**

A regular meeting of the Lely Community Development District Board of Supervisors was held on Wednesday, May 20, 2015 at 1:30 p.m. at the LCDD Maintenance Building.

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

ALSO PRESENT: W. Neil Dorrill, Dorrill Management Group, Manager
Assistant Secretary /Treasurer
Kevin Carter, Dorrill Management Group
David Bryant, District Counsel
Jerry Ellis, Operations Manager

INVOCATION/PLEDGE OF ALLEGIANCE

The meeting was called to order by Mr. Campkin and the invocation was offered by Mr. Dorrill. The Board then recited the Pledge in unison.

A. Public Comment

Mr. Dorrill explained what public comment should be received at this point in the proceedings per recent legislation, which includes anything that will be discussed in the meeting that may be voted on. Additionally a public comment agenda item is included towards the end of the meeting for questions and comments.

No public comment was received at this point in the meeting.

ROLL CALL/APPROVAL OF AGENDA

All members were in attendance, with Chairman Fisher and Mr. Drum appearing via speakerphone as previously authorized. The following items were added to the agenda: 8a, Alligators, 8b, Irrigation water, 8c, Lighting in the office area of the maintenance building, 8d, Sign for parking lot entrance, 8e, Benches, 8f, Communication for supervisors, and 8g, Workshop re: Naples Community Hospital Blue Zone. **On a MOTION by Harold Ousley and a second by William Lee, the agenda was unanimously approved.**

APPROVAL OF MINUTES OF April 15, 2015 WORKSHOP AND REGULAR MEETING

As it relates to the workshop, on the first page, third paragraph, the first sentence should read “The intersection of 951...”. ***Mr. Drum’s comments on Page 2 in the fourth paragraph related to Lely Island Circle could not be heard***

On a MOTION by Mr. Ousley and a second by Mr. Lee, the workshop minutes were unanimously approved by the Board as amended.

As it relates to the regular meeting, on the first page under Public Comment, Mr. Lee corrected what had been said regarding association turnover **** Mr. Lee’s comments were inaudible**
On Page 3, in the fifth paragraph under Item A, the second line should read “be installed in a couple of years....”.

On Page 4, the third line from the top should read “lake bank shelves...”.

On Page 7, in the sixth line from the top, the word “area” should be “zip”.

On a MOTION by Mr. Ousley and a second by Mr. Lee, the regular meeting minutes were unanimously approved by the Board as amended.

2014 AUDIT PRESENTATION

Mr. Phillips advised that the most noticeable thing for the 2014 audit was the fact that the Lely CDD had no debt. All the numbers in the audit were as of September of 2014.

The opinion showed that everything was fairly stated, including the financial statements, using generally accepted accounting principles.

The Discussion Analysis as provided by Dorrill Management was included as well as the Budget which was collaborated by Mr. Phillips.

As per the new opinion by the Auditor General, a section on the properly invested public funds was included.

The assets and liabilities on the Statement of Net Position showed cash being down approximately \$18,000, as were the fixed assets, due to depreciation. Liabilities were up due to accrued legal fees related primarily to the ongoing lawsuit. Payables were up also due to the timing of the payments for irrigation and well drilling.

The Statement of Activities showed total expenses down by approximately \$70,000 from the previous year, primarily due to bond payoffs and insurance savings.

Total assets in the general fund were \$1,700,000, which were in a qualified depository.

Liabilities and accounts payable were roughly \$35,000 higher than the previous year. Overall the District has a fund balance remaining of \$1,400,000, \$1,000,000 of which is unassigned.

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Mr. Phillips noted at this point that the Board should always look ahead and make sure that there are monies set aside for any major capital projects.

The General Fund showed total revenues taken in during 2014 of \$2,600,000, with expenses of \$2,700,000. The bulk of the \$172,000 in expenses over income was due to legal fees. The budget showed revenue coming in as budgeted, with some extra CSA funds, but expenses, as indicated, were higher due to legal and other professional fees.

The Government Auditing Standards Report showed no significant deficiencies or material weaknesses.

The Auditor General's report was included regarding the investment of public funds, which showed the District as being in compliance with the Florida Statute in this regard.

No illegal acts, abuse, fraud or emergency financial matters were noted.

Historically the Lely CDD has always had an unmodified opinion, which means that all the laws and regulations were complied with and everything was fine.

Mr. Phillips did note that the budget would have to be amended as more money was spent than came in. Mr. Dorrill added that the reason for that was the well field expansion project spilled over into the next fiscal year due to the time it took to get permitted.

A MOTION was made by Mr. Ousley and seconded by Mr. Lee to accept the audit and to approve the associated budget amendment, and to authorize the Chairman to sign the appropriate document. The Motion passed unanimously.

Mr. Drum asked if the District would be underwriting a line of credit with the bank, as the tax disbursements do not begin until almost Thanksgiving, while the fiscal year begins October first.

Mr. Dorrill indicated that this year the anticipated year end reserves will be in the neighborhood of \$600,000, so there is no reason to recommend that the line of credit be renewed. The recording fees and other expenses for a line of credit are about \$7,000.

MANAGER'S REPORT

A. Street Light Project

The Phase 1 contract for the street light renovation project was ready to be awarded, and the supplemental material provided to the Board showed a set of the construction plans and a bid tabulation summary. Tom Hollis, the engineer for this project, was present, and the Board chose a standard, 20 foot concrete pole similar to those in the medians with a next generation LED light fixture on it.

Mr. Dorrill gave a brief summary of why it was decided to replace the decorative, secondary

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lighting along the main boulevard, and any of the main intersections. There have been a series of problems with the poles where they connect with the electrical supply. This first phase will replace all the lighting at the main intersection at US 41 up to the back parking lot.

Mr. Carter indicated that 15 lights and poles will be replaced, and he explained the bid specs and the construction plan that was used to obtain the bids.

Four bids were received, all of which included removing the existing poles and foundations.

The new poles will be white. Mr. Carter indicated that Bentley Electric could get started within 30 days, and it is the lowest and most responsive bid. Staff is recommending Bentley Electric, which has been approved by the engineer as well. Mr. Bryant suggested that he have the opportunity to look at the contract as well before it is signed. Mr. Hollis briefly explained the benefits of LED lights, which are much more efficient than the lighting previously used.

It is anticipated that the electric lines presently in place can be used with no upgrading necessary.

On a MOTION by Mr. Ousley and a second by Mr. Lee, the Board unanimously approved the acceptance of the bid by Bentley Electric, subject to Mr. Bryant's legal review and an associated budget amendment.

B. Annual Registered Voters Report

As Mrs. Edwards indicated, there are 1,978 registered voters within the Lely CDD boundaries, and this information is required to be established on an annual basis.

C. Continuation of FY 2016 Budget and Establishment of Public Hearing

Mr. Dorrill indicated that today's motion would approve the tentative budget and establish a public hearing in August for its adoption. After this date, no further increases to the budget can be made, although reductions are permissible. This budget represents a 2.2 percent increase over the current budget, but no increase in the rate of assessment. The budget next year will be \$2,757,988. The revenue increases will come from the CSA agreement which is forecast to be \$760,000 next year.

In response to Mr. Campkin's question, Mr. Dorrill indicated that third party contract billing is noted under miscellaneous income, including the Board of County Commissioners, the Collier County School Board, the York Community rental apartment complex and the Lutheran Life Care facility. They are billed separately and are provided with irrigation, drainage and surface water management. The high end condominiums that are presently being built will be billed

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upon the receipt of their first CO.

The increases in the coming budget include a minor increase for field management for landscape crews and services of \$7,400; horse monument landscaping of \$2,500, and a decrease in drainage of \$7,500. No increases in the professional and administrative cost centers, street lighting, access control or contracted street sweeping services will be made. Irrigation will increase by \$12,800, primarily for anticipated repairs within the system. Projected capital spending next year which will come from a transfer out of reserves, has an increase of \$45,000 primarily due to the number of vehicles and equipment that are scheduled to be replaced. The total overall increase on the expense side is \$60,570.

The recommended date of the public hearing is August 19, which will be part of the regular monthly meeting.

In response to Mr. Campkin's question, Mr. Dorrill noted that on the irrigation side the chemicals are primarily chlorine, and added that they are involved in the delicate process of treating the lake water to kill the small snails that are clogging the irrigation lines, and there has been an increase in lake spraying chemicals.

On a MOTION by Mr. Ousley and a second by Mr. Fisher, the Chairman was unanimously authorized to sign the Resolution establishing August 19 for the adoption and public hearing.

In response to Mr. Drum's question about additional street lighting, Mr. Dorrill noted that there will be significant savings in the installation of the lighting, and if the Board is pleased with the results of Phase 1, there will be a follow up Phase 2 that will start in the early fall. An inventory of the remaining lights will be done related to safety issues as part of the next phase. The scope of that second project will be identified this fall.

ATTORNEY'S REPORT

A. Stock Litigation

A copy of the Judge's signed order granting the Board's request to file a counterclaim was provided to the Board members. The Counterclaim has been filed, and Mr. Bryant is awaiting a response from the Master HOA's attorney, who he anticipates will provide a response in late May or early June. If that response requires Mr. Bryant to respond in turn, that will be done. Mr. Bryant anticipates that they will file a motion to amend their complaint to add additional claims against the District in an attempt to leverage their position, and he anticipates that they will go back into mediation in the near future, where he hopes the issue will be resolved.

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B. Irrigation Water for New Commercial Project at Grand Lely

Stock is having discussions internally about what the needs will be for water for this project, and Mr. Bryant noted that if they need the District's water, the District will enter into a separate agreement with them. The water will either be retained and detained on site or sent to a lake system and the process must be permitted by the District and the County. When the Rattlesnake Hammock development comes on line, an additional agreement will be entered into to provide irrigation water for that parcel.

FINANCIALS

Mr. Dorrill noted that certain cost center expenses have been reclassified under landscaping due to some coding errors, and a slightly revised set of financials was then provided to the Board showing these changes.

\$2,200,000 dollars in cash against payables of \$102,000 were shown at the end of March, and the income statement showed \$70,000 having been received in tax assessments that month, about 90 percent of revenues, and at this time that percentage has reached approximately 92 percent with more revenues coming in during April. The small amount of delinquent taxes will go to the tax sale, at which time the District will receive its money.

Total midyear revenues were almost \$400,000 more than the tax income, due to the increased CSA fees, which are current.

A few overruns were shown on the expense side, including audit fees due to litigation expenses, and field management under contractual services as well. The total overall expenses are in line with the budget year-to-date.

On a MOTION by Mr. Fisher and a second by Mr. Drum, the financials were unanimously accepted by the Board.

SUPERVISORS REQUESTS

A. Alligators

Three alligators have been caught and the problem remains a serious one.

B. Water Issues

Mr. Bryant and Mr. Dorrill have had two meetings with the County regarding water costs, and will continue on a put or pay basis, similar to the agreement presently in place. Revisions are being made to the original proposal, and hopefully a new multi-year agreement will be

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presented to the Board at some point during the summer. Mr. Bryant noted Mr. Dorrill's excellent work in facilitating these meetings and the arrangement with the County, which has done its best to be accommodating to the District.

As it relates to water issues, Lakoya is now metered, and they have been made aware of the CDD's concern over their water use for their common areas. An analysis of this water use is being done and will be available for the Board in the near future, which will show how much water Lakoya is using.

C. Lighting

Mr. Lee asked about the lighting around the meeting room area at the maintenance building, and Mr. Carter advised him that they are having some work done on the main door and they will have the lighting done by the same handyman at that time.

D., E. Sign for Parking Lot and Bench updates

The parking signage for the horses monument was followed up on and the County will be providing a permit for the sign. A decorative post for the sign will be installed as well. Additionally, the locations for the six park benches have been determined and they will be located in spots that provide views over the lakes and other pleasant areas. Mr. Carter will provide a schematic to the Board showing where they will be placed along with a picture of the bench type.

F. Communications with Supervisors

This item related to communication between meetings with the supervisors, and Mr. Dorrill advised that Mr. Ellis is always quick to call, and added that the Board members can have one way communication with each other by contacting Mr. Dorrill who will pass information about what a supervisor wished to have discussed at the meeting on a particular topic.

G. Hospital Blue Zone

Mr. Drum suggested that a workshop on this topic would be helpful, and Mr. Dorrill advised those present that there is a national initiative to identify communities throughout the country that would adopt a healthy living standard with a recreational component and health care component to it. The Naples Community Hospital has taken the initiative to begin this discussion in Naples.

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When the Board sets its schedule for workshops for the coming year, Mr. Dorrill suggested that they inquire about any educational or community outreach programs they have in place for a workshop on this program.

H. Line of Sight Issues

Mr. Dorrill asked that he be advised of the key intersections that have these issues, at which point they will determine what needs to be taken out and replaced. He will work with Mr. Ellis and Mr. Carter to bring an estimate for this project to the Board at the next meeting.

PUBLIC COMMENT

Marjorie Lewis asked if the upcoming agreement with the County would address the concerns the District has about dry spells in the District, and Mr. Bryant felt that the County was very responsive about addressing the District's concerns and designing a contract that would meet its needs. Mr. Dorrill added that there are times in April, May and June when the County does not have the capacity to meet the needs, and the County may only get half of what it is entitled to. Mr. Ellis agreed that this will probably continue to happen during the dry season, and noted that water restrictions continue on a regular basis, allowing watering only two days a week.

ADJOURNMENT

After a brief discussion about the June meeting date, it was agreed that it would be held on the 25th, the fourth Thursday of the month, at 1:00 for the hurricane workshop, to be followed by the regular meeting.

Mr. Fisher moved that the meeting be held on the 25th and that the meeting be adjourned.

Mr. Ousley seconded the Motion, and the meeting was adjourned at 2:40 p.m.