

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
HEARING AND REGULAR MEETING OF THE BOARD OF SUPERVISORS
November 18, 2015**

The regular meeting of the Lely Community Development District Board of Supervisors was held on Wednesday, November 18, 2015 at 1:30 p.m. at the LCDD Maintenance Building.

SUPERVISORS PRESENT: Robert Fisher, Chairman
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 AND PLEDGE OF ALLEGIANCE

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

ROLL CALL

The meeting was called to order by Mr. Fisher, and all members were in attendance, with Mr. Drum appearing via speakerphone.

APPROVAL OF AGENDA

Motion was made by Hal Ousley, second by Mr. Lee to approve agenda as amended, unanimous.

APPROVAL OF MINUTES OF OCTOBER 2015 MEETING

Regular Minutes were approved for the meeting of October 2015 with minor changes as noted.
Motion by Mr. Ousley, second by Mr. Lee and voted unanimously.

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MANAGER'S REPORT

A. District Banking Services Proposal

After a brief discussion of the proposal contained within the Agenda package, **on a MOTION by Mr. Ousley and a second by Mr. Campkin, the Board unanimously approved *******

B. Players Cove Pedestrian Crossing

The proposed right-of-way permit and crosswalk plans for Players Cove were discussed at length, and Mr. Bryant suggested that the Board direct him to contact the department where the permit will be generated with a letter of objection, copying the County Manager and Commissioner Fiala. He and Mr. Carter will also meet with the department and voice the Board's concerns and objections to the proposal.

On a MOTION by Mr. Lee and a second by Mr. Campkin, the Board unanimously agreed with Mr. Bryant's suggestion, and authorized him to contact the applicable department with the letter of objection and to set a meeting with them to register the Board's concerns.

C. Irrigation Agreement Renewal

Mr. Bryant asked that this item be deferred until the next meeting as the most recent negotiation session was not reflected in the proposed agreement. Mr. Bryant clarified that the allotment was to be increased to what the District historically received, but the document does not reflect that. Mr. Bryant spoke with Mr. Eick about this and assured him that this was the Board's understanding, and that this issue will need to be discussed further.

D. Security Patrol Proposals

This item was presented to the Board for their direction, and Mr. Dorrill advised them that there had been a series of issues with the present security provider, G4S, that caused him some concern. Those included an accident with the District's new patrol car that was difficult to get reimbursement for from the security company, along with the retirement of two of their best employees and a request for an increase over what has been budgeted.

For those reasons, Mr. Dorrill solicited some separate proposals, and presented one to the Board from ***Galliard, with an hourly fee of \$19.65, which is less than what is being paid to

the present security provider, and would save approximately \$2,200 a year. Another provider in the community, Securitas, may also be a possibility for the Board to consider.

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The Board members discussed this issue, **and on a MOTION by Mr. Ousley and a second by Mr. Lee, the Board unanimously authorized Mr. Dorrill to give G4S notice of the cancellation of their contract, and to negotiate an agreement with Galliard with an anticipated start date of January 1 of 2016.**

ATTORNEY'S REPORT

A. Short Term Rental Concerns

Mr. Bryant advised Mrs. Fiala by letter that the Short Term Rental Ordinance is going to cause a great deal of concern in the Lely Community, as many owners rent their property to defray their costs until they decide to use it on a permanent basis, and they would be denied their financial plan for ownership with this ordinance, which presently is complaint driven.

It is anticipated that a workshop on this issue will be set by the County Manager, although nothing has been set on the County's agenda addressing this issue at this time. Mr. Bryant copied the County Manager on the letter sent to Commissioner Fiala, and he will send another letter to the County Manager asking him to set this on their agenda as soon as possible.

Mr. Laturno from Code Enforcement is also willing to address the Board and/or any HOA that may be interested in hearing the County's position on this matter, and Mr. Bryant will contact him and ask him to address the Board at the December meeting.

B. Stock Litigation.

An amended complaint has been filed by Stock's attorneys basically tracking the original complaint, with the exception of an increased demand for damages in the amount of \$2.1 million. Mr. Dorrill contacted the District's risk management agent and was advised that there is no coverage in contract disputes. Mr. Dorrill and Mr. Bryant have asked for a formal declaration in writing from the insurance company indicating that there is no coverage, or coverage with a reservation letter. The Board will be advised when the insurance company contacts them on this issue.

Two more depositions are scheduled to be taken by Stock, the finish of the District's financial expert and the District's additional expert, and Mr. Bryant suggested that more may be taken.

Once those depositions are completed, the parties may go into formal or informal mediation once again.

Mr. Dorrill added that they met with Stock's attorneys and engineers the previous week at their request to discuss the drainage facilities on their new construction project, as the District is the

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permittee for the Master Drainage system's ownership, operation and maintenance. Stock Development has not gone through the process of transferring permits from construction to an operating entity for quite some time, and the South Florida Water Management District is enforcing that. Stock must have the District's approval for this, and Mr. Dorrill suggested that this may be an opportunity to revise the present agreement with Stock to a more straightforward one. He and Mr. Bryant will keep the Board advised.

FINANCIALS

The preliminary, unaudited year end financials were provided to the Board, and trial balances were being prepared for the auditor's arrival the following week to begin his field work.

The adjusting entries for accrual were not included in the financials; for example, the year-to-date salaries were slightly over budget, probably because the final pay period of the year included one week of the new fiscal year.

The balance sheet showed cash in the amount of \$1,744,000 with current assets of \$1,800,000 against \$175,000 in payables. This is a very strong year ending cash position, the majority of which is in reserves for capital improvements.

The income statement showed total year ending non ad valorem revenue assessments were \$1,950,000 against a budget of \$2,017,000. Additional revenue was from the surplus property sale at \$27,000, as well as money received from the CSA agreement at almost \$800,000, which was forecasted in the budget at \$672,000. This was due to growth and development. Mr. Dorrill will check to make sure that the newer developments that are open are now paying their CSA fees.

On the expense side, the Administrative cost center was \$67,000 over budget, all attributable to the costs of litigation with the Master HOA. Under Field Management, after the adjustment is made to the salaries, that line item will be under budget. Landscaping was slightly over budget by \$12,000, and Water Management was under budget by \$31,000.

Contractual services were over budget, but included Mr. Carter's time, and street lighting was on budget for the year. Access control year-to-date was \$5,000 under budget, roadway cleaning and sweeping was slightly over budget. The irrigation budget was over because of two large, unanticipated repairs involving motors and pumps. The total operating expenses were

\$110,000 over budget and again, 75 percent of that is attributable to litigation costs. The net revenue over expenses at year's end was a positive \$213,000.

The issue of the pension fund remaining on the financials was discussed, and Mr. Dorrill advised the Board that based on discussions with his accountant and the Florida Secretary of State, if a

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letter is sent to the last known address of the employee in question, and if no response is received, then the District will have meet their contact requirements and the account can be closed due to the assets being forfeited.

On a MOTION by Mr. Ousley and a second by Mr. Lee, the financials as presented were unanimously accepted by the Board.

SUPERVISORS' REQUESTS

A. Tree Issue

Mr. Drum's comments could not be heard due to a bad connection on his phone; however, Mr. Bryant indicated that the tree in question has been removed, and that he will speak to him regarding his concerns about HOA and CDD responsibilities in this regard. This will be readdressed at the December meeting.

B. Reserves

Mr. Lee advised that he had made a list of those things that the District is responsible for that would be paid for out of capital reserves, and the amount of money that should be allotted to them. He has spoken with Mr. Bryant and Mr. Dorrill about this, and Mr. Bryant agreed, adding that it would be appropriate to have a workshop to address the capital reserves and more clearly delineate what will be needed in the future and how much should be put in reserves to cover those individual items. It was agreed that a workshop on capital reserves would be scheduled for December if possible.

With the Board's approval, Mr. Bryant will invite the Sheriff to attend the March 16, 2016 Board meeting to address security at the Lely CDD, and Mr. Casalanguida for the April 20, 2016 meeting to speak about transportation issues. Mr. Dorrill will advise the Board via email what the workshop in January will address.

C. Irrigation on Crowned Eagle Lane

The sidewalk adjacent to the irrigation system in this area has been sprayed for some time and has grown mold and become very slippery. Mr. Campkin suggested to Mr. Carter that the area be power washed before someone is seriously hurt. Mr. Carter indicated that he had contacted

the County as they are the responsible party, and they will be out this week to do a site assessment to determine what needs to be done.

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PUBLIC COMMENTS

Marjorie **** asked if the Board was aware what the Stock building numbers were and whether they had reached the turnover point. Mr. Dorrill indicated that they had discussed this at the last meeting and apparently Stock is very close to this number, and may be taking advantage of the County's density transfer program which would enable him to turn some of the density over to another developer.

***Mr. Lee's comments could not be heard.

Mr. Campkin indicated that the maximum number of units Stock can build at Lely is 4,976, and he is sitting on 9,150. Mr. Dorrill added that any enforcement action would have to be taken by an HOA or a group of associations to effect turnover.

In response to a question regarding the CDD's ability to cover budget costs once Lakoya and the Signature Club are built out, Mr. Dorrill noted that the Board holds an annual budget and fiscal review to forecast what should be incorporated into the tentative budget. Mr. Bryant added that although eventually there will not be any new revenue, there will be recurring revenue, as water must be purchased from the CDD.

*** from Twelve Oaks advised the Board that there was a lot next to him that badly needs the hedgerow along the sidewalk trimmed, and he asked whose responsibility that was. Mr. Dorrill indicated that this was one of those small, unclaimed parcels that may have been owned originally by the president of the original Lely Development Corporation. He added that he is unaware of who owns it now, but it is the owner's responsibility, and there are County ordinances in place that require the vegetation to be kept within certain parameters. The property appraiser's website will show who the owner is, and a complaint can be filed with the Code Enforcement Department. Mr. Lee indicated that Mr. Boff was ultimately contacted about a similar problem at Lely Island Circle, who had the area cleaned up, and that HOA maintains it.

ADJOURNMENT

With the agreement that the December meeting would be held on the 16th, **the meeting was adjourned on a MOTION by Mr. Campkin and a second by Mr. Ousley.**

