

**LELY COMMUNITY DEVELOPMENT DISTRICT
NAPLES, FLORIDA
REGULAR MEETING OF THE BOARD OF SUPERVISORS
May 18, 2016**

The regular meeting of the Lely Community Development District Board of Supervisors was held on Wednesday, May 18, 2016 at 1:35 p.m. at the LCDD Maintenance Building.

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

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

INVOCATION AND PLEDGE OF ALLEGIANCE

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

A. Public Comment

There was no public comment received at this time.

ROLL CALL/APPROVAL OF AGENDA

All members were in attendance, with Mr. Drum participating via speakerphone. Items 5A, Renewal of the Irrigation Water Purchase Agreement; 7A, Street Lights; 7B, Golf Course Trespassing and 7C, Operations, were added to the Agenda. **With those additions, the Agenda was unanimously approved on a MOTION by Mr. Ousley and a second by Mr. Fisher.**

APPROVAL OF APRIL 2016 MEETING MINUTES

As it relates to the Workshop minutes, **on a MOTION by Mr. Ousley and a second by Mr. Fisher, the minutes were unanimously approved.**

As it relates to the Regular minutes, on Page 7, the Motion seconder at the bottom of the page was Mr. Lee.

Also on Page 7, under Water Use at Lakoya, Mr. Barnes in the second line is the assistant to the

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District hydrologist and Mr. Bryant will get the name of the hydrologist himself for the Board. On Page 9, Mr. Bucci was the speaker under Public Comment.

With those changes, the regular meeting minutes were unanimously approved on a MOTION by Mr. Ousley and a second by Mr. Fisher.

MANAGER'S REPORT

A. Presentation of FY 2017 Budget

A revised version of the proposed budget for 2017 was provided to the Board prior to the meeting, where some numbers on the capital side have been plugged in.

There is no proposed increase in the budget, and the non ad valorem assessments will remain unchanged at \$2,017,188.

Continued and ongoing growth in the rate of other miscellaneous revenues will be seen, all attributable to the Comprehensive Service Agreement. A number of years ago the Board also approved additional non-taxpayer revenues from the Board of County Commissioners and the Collier County School Board for benefits they receive from the District. The sum total of all of those miscellaneous revenues is over \$900,000, and at midyear the CSA revenues are at almost \$450,000. Total revenues projected for 2017 are \$2,845,988.

On the expense side, Mr. Dorrill advised the Board that he would go through the cost centers individually and asked the Board members to ask any specific question they may have within any expense category.

Under Professional and Administrative, the actual budget will remain at \$390,675. As it relates to legal fees under this cost center, Mr. Dorrill noted that the budget this year was \$80,000, almost solely attributable to the ongoing costs associated with the CSA matter. In 2017 that approved budget will remain the same which is consistent and has been unchanged since 2014. Litigation support was also noteworthy, as expert witnesses were a costly part of the litigation as well. For the coming year, the budget is allocating no money for these costs. If this issue does go to trial, a budget amendment would be needed to cover the costs of expert witnesses. Under General Insurances, which includes property, liability and public officials' liability, the budget will remain the same.

Total cost centers from the prior year remain the same at \$390,675.

The Board discussed plugging in a number to cover additional costs should the lawsuit go to trial, and Mr. Campkin suggested that \$10,000 be moved out of the insurance number and place in that line item in the event of further expert costs. The Board agreed.

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Under Field Management, year-to-date and projected year ending, the wages line item is expected to be approximately \$26,000 under budget. Mr. Dorrill asked the Board members if they would consider a cost of living increase of 2 to 3 percent to make the Lely CDD more competitive in the hiring and retaining employees market.

The next item was the horticultural dumpster. Lely contracts to remove all the horticultural debris from the CDD, and year-to-date, due to the increased work load, that amount stands at \$12,660 against a budget of \$17,000. That number has been bumped up to \$23,000 for 2017 which is a \$5,000 increase. Mr. Dorrill suggested that they may wish to make some of their own mulch in certain areas, such as along the berm along Collier Boulevard, with a rented tub grinder. Mr. Carter will evaluate this possibility. Total landscaping costs will increase by \$6,000.

The Board discussed the possibility of increasing the cost-of-living for the field management staff, and they unanimously agreed that this should be done. Mr. Dorrill will make that change. Landscaping was the next cost center discussed, and there was no overall change from the current year at \$253,000. As it relates to fuel, Mr. Dorrill is projecting substantial savings in fuel for the coming year, but will be purchasing quite a bit of it in the near future as the mowers will be running every day. Mr. Dorrill anticipates being \$10,000 under budget on fuel at year's end, but left the budget at \$50,000 as it is not possible at this point to know what fuel costs will be in the coming year.

As it relates to the Horse Monument, a portion of the cost is for cleaning and maintaining them in order to retain the patina on the bronze. Additionally it should cover the costs if a pump or propeller needs to be replaced or if lighting work needs to be done, and Mr. Dorrill asked for a few extra thousand dollars for that line item. Mr. Drum asked if the devices used at the monument had been upgraded, and Mr. Dorrill noted that they had been upgrading the cleaning, but that they were still trying to find a reliable device to give the effect that the horses were splashing through the water. They have had to replace many of these, and continue to look for a better product. Other than those items, no significant amount of money is being spent on the Horse Monument. In response to a question from Mr. Campkin, Mr. Dorrill indicated that he did not see the new Horse Monument needing to be included in the 2017 budget.

The next cost item was Water Management, which includes the aerators, pumps and associated work for the aeration program. The District does operate and maintain a few lakes in the CDD, and a minor amount of money was included for littoral plant replacement. and additionally, as

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needed contractual services. As more aerators have been added, there has been an increase in electric consumption at \$6,000. Overall, that line item will go from \$104,000 to \$110,000 in the coming year.

No increase is contemplated for lighting in the coming year, and it is hoped that with the new LED lighting the maintenance and electric costs will be reduced.

Access control was previously paid to Wackenhut, and now Mr. Dorrill has contracted with the Sheriff's Department to bring in enhanced patrols. Until the Board reviews and approves a new or hybrid program, the budget will remain the same. When the Board adopts a new program, possibly within the next two months, Mr. Dorrill will prepare a draft budget with a split between additional District labor and benefits and contracted Sheriff's deputies at that time. There will be no change in Roadway Services, and the street sweeping program has remained unchanged for about ten years.

There will be some increases in irrigation, the first one being the unanticipated increase in the purchase of irrigation water to \$190,000 in 2017.

As it relates to Capital, in the first category, Vehicles, there is only one contemplated vehicle to be replaced, the quarter-ton pickup truck. The vehicle budget will then be decreased from \$101,000 to \$27,000.

The next category, Pumps and Motors, is a category that is hard to anticipate, as a pump or motor can go at any time. \$50,000 has been put in that line item for 2017. The Board discussed increasing the water pressure at some point, but Mr. Dorrill was uncomfortable with going beyond 80 psi as it could do damage to the irrigation lines.

Next year quite a few lawn mowers will be purchased, and lawnmowers are turned over every 36 to 39 months to coincide with the manufacturer's warranty.

Mr. Bryant suggested at this point that the Board may want to buy their own speed indicator machine for the District, which would run roughly \$1,000. Mr. Campkin did not feel that they were very effective, and Mr. Lee added that people will slow down momentarily and then speed up again.

Overall, the adopted budget is \$354,795 this year, and the year ending projection is almost \$16,000 less than that, primarily due to the Board's decision to use a less expensive pole on the LED lighting.

Mr. Dorrill advised the Board that if they wished to evaluate some different Freedom Horse hardscapes for the second monument, some money should be put into the capital account for engineering as a site development plan will have to be submitted to the County for a permit. He felt that \$50,000 would probably be adequate for both the civil engineering, surveying, and

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hardscape design. Mr. Campkin noted that he was advised that Stock has some drawings for the Horse Monument. The Board decided that they would put \$50,000 in that line item in the event it is needed.

Mr. Dorrill pointed out that with this initial analysis, they were \$387,000 to the positive, and he suggested that the Board begin to fund lake bank restoration as erosion is a common problem in different Districts throughout the area. As the budget is recalculated, he suggested that half of the allocated money be put in the contingency reserve and the other half in the capital reserve, flagged for lake bank restoration, with \$150,000 in each reserve for this purpose. Next year a survey can be done on the lake banks to determine what the current rate of erosion is. A schedule can then be prepared for the Board's approval on the phase 1 and 2 lakes that need to be done. Mr. Robson agreed that this was an excellent idea.

Mr. Lee asked if a patrol vehicle would be necessary if the Board ultimately decided to continue with the Sheriff's Department patrols, and Mr. Dorrill indicated that if this is the direction the Board chose to take, then that item will be adjusted in the budget, possibly before the fiscal year's end.

On a MOTION by Harold Ousley and a second by Robert Fisher, the Board then unanimously approved the 2017 tentative Budget as revised for the purpose of sending it to the County Government, and to set the public hearing date for August 17th, and to authorize the Chairman to sign Resolution 2016-2.

The Budget will not be adopted until the public hearing in August.

B. Budget Amendment for Operations Manager

In February the Board authorized the concept of an operations manager in order to obtain the services of Mr. Carter. Mr. Bryant suggested that an amendment to the existing manager's agreement be made, and Mr. Dorrill provided copies of that to the Board. This amendment spells out the ongoing responsibilities for the operations manager and field management to the extent necessary.

Mr. Bryant has reviewed the amendment, and recommended to the Board that it be approved.

On a MOTION by Mr. Ousley and a second by Mr. Fisher, the amendment was unanimously approved by the Board.

C. Community Patrol April Update

The summary from the Sheriff's Department deputies for the month of April showed 75 vehicular stops and warnings. Three citations were issued, one of them for speeding. There

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were no criminal citations, and no action was necessary.

D. Elections Notice

As indicated in the workshop, an election will be held for the three open seats for the LCDD Board. As indicated, Mrs. Edwards will be running this election, and Mr. Dorrill will be running a special notice which will indicate when the qualifying period ends.

On a MOTION by Mr. Lee and a second by Mr. Ousley, Mr. Dorrill was unanimously authorized to run the special notice for election purposes.

ATTORNEY'S REPORT

A. Letter to Master HOA Attorney

Mr. Bryant went over the letter written to Mr. D'Agostino, counsel for the Master HOA, regarding a global settlement of the issues. All 13 issues that the CDD wished to look at with the Master HOA were listed in the letter, and Mr. Bryant felt that one of the important issues to be addressed was the transfer of the Board of Directors and Management of the Lely Resort Master HOA to the Lely residents.

Counsel for the HOA has advised that they are having a meeting with all the representatives of Stock to discuss this. This will make it much easier to administer the CSA Agreement, rewriting it so that everyone, residents inside and outside of the District, will be treated the same way. Mr. Lee asked how nonpayment of CSA fees by a particular neighborhood would affect the District, and Mr. Dorrill indicated that it would be wise, if the CSA Agreement is rewritten, to strengthen that provision and obligation on the part of the Master to pay it regardless of the current status of the account.

Mr. Drum noted that several residents had talked to him about the CSA Agreement, indicating that they had paid off their bonds and felt that people outside of the District were benefitting from that. (Difficult to hear) Mr. Bryant noted that the income received from the Agreement helps to keep the overall CDD fees at the same level for a number of years. Without it, the CDD fees would have to be increased.

Mr. Fisher brought this issue up at the last mediation with Stock, indicating that the CDD has had the full responsibility of keeping the irrigation system running smoothly, including expanding, permitting, and maintenance.

Mr. Lee added that the bond issue was to put in infrastructure in, which included the roads,

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lights, storm sewer, et cetera. When the residents outside of the CDD bought their homes from Stock, the price of all those amenities was included in that cost. Mr. Dorrill agreed, and added that this needed to be properly explained to the CDD residents.

Mr. Lee added that the additional 15 percent paid by those outside of the CDD has helped pay for the additional pumps and wells and monitors that were needed, and Mr. Bryant added that over the almost ten years the CSA agreement has been in place, that extra percentage has been significant in helping to pay for expanding those needed services. Another issue to consider was landscaping, which could be done less expensively and with better results if it was taken over by the CDD.

Mr. Bryant hoped to be able to come back to the Board after mediation with Stock with a fair and just resolution for everyone to all the issues involved.

Mr. Campkin asked for clarification on the 13 topics listed in Mr. Bryant's letter, noting that many of them had nothing to do with the CSA Agreement which was the basis of the lawsuit.

Mr. Bryant indicated that his thinking, as well as that of the Board, was that if all these issues could be cleaned up at one time, it would be best for all concerned.

B. Lakoya Lake Issue

This issue regarding the signs at the Lakoya Lake has been resolved, as no one knew where the signs came from or who installed them. Counsel for Lakoya will be speaking to Mr. Gelder about them, and Mr. Bryant advised counsel that they will not be spraying the lake where those signs are at this point.

C. Water Agreement with Collier County

After multiple meetings with the County, the final agreement will cost the District more money than it has previously paid. The County has assured Mr. Bryant as much as they could that they will not reduce the amount of water provided to the Lely CDD, which is one of the oldest of the water recipients. Mr. Bryant asked for a motion to have the chairman sign this agreement so the District can move on from here. Mr. Dorrill added that the agreement allows for three special provisions that are not normally provided by the County, which were outlined on Page 32 of the agreement. He added that he is comfortable with the business side of the agreement if Mr. Bryant is comfortable with the legal side.

On a MOTION by Mr. Ousley and a second by Mr. Fisher, the Board then unanimously approved the contract, and authorized the chairman to sign the original of the Water Agreement.

FINANCIALS

The midyear financials showed \$2,600,000 in cash on the balance sheet against \$139,000 in payables. The income statement showed that \$71,000 in non ad valorem assessment revenue was received, probably a function of people trying to avoid delinquency on their taxes and an ultimate sale of their certificate at auction.

Mr. Dorrill touched on a few things on the expense side, reminding the Board that many of the line items are front loaded, such as litigation support fees, all insurance premiums, mulch and fertilizer. Even with these payments, they are only \$29,000 over budget at midyear, which will correct itself in the second half of the year.

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

SUPERVISORS' REQUESTS

A. Street Lighting

Mr. Lee took the opportunity to drive through the District and look at all the new lighting, and reported that it looked very good, and provided very good light, particularly at the entrances. The old lights will be taken away and disposed of in the near future.

B. No Trespassing Signs on Golf Course

Mr. Lee pointed out that many residents living on the golf course would like to have no trespassing signs installed as people walk and ride their bikes along the golf course path in the evening. Some of these people are residents, and others are not. There is a no trespass agreement with the Sheriff's Department, but it is difficult to enforce in that area.

Mr. Bryant felt that the golf course should be calling the Sheriff's Office as it is their property, but Mr. Drum indicated that the course closes at 5:00 or 6:00 at night, and the walking and bike riding activities take place after that and there is no one to enforce it.

Mr. Drum asked if a resident would have standing if they called the Sheriff about someone on the golf course after hours, which is not their property. Mr. Bryant indicated that the Sheriff may or may not do something about that. Nevertheless, he suggested that if someone was walking down the cart path behind a resident's house, they should call the Sheriff's Office if they felt insecure about it.

Mr. Dorrill suggested that Mr. Carter could follow up with the superintendent or general manager and talk to them about the concerns and problems that are occurring, and what their concerns may be.

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C. Operations

Mr. Ousley has observed Mr. Carter at work and feels that he is doing an outstanding job, and he thanked Mr. Dorrill for his excellent selection for this position. In speaking with some of the other employees, they agreed that Mr. Carter is doing a great job. Mr. Ousley also asked who was maintaining the Mules and other equipment, and Mr. Carter indicated that some of his employees had mechanical backgrounds and were able to do preventative maintenance on them. As the equipment is frequently replaced, it stays under warranty, so any warranty issue is fixed at no cost to the District. So far, this system has worked well.

PUBLIC COMMENT

Patricia Wager from the Classics asked if she was in the CSA or the CDD, and was advised that the Classics were in the CSA. She was also advised that the irrigation agreement was for irrigation water, and when she asked if it came from the ponds, she was advised that a very small amount came from the lake system, and most of it comes from the master pump system at the lake behind the maintenance building. There are also series of wells that water is pumped from, and the District buys hundreds of thousands of dollars worth of irrigation water from the County, which is moved from lake to lake in order to put it in the lake behind the building, which is pumped out to the thousands of homes in Lely.

Mrs. Wagner asked if there was a clogging problem in the irrigation lines, and Mr. Dorrill explained that for about ten years there has been a problem at Lely with black snails, which are not native. The water is chlorinated as it leaves the pump station to help with this problem, and a basket filter should be on the homeowner's side of the line in order to keep them clean and free of these snails. Mr. Dorrill suggested that the HOA or landscaper be asked to install one of these filters. Filters on the sprinkler head should also be cleaned out yearly.

Additionally, in response to Mrs. Wagner's question about public records, Mr. Dorrill indicated that all public meetings, the financials and other information are posted on the CDD website.

Mr. Bucci from Twelve Oaks advised the Board that the vacant lot in his community may be developed, and that he and other residents had received a letter from an engineering company asking them to sign off on the company's removal of the underground utilities on that lot.

Mr. Lee noted that the lakes in the District are all interconnected, and evaporation does occur.

ADJOURNMENT

The June meeting will be held on the 15th at 1:30 p.m., and the meeting was adjourned at 2:30 p.m. **on a MOTION and a second.**