

MINUTES OF MEETING
CANDLER HILLS EAST
COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of the Candler Hills East Community Development District was held on Tuesday, February 20, 2018 at 9:00 a.m. at Circle Square Commons Cultural Center, 8395 S.W. 80th Street, Ocala, Florida.

Present and constituting a quorum were:

Philip J. Moherek	Chairman
Elmer Greene	Vice Chairman
Robert Scherff	Assistant Secretary
John Bain	Assistant Secretary
Larry Garvin	Assistant Secretary

Also present were:

George Flint	District Manager
Rachel Wagoner	District Counsel
Crystal House	BLCCDD
Bryan Schmalz	BLCCDD
Philip Hisey	OTOW
Lynette Vermillion	OTOW
Robert Stepp	OTOW
Guy Woolbright	OTOW

FIRST ORDER OF BUSINESS

Roll Call

Mr. Flint called the meeting to order and called the roll. A quorum was present.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Flint: Are there any members of the public that want to provide comments to the Board? Hearing none,

THIRD ORDER OF BUSINESS

Notice for Meeting

Mr. Flint: The meeting notice of the February 20, 2018 meeting, was advertised in the Ocala Star Banner on September 21, 2017, and included in the agenda package.

FOURTH ORDER OF BUSINESS

Approval of Minutes of the November 21, 2017 Meeting

Mr. Flint: Does the Board have any changes and comments on the minutes? If not, we need a motion to approve them.

On MOTION by Mr. Garvin, seconded by Mr. Greene, with all in favor, the minutes of the November 21, 2017 meeting were approved.

FIFTH ORDER OF BUSINESS

Discussion of Cost Sharing with Homeowner's Association Relative to Maintenance of Storm Water System

Mr. Flint: The background on this is that the Chairman drafted a letter and distributed it to the Board. When Candler Hills East was created, the stormwater system was constructed by the Community Development District. It is owned and maintained by the CDD. When the future section of the community was developed, that portion of the stormwater system was placed under the Homeowner's Association and maintained by the HOA. The HOA has one fee for both the Candler Hills East section and the newer section, so in effect, the CDD is paying for the maintenance of their stormwater system in the Candler Hills East portion; whereas, the newer portions of the development are not sharing the cost of the stormwater system within the CDD, because they don't pay CDD fees. There are a couple of ways to deal with the issue. Because there's an equity issue there, one way would be to develop two different HOA rates, one within the CDD and one outside. Apparently the HOA is not in favor of doing that. Another alternative would be to enter into an Easement and Maintenance Agreement with the HOA to allow the HOA to maintain the stormwater system within the CDD, and then add that cost into the HOA fees. That way the entire Candler Hills East community is sharing the maintenance cost in both sections. Mr. Moherek drafted a letter suggesting the CDD request of the HOA, but that the HOA take over the cost of operating the stormwater system within the CDD. To be able to do that, there are a couple of things that we would need to do. We would need to enter into an Easement Agreement with the HOA that would give them the ability to maintain it, and a Cost Sharing Agreement. There is a timing issue because the HOA and CDD are on two different fiscal years. The HOA operates on a calendar and we operate on a fiscal year calendar, from October 1st to September 30th. You are going to be adopting your budget before the HOA adopts

their budget and we will work through that timing issue. This assumes that the HOA is amenable to doing that. If they attend your May meeting, we will probably have the agreements and talk through the mechanics. Just so there's no confusion, if the HOA agrees to take the stormwater system, the entire operations and maintenance assessment is not going away. Other costs are in place, which are administrative, whether or not we maintain the stormwater system, because the CDD still continues to exist. You still have to carry insurance, still have a Board and must complete an annual audit. You also still must have a Manager. All of those things will not go away. Out of a total budget of \$105,000, it appears that about \$60,000 is related to the maintenance of the stormwater ponds. You will be looking at a reduction in the annual assessment, but it would not go away altogether. Is there anything else, Mr. Moherek?

Mr. Moherek: That's about it. I appreciate the detailed explanation. Many owners came to me and asked me why there was this fee, while the rest of community does not pay. We have been investigating this for a long time to figure out the best way to handle this. Based on my discussion with Mr. Flint, I drafted a letter. When we bought our homes in CHE, we had to come up with a bond issue which, in the bond, covered all of the engineering, attorney, legal and all other expenses. That's the homeowner's responsibility. Any costs related to maintaining those bonds, should be at the homeowner's expense; however, any maintenance costs should be, in my opinion, picked up by the HOA, overall and divided among all of the owners. I had no idea about the numbers, as I estimated them. Depending on how the HOA sees it, the numbers are not going to change, but at least I feel that if we work together, it's going to be an equitable situation for all of CHE.

Mr. Flint: We may want to revise this before the letter goes out, just so it includes the entire \$105,000 in there, which we would need to change.

Mr. Moherek: Do any of the Board Members have any questions on this?

Mr. Scherff: I attended the annual meeting that Ken Colen posted, and looking at a future five to seven years out, according to the Florida Statutes, when the developer develops 90% of the community, it is turned over to the HOA. It seemed to me that we would want to be in agreement, where if that should happen five to seven years out, we would want to spread out the equal expense to the entire community of CHE. That makes sense to me.

Mr. Moherek: Thanks for that comment. Does anyone have any other comments?

Mr. Moherek: I've always wondered. The CDD takes care of the drainage retention areas within Candler Hills East, and I'm wondering if the drainage retention areas in Candler Hills West, Stone Bridge and now Lark Hill are going to be built into ours too, so that we are paying for both East and West; whereas, Candler Hills West is only paying for Candler Hills West. I think there's another issue there too.

Mr. Moherek: That's exactly what I'm talking about. Right now, we are paying two maintenance fees and that's the reason for this letter, which is to try to get an equitable answer to the problem. We are not looking back, we are looking forward. I know as a businessman, when you start a business, it would be done a certain way, based on what is the best thing to do at the time. Sometimes in situations like this, very few people have a handle on it. I think we came up with a good solution to it and I'm hoping that the HOA and CDD can work something out. Is there anyone else?

Mr. Garvin: We are going to get a more detailed letter on this for the next meeting. Right?

Mr. Moherek: Yes. We are going to have another detail. This was only summary. The numbers are not correct because I didn't know all the answers to the questions. Mr. Flint and I will work together to prepare the letter. Mr. Flint, do we have to bring it up at the next Board Meeting?

Mr. Flint: Yes. You are going to have the adoption of the Proposed Budget at your May meeting, so this would impact that. We have to talk about the timing of you reducing your budget prior to the HOA adopting their budget for next year. There are some risks there. This all depends on the HOA and how they feel about the issue, so we will have to work through the timing of all of that. The concept would be, if the HOA agreed, the CDD assessments would decrease and the HOA fees would increase by something less than that amount, because it's going to be spread over a larger number of units. That way the entire stormwater system within Candler Hills East would be covered under the HOA and everyone is sharing the cost, versus the way it currently is, where CHE is paying the cost of their system and a portion of the cost of the system for CHW.

Mr. Moherek: I want to thank Mr. Flint, for going into detail on this. We will draft that letter together and have it at the next meeting. Are there any other questions?

Mr. Flint: Is the Board comfortable with the concept? If so, I recommend a motion requesting that the HOA consider this change.

Mr. Garvin: Are we approving the concept?

Mr. Flint: These numbers are going to change.

Mr. Garvin: I understand.

Mr. Flint: The \$60,000 would come out of the CDD budget, and then it would go under the HOA budget. You are going to have a larger number of units in the HOA Budget to spread the \$60,000 across. There will be some increase in the HOA budget and a larger decrease in the CDD budget.

Mr. Garvin MOVED to direct staff to negotiate with the Homeowner's Association on maintenance of the District's stormwater system, and the transfer of \$60,000 from the CDD budget to the HOA budget, and Mr. Greene seconded the motion.

Mr. Moherek: I believe that there supposed to be 1,400 homes in CHE. Does anyone know for sure?

Mr. Hisey: Thereabouts.

Mr. Moherek: Currently, the CDD has 628 homes.

Mr. Bain: Baring in mind, of course, there will be more retention ponds added, which increases the cost. Do we work on the basis of what's there now or do we work on the basis of the total?

Mr. Flint: The only issue is the \$60,000 and whether it is in the CDD budget or HOA budget. The number of ponds within CHE is not going to change.

Mr. Hisey: Correct.

Mr. Flint: The other sections may change. You are going to be paying a part of that anyway, so the question is whether or not everyone shares the cost of the CHE section, so that's what we are talking about.

On VOICE VOTE, with all in favor, directing staff to negotiate with the Homeowner's Association on maintenance of the District's stormwater system, and transferring \$60,000 from the CDD budget to the HOA budget, was approved.

Mr. Flint: The HOA representatives are here and they heard the discussion.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Flint: Rachel, do you have anything?

Ms. Wagoner: No.

B. Engineer

There being none, the next item followed.

C. District Manager's Report

1. Approval of Check Register

Mr. Flint: You have the Check Register from November 15, 2017 through February 9, 2018. Were there any questions?

Mr. Scherff: Regarding the *CHE CDD – U.S. Bank* item, is that money collected by the County?

Mr. Flint: Yes. The CDD gets one check from Marion County that has the O&M and debt in it, which we deposit into the operating account in the General Fund. We have to write a check to the Trustee to move the Debt Service Assessment Revenue. That's merely moving the money to the Trust Account to pay Debt Service. Are there any other questions? If not, we need a motion to approve the Check Register.

On MOTION by Mr. Scherff, seconded by Mr. Moherek, with all in favor, the Check Register, was approved.

2. Balance Sheet and Income Statement

Mr. Flint: You have the Unaudited Financial Statements through the end of January. Are there any questions on the Financial Statements?

Mr. Scherff: Is everything on line and there are no unusual or unexpected expenses?

Mr. Flint: No. Our actuals are prorated on the expense side. On the revenue side, we collected \$94,000 of the \$105,000 in O&M assessments that we levied. The financials look good.

3. Consideration of Series 2016 Arbitration Report

Mr. Flint: This is the Arbitrage Rebate Calculation Report for the Series 2016 bonds, indicating that we have a negative rebate requirement of \$4,402. There are no arbitrage issues. We need a motion to accept the report.

On MOTION by Mr. Moherek, seconded by Mr. Scherff, with all in favor, the Arbitrage Rebate Calculation Report for the Series 2016 bonds was accepted.

Mr. Garvin: Because this is tax season, the homeowners that I have spoken to, when they noticed that their CDD bond was reduced, were very pleased with what the Board decided to do. It decreased by \$100.

SEVENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

There being none, the next item followed.

NINTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Scherff, seconded by Mr. Moherek, with all in favor, the meeting adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman