

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, November 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 Sr.	Chairman
Elmer Greene	Vice Chairman
Robert Scherff	Assistant Secretary
John Bain	Assistant Secretary

Also, present were:

George Flint	District Manager
Gerald Colen	District Counsel
Rachel Wagoner	Colen & Wagoner
Lynette Vermillion	On Top of The World Communities
Robert Stepp	On Top of The World Communities

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: If any members of the public that want to provide comment on the Candler Hills East CDD Board Meeting regarding anything on the agenda or not, now would be your opportunity to speak. Hearing none, next item as follows;

THIRD ORDER OF BUSINESS

Notice for Meeting

Mr. Flint: The notice of the meeting was published in the Ocala Star Banner. You have the affidavit of publication in your agenda package.

FOURTH ORDER OF BUSINESS

Organizational Matters

A. Appointment of Individuals to Fulfill the Board Vacancy in Seat 4 with a Term Ending November 2022

Mr. Flint: Mr. Garvin did not qualify to run for his seat, so basically, he did not go to the Supervisor of Elections and sign up to run for the seat that he occupied, which was seat #4. Per the statutes he can hold over in that seat. The Board can either reappoint him or you can appoint someone else. If you choose to reappoint him, you can do that now. If you want to appoint someone else, you can do that now. Or if you defer it then basically, he stays in the seat until you make a decision on a replacement.

Mr. Moherek: I would like to appoint Larry Garvin.

Mr. Flint: I think Mr. Garvin is out of town today so prior to or at the next meeting he will be sworn in and sign the Oath of Office.

On MOTION by Mr. Moherek, seconded by Mr. Greene, with all in favor, Mr. Garvin's Appointment to Fulfill the Board Vacancy in Seat 4 with a Term Ending November 2022, was approved.

B. Administration of Oath of Office to Newly Appointed Supervisor(s)

Mr. Flint: We have Mr. Scherff and Mr. Bain that need to take the Oath of Office. As citizens of the State of Florida and of the United States of America and as officers of the Candler Hills East Community Development District and a recipient of public funds as such officer do you hear by solemnly swear of affirm that you will support the Constitution of the United States and of the State of Florida?

Mr. Bain: I do.

Mr. Scherff: I do.

Mr. Flint: Okay, if you can please print your name at the top where it says "I" your name and then where it says "Board Supervisor" sign and I can notarize that for you.

C. Election of Officers

Mr. Flint: Each time the Board has an election they are required to elect officers. In your agenda is a resolution electing a Chair, Vice Chair, Secretary, Assistant Secretary, Treasurer and Assistant Treasurers. You can handle this one of two ways. We can take each seat individually and open the floor to nominations and the Board can vote on each office or if a Board Member wants to make a motion to nominate a slate of officers you can handle it in one motion as well.

Mr. Scherff: I would like to make a motion that we keep the officers as they are for another year.

D. Consideration of Resolution 2019-01 Electing Officers

On MOTION by Mr. Scherff, seconded by Mr. Greene, with all in favor, Resolution 2019-01 Electing Officers, was approved.

FIFTH ORDER OF BUSINESS

Approval of Minutes of the August 21, 2018 Meeting

Mr. Flint: Does the Board have any additions, deletions, or corrections to those?

Mr. Scherff: I have one correction. On page 3, it should say Sidney.

Mr. Flint: Okay, we will make that correction. Any other comments?

On MOTION, by Mr. Greene, seconded by Mr. Scherff, with all in favor, the minutes of the August 21, 2018 Meeting, were approved as amended.

SIXTH ORDER OF BUSINESS

Consideration of Agreement with Berger, Toombs, Elam, Gaines & Frank to Provide Auditing Services for Fiscal Year 2018

Mr. Flint: The Board went through an RFP process as prescribed by statutes and selected Berger, Toombs, Elam, Gaines & Frank to perform the annual independent audit. This is the second year under that bidding process and they provided a not-to-exceed price of \$3,510.

Mr. Scherff : Is that the agreed price that we had when we initially contracted them?

Mr. Flint: Yes, it is.

Mr. Moherok: Do we have any other quotes?

Mr. Flint: We usually only bid it every 3 to 5 years. We don't bid it every year. Because bidding it every year you have to appoint an audit committee. You have to run notices in the newspaper. There is an expense to doing that and typically you wouldn't do it frequently. The most frequent is every 3 years.

Mr. Flint: Any other questions or comments?

On MOTION, by Mr. Moherek, seconded by Mr. Bain, with all in favor, the Agreement with Berger, Toombs, Elam, Gaines & Frank to Provide Auditing Services for Fiscal Year 2018, was approved.

SEVENTH ORDER OF BUSINESS

Consideration of Agreement with Candler Hills Neighborhood Association Regarding Mowing for Drainage Retention Areas

Mr. Flint: During the budget process and at the last meeting we discussed the maintenance of the retention areas and Candler Hills East and the fact that the CDD issued bonds to construct those and included the maintenance of those in their operating and maintenance assessment. However, when Candler Hills West was constructed that storm water system was funded through Candler Hills Neighborhood Association which covers East and West. So, the Board felt there was an inequity there where Candler Hills East residents were paying for maintenance of Candler Hills West storm water through their Neighborhood Association fee, but the Candler Hills West residents were not participating in the cost of the maintenance of the Candler Hills East storm water system. So, as a proposed solution to that the Neighborhood Association agreed to take over maintenance of the Candler Hills East ponds so that they fund through the Neighborhood Association Fee the maintenance of all of the storm water systems in Candler Hills. As a result of that you were able to decrease you O&M assessment going into Fiscal Year 2019. There was a timing issue with the CDD's fiscal year and the Neighborhood Association's fiscal year. The CDD is only required to maintain it for October, November, December of your fiscal year and then the Neighborhood Associations fiscal year starts on January 1st and they would take on that maintenance going forward. So, we've been working with the Neighborhood Association staff and we've come up with a proposed agreement. It indicates that the Neighborhood Association would assume the obligations to mow drainage areas 1, 2, 5, 7, and 8. There is an attached exhibit showing those areas. It also indicates that the golf course is currently mowing areas 3, 4, and 6 or Sidney, Colen, and Associates is maintaining that as part of the golf course and they're not included in this agreement. Section 5 is really the section that we should focus on and what it indicates is the effective date of this agreement would be January 1, 2019. It would be valid for 5 years. It would automatically renew for successive 5-year terms and it indicates that if either party intends to not renew at the end of the 5-year term they must provide notice to the other prior to April 1st of the last year of the term. For example if the Neighborhood Association decides not to let it automatically renew, they

would have to let us know prior to April 1st so that we would have the ability in our budget process to account for those expenses. It also says that there is a termination provision in here that allows termination at any time. The same situation would apply where we would have to be provided notice prior to April 1st. That way they're not cancelling it in December and all of a sudden January 1st we've got to take over maintenance and we don't have the ability to account for it in our budget.

Mr. Moherek: I have a question. I thought this was going to be an agreement that was permanent. I'd like to know under what circumstances would we cancel it?

Mr. Flint: I can't foresee a circumstance where the CDD would cancel it, but you can't really have an agreement that has no termination provision. It's got to have a term and it's got to have the ability to cancel. It can't be perpetual. So, whether it's 5 years or 10 years long it has to be a term that both parties agree to, but you can't have an agreement with no ability to cancel. There maybe be a scenario at some point in the future that we can't foresee that would require it to be cancelled and without a termination provision you'd basically have to do that through a law suit or a mutual agreement.

Ms. Wagoner: I wanted to also clarify that the agreement that is currently for the maintenance and landscaping of the area is broader than just mowing. It includes pruning and it deals with some sink holes as well. So, this agreement is solely related to the mowing of those drainage retention areas.

Mr. Flint: Part of what we agreed to during the discussions is that they would only take on the mowing obligation if there was a sink hole or there was a drainage structure a capital cost. That would still be the obligation of the CDD, they're just taking on the maintenance portion of it. We've continued to include money in our budget to allow for some of those capital expenses as they occur.

Ms. Wagoner: As part of that scope of services with the landscaping needs to be revised to take out that mowing and be prorated because it's a contract for all of it. The individual services are not detailed.

Mr. Flint: And that agreement would be between the Neighborhood Association and the contractor not the CDD. So, the Neighborhood Association, whatever amendment they would need to make to that agreement, would be between I think the Neighborhood Association and the contractor.

Mr. Bain: Can I get some clarification here? What does the exhibit as part of that agreement, Exhibit A has a whole list of maintenance and edging and weed control etc. Is that all included or not? We just talked about mowing and it sounded like.

Mr. Flint: Well with the mowing and the edging and all that is included but I think there is possibly some language in there that says if there is sink hole smaller than a certain size.

Mr. Bain: Yes, it says here 16D.

Mr. Flint: Yes. That may or may not be carried over in the Neighborhood Associations contract. If not, we can handle that.

Mr. Bain: So that's the only part that's not included then?

Mr. Flint: That or if there is a major sink hole or if there is a drainage structure like a mitered end or outfall or something like that, they're not taking the obligation out of the capital cost of those things. Just the maintenance.

Mr. Bain: So, there is maintenance it is not just grass cutting. It's everything associated.

Mr. Flint: Yes, the pruning and the grass cutting and all that. It just doesn't include sink holes or any capital repairs.

Mr. Bain: So, part D says wash out and other damage created from storm water run-off greater than 3' and that should be reported to Parkway Management and Management Company representative for repair. Does that need to be revised now, that part D?

Mr. Flint: No, that process would still be followed it's just the CDD is going to be obligated to pay those costs.

Mr. Bain: Ok so it needs to say that we'd be advised to then?

Mr. Flint: Well as a practical matter right now, Parkway is the one who is managing the field side of it for the CDD.

Mr. Bain: Okay, thank you.

Mr. Scherff: I would just like to make a comment that the roads and the curbing, drainage curbing is the property of the CHNA not the CDD.

Mr. Flint: Right, in Candler Hills the roads are owned by the Neighborhood Association as opposed to Indigo East where the Indigo East CDD owns the roads.

Ms. Wagoner: So, the directions we received in regards to drafting this agreement were not clear. They seem to relate solely to mowing. So, I don't know if the association is agreeing to take over anything other than mowing. I think we need further clarification on that.

Kenneth Colen, 8445 Southwest 80th Street: The intent was just to take over mowing. Not to take over any structural element because the land belongs to someone else which is the CDD. So, I hope that clarifies.

Mr. Scherff: What about plants, shrubs, and trimming?

Mr. Kenneth Colen: Only mowing was what was in our scope. The rest of it is up to you all.

Mr. Bain: Can I asked the question who does the maintenance of shrubs in Candler West?

Mr. Kenneth Colen: The Association does in Candler West.

Mr. Flint: Okay, I guess I was mistaken that I thought the only exclusion was sink hole activity or capital costs. I thought the scope of work other than that from a maintenance perspective would remain the same.

Mr. Moherek: One other question I had. There are a couple of areas in the Candler Hills East CDD where there are a few islands in between the roads and some of them really aren't in great shape. Some of the shrubs and weeds are growing and I would like to know what's the best way we should handle that? Is it the CDD obligation expense? What's the best way to handle those?

Mr. Flint: If it's part of the road right of way it's going to be the Neighborhood Association. If it's part of the storm water drainage areas, then it's going to be the CDD. It sounds like if you're talking about islands then that would be the Neighborhood Association.

Ms. Wagoner: So, If the agreement is solely related to mowing, I believe the agreement with Sharp Fence will also need to be revised. The scope of services that is with the CDD will need to be limited to remove the mowing and the other services remain.

Mr. Moherek: According to the contract it says whereas, CHNA desires to assume the obligations to mow the drainage areas. I don't see anything else in this contract implying that they're doing any more. Unless I am missing something?

Ms. Wagoner: I was referring to the Sharp Fence agreement. So, the association is agreeing to take over the mowing of those drainage retention areas. But the agreement with the CDD is for maintenance including, mowing, pruning, and sink hole and maintenance limited to a certain diameter. There is a current agreement with Sharp Fence that is for mowing and maintaining those areas that will need to be revised, and it expires December 31st, 2018.

Mr. Moherek: That clear to everybody here?

Mr. Bain: I think we have to get ahold of Sharp, don't we?

Mr. Flint: Yes, I don't believe we have another meeting before December 31. So, we will have to get ahold of Sharp and discuss with them another agreement effective January 1 with a limited scope.

Mr. Scherff: Everything except mowing.

Mr. Flint: Right.

On MOTION, Mr. Moherek, seconded by Mr. Greene, with all in favor, the Agreement with Candler Hills Neighborhood Association Regarding Mowing for Draining Retention Areas, was approved.

Mr. Flint: Just for clarification what we will do if you approve this agreement is, we will go to Sharpe Fence and we'll modify the scope of work to only include items other than mowing. That will be executed prior to January 1. The Board will have to ratify it at a future meeting. Unless you want to call a special meeting.

Mr. Moherek: That would be fine with me.

Mr. Scherff: I have a question. Number 12 irrigation systems. Is there an irrigation system within the CDD area?

Mr. Flint: Well our expert Phil Hisey is on vacation, so I can't answer that question. I don't believe in the dry retention ponds that there is an irrigation system. There may be some limited landscaped areas that have that, but I am not aware.

Mr. Scherff: We're not paying for any water that I know of.

Mr. Flint: Yes, so that would be a good indication.

NINTH ORDER OF BUSINESS

Ratification of Agreement with Sharp Fence Construction, LLC for Maintenance of Retention Ponds

Mr. Flint: This agreement is basically through December 31st with Sharp Fence. Again, you approved the agreement with them previously, this is just ratifying it. It started on October 1. Understanding that another agreement will have to be drafted effective January 1 with a more limited scope.

Mr. Scherff: I just have one more question on the extra cost that we may incur with Sharp Fence are we budgeted for that?

Mr. Flint: We've got \$10,000 that we have left in the budget under the revised assessments that could cover those expenses. We also have a capital reserve fund in the event we have a larger issue with a sink hole or something like that. We've got \$165,000 set aside in a capital reserve for any catastrophic issue.

On MOTION, Mr. Moherrek, seconded by Mr. Scherff, with all in favor, the agreement with Sharp Fence Construction LLC for Maintenance of Retention Ponds, was ratified.

NINTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Flint: Anything else from Counsel? Hearing none, the next item follows.

B. Engineer

There being none, the next item followed.

C. District Manager's Report

1. Approval of Check Register

Mr. Flint: You have the approval of the check register for the general fund and payroll totaling \$37,140.07. There is a detailed register behind the summary. Does the Board have any comments?

Mr. Bain: On 8/28/18 we paid \$6,042 in insurance. Is that the insurance that we carry for ourselves?

Mr. Flint: Yes, that's a one-time annual expense. Its paid at the beginning of the fiscal year. So that includes your liability insurance and also public official's liability insurance. It's a general liability policy, as well as a policy protecting Board Members.

Mr. Bain: And on 9/25/18 assessment of Fiscal Year 2019 assessment roll certification \$5,000.

Mr. Flint: Yeah, that's a one-time annual expense in our contract.

Mr. Bain: Who gets that money?

Mr. Flint: GMS, we prepare and administer the annual assessment roll. That also includes all of the payoffs and all of the activity throughout the year regarding the assessments.

Mr. Bain: Disclosure services for \$250?

Mr. Flint: That was to prepare a revised amortization schedule. Periodically, because of people paying off their debt early etc., it reduces the par amount of the bonds. They prepare a revised amortization schedule, so we can recalculate basically what the payoff amounts are going forward. Making sure that the assessment revenue we collect is going to retire the principal and interest. Anything else? If not is there a motion to approve the check register?

On MOTION, Mr. Moherek seconded by Mr. Bain, with all in favor, the Check Register totaling \$37,140.07, was approved.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS


Supervisor's Requests

There being none, the next item followed.

TWELTH 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