MINUTES OF MEETING
OSPREY OAKS
COMMUNITY DEVELOPMENT DISTRICT

A Regular Meeting of the Osprey Oaks Community Development District's Board of Supervisors was held on **Monday, May 1, 2017** at **6:15 p.m.,** at the **Clubhouse of Osprey Oaks, located at 7054 Muscovy Court, Lake Worth, Florida 33463.**

Present and constituting a quorum were:

Meredith Naim	Chair
James Gielda	Vice Chair
John Flaherty	Assistant Secretary
Steve Ratkowski	Assistant Secretary
Jeffrey Fuchs	Assistant Secretary

Also present were:

Cindy Cerbone	Wrathell, Hunt and Associates, LLC
Ginger Wald	District Counsel
Jeff Schnars	District Engineer
Tony Grau	Grau & Associates
Ken Naim	Resident

FIRST ORDER OF BUSINESS **Call to Order/Roll Call**

Mrs. Naim called the meeting to order at 6:15 p.m., and noted, for the record, that all Supervisors were present, in person.

SECOND ORDER OF BUSINESS **Public Comments**

There being no public comments, the next item followed.

- **Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2016, Prepared by Grau & Associates**

******This item, previously the Sixth Order of Business, was presented out of order.******

Mr. Tony Grau, of Grau & Associates, stated that the "Independent Auditor's Report", on Pages 1 and 2, was a clean, or unmodified, opinion. The "Changes in Net Position", on Page 5, reflected an increase in "Expenses" for Fiscal Year 2016. On Pages 19 and 20, "Long-Term

Debt" decreased by $59,551, leaving a balance of $1,550,000, as of September 30, 2016. The "Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters", on Pages 24 and 25, the "Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes", on Page 26, the "Management Letter", on Page 27, and the "Report to Management", on Page 28, reflected no prior or current year findings.

Mr. Flaherty requested an explanation of "Note 7 – Developer Transaction" and "Note 8 – Concentration", on Page 20. Mr. Grau stated that there were funds in a liability account that the Developer indicated would not be paid back. Ms. Cerbone stated that the Developer did not ask the District to reimburse the $36,231. Mr. Grau stated that, since the liability was resolved, Notes 7 and 8 would be removed from the Fiscal Year 2017 audit.

- **Consideration of Resolution 2017-8, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2016**

******This item, previously, the Seventh Order of Business, was presented out of order.******

Mrs. Naim presented Resolution 2017-8 for the Board's consideration.

On MOTION by Mr. Flaherty and seconded by Mr. Ratkowski, with all in favor, Resolution 2017-8, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2016, was adopted.

- **Discussion: Public Records Request(s) from Board Members**

******This item, previously the Fourth order of Business, was presented out of order.******

Ms. Cerbone recalled Board Member questions, at the last meeting, regarding infrastructure and Mr. Schnars was asked to attend this meeting to respond. Ms. Cerbone distributed the questions submitted, in advance of today's meeting, by Mr. Ratkowski and Mr. Fuchs.

FROM SUPERVISOR RATKOWSKI:

LAKE #2:

Q: I would like to ask if a resident from Osprey Oaks complained to the CDD regarding the lake maintenance being performed to lake #2. I believe, from a prior conversation, Mr.

Schnars stated that a resident called into the CDD to complain about the lake maintenance being performed on Lake #2.

A: No. Mr. Schnars stated in a previous meeting that he suspected that a resident called Environmental Resource Management (ERM) to complain. Mr. Schnars contacted ERM, when he received the questions, to ask about the history, and ERM confirmed that a resident called ERM and ERM came out to investigate, which resulted in a Notice of Violation (NOV).

Q: Mr. Lyles stated that it sounds like the HOA was trying to turn the lake into a recreation area. I would like to know if this was his opinion or was he given information from a third party.

A: Ms. Wald stated that Mr. Lyles did not have any information from a third party.

Mr. Ratkowski stated that the remaining questions for Lake #2 were similar. Mr. Ratkowski wanted to include, in the public record, how the Lake #2 violation occurred. Mr. Schnars stated that the HOA hired a contractor to perform work in the littoral area. Prior to the NOV, it came to Mr. Schnars' attention during a CDD meeting that something was occurring in the littoral area. Mr. Schnars contacted Mr. Jason Young, the contractor, Mr. Flaherty, of the HOA, and the HOA Manager, voiced his understanding that littoral plants were being removed and sent them a copy of the approved plans. Mr. Schnars had multiple conversations and exchanged emails, especially with Mr. Young, questioning whether Mr. Young was following the plan and that he was in compliance and indicated that there must be an 80% survival rate for the plants in the plan. Mr. Young assured Mr. Schnars that he was following the plan. Mr. Flaherty stated that ERM indicated that the plants were 12% short of the requirement.

Q: What as the exact date the performance bonds were closed out for the lakes?

A: Mr. Schnars had a letter that was sent by the Palm Beach County ERM, on March 11, 2016, releasing the bond. Before the bond was released, ERM required that the Developer install supplemental plantings, to bring the area into compliance. Shortly thereafter, the HOA's contractor dug up the littorals. Mr. Flaherty asked which company added plants and on what date. Mr. Schnars did not know. Mr. Gielda stated that the contractor might have been the Wantman Group. Mr. Flaherty asked who allowed entry into the development and what was done. Ms. Cerbone stated that the CDD was not responsible for entry into the development. The managing entity was the HOA. With regard to the work that was performed, Mr. Schnars stated that the HOA inspected the area to confirm that the work was satisfactory, to them. Ms. Wald

asked if the area was in compliance. Mr. Schnars confirmed that the area was in compliance when the bond was returned. Ms. Cerbone asked if Mr. Flaherty wanted the name of the company that brought the area into compliance. Mr. Flaherty replied yes, as he understood that no one installed plantings. Ms. Cerbone would submit a public records request to ERM, on the District's behalf.

Mr. Ken Naim, a resident, asked for the date that the performance bond was released. Mrs. Naim replied March 11, 2016.

PAVERS:

Q: Who voted to have this inspection performed by the District Engineer?

Q: Was an estimate ever given by the District Engineer and approved by the District?

A: Ms. Cerbone stated that items such as this typically were not voted on, as they fell within the normal responsibilities of the District Engineer. It was not unusual for the Board to request an inspection and a vote was not required. Mr. Flaherty asked if a paver inspection was performed. Ms. Cerbone replied affirmatively. Mr. Flaherty asked if the previous Board Members requested the inspection. Mr. Schnars replied yes. Mr. Ratkowski asked why approval was not required for an inspection. Ms. Cerbone stated that the District had a contract with the District Engineer, which included the services to be provided. The annual budget for the District Engineer, District Manager and District Counsel included funds to cover the expenses for the services provided, based on history and future projects. Mr. Flaherty inquired about the cost for the paver inspection. Mr. Schnars stated that the inspector spent three hours, at $95 per hour.

Q: Who owns the pavers and the maintenance of these?

A: Mr. Schnars stated that the CDD owned the pavers and maintenance was the HOA's obligation, by agreement. Ms. Wald stated that the pavers were purchased by the CDD so they were owned by the CDD. The issue was the location of the pavers. Pavers were placed in roadways and pedestrian access ways. Mr. Gielda stated that the sidewalks were handled differently. Mr. Schnars stated that there were sidewalks within the roadway tracts. Mr. Gielda stated that the sidewalks were concrete. With respect to the roadways with pavers, the interior roadways were owned by the HOA. Mr. Schnars stated that the land was owned by the HOA but the roadway improvements were CDD improvements. Ms. Wald stated that the maintenance agreement with the HOA did not include the roadways. Mr. Flaherty asked who would be responsible for the pavers if there was damage prior to the District's acceptance of the

community. Ms. Wald stated if there was a problem with the paver composition and the pavers were still under warranty, the District would pursue the paver company. Mr. Gielda stated the supplier was Tremron. Ms. Wald voiced her understanding that composition was not an issue. Additional questions were discussed.

Mr. Fuchs recalled that Mr. Freedman promised homeowners that the pavers would be repaired prior to turnover and they were not. The HOA performed an independent engineering study and the deficiencies were documented in the report, 30 to 90 days from the turnover from the Developer to the HOA.

******The meeting recessed at approximately 6:49 p.m.******

******The meeting reconvened.******

Mr. Ratkowski asked if there was a maintenance agreement for the pavers. Ms. Wald stated that the maintenance agreement that was in effect, as of February 5, 2014, did not provide for pavers. Upon further discussion, it was determined that the CDD could not force the HOA to repair the pavers if the HOA did not cause the damage. Mr. Ratkowski stated the issues identified by Mr. Schnars were the same deficiencies that existed at the time of the turnover.

Mr. Fuchs asked if the HOA could repair the pavers if it chose to, since the HOA did not own the pavers. Ms. Wald stated that, if the HOA came to the CDD, her recommendation to the CDD would be to amend the maintenance agreement and add the pavers for the portions of the roadways that had pavers paid for by the CDD. Once the amended agreement was in place, the HOA could proceed. Mr. Flaherty asked if the HOA could repair the pavers and bill the CDD. Ms. Cerbone replied the HOA could but, in turn, the CDD would have to add a dollar amount in the budget, which would be assessed to homeowners.

Bill of sale:

Q: My understanding is the bond money was paid to the CDD (which was controlled by the Developer) and paid out to the Developer (which was JKM). Is this how it was handled?

A: Ms. Cerbone stated that the bond money was not paid to the CDD and it was not controlled by the Developer. With municipal bonds, a trustee is assigned to the bond funds. The trustee was Wells Fargo. Wells Fargo had custody of all bond money, on behalf of the District. Discussion ensued regarding the requisition process and the nine requisitions that were paid. Mr. Ratkowski asked if the money came through the CDD. Ms. Wald stated that the trustee held the

money. Ms. Cerbone stated that there were nine requisitions, which totaled $1,427,301.61. Less the cost of issuance of $222,000, the construction related total was $1,204,000.

Mr. Ratkowski stated that there was no water and sewer Bill of Sale. Mr. Schnars stated that there was a water and sewer Bill of Sale for the overall development, exclusive of the multi-family.

Mr. Flaherty referred to the construction requisition and asked for a breakdown for the $109,160 payment to Schnars. Ms. Cerbone would provide the information, as well as detail for survey work performed by Dennis J. Levy and Associates.

Mr. Ratkowski stated the Final Completion of Public Improvements did not reference the Bill of Sale for 2013. In 2012, a permit was obtained for the multi-family homes but there was no permit for the single-family homes, for the water or sewer, because those homes were not built yet. Mr. Schnars confirmed that the document had nothing to do with individual homes, only CDD improvements. Mr. Fuchs asked if it was appropriate to reference a four-year-old document certifying that improvements were complete. Mr. Schnars stated that the document indicated what the improvements would be and the improvements, as outlined in the document, were completed in 2013.

Mr. Flaherty asked who was responsible for interior roadway improvements, such as asphalt and pavers. Ms. Cerbone stated that District Counsel indicated that the pavers were owned by the District but the pavers were placed on property not owned by the District. Mr. Schnars stated that the District had an easement over the roadways owned by the HOA. It was the intent that all CDD improvements would be included in the maintenance agreement; it was an oversight.

Mr. Ratkowski stated that the roads were built and, supposedly, the CDD agreed to sign off on the roads before any homes were built. While homes were being built, concrete dripped behind trucks and heavy vehicles drove on the pavers. Mr. Ratkowski asked who was responsible for repairs prior to the HOA taking over from the Developer. Ms. Wald replied whoever caused the damage. Mr. Ratkowski stated that he received a letter in 2016, long after the homes were built, and there was no document certifying that the roadways were in top condition before any homes were built. Mr. Ratkowski asked why the letter was sent in 2016, when, coincidentally, homeowners were taking control of the CDD.

Q: I have a copy of the bill of sale from the CDD to BR Osprey/Osprey HOA dated 8/29/13. The first page of the bill of sale on the bottom states signatures to follow on the next page. The actual Absolute Bill of Sale only has pages signed by the Grantor, BR Osprey and Osprey Oaks HOA. Why isn't there a signature page from the Grantee which is the CDD?

Q: Same thing with the No Lien Affidavit.

A: Ms. Wald stated that Bills of Sale only had to be executed by the Grantor, by law. The same with the No Lien Affidavit, because the Grantor was stating that there were no liens, it was being turned over.

Q: On Exhibit "A" Description of Improvements, I see that there are items that were paid by the CDD to the Developer. Under the earthwork it has a line item for asphalt removal. What asphalt was removed? Under Asphalt & Paving P.U.D., there is a line for 1.5" S-3 asphalt 2 lifts. Is this the replacement of the asphalt removed? There is also a line item for 4 each asphalt speed humps. Where did these go or where are those located in the PUD? We have no speed humps in the community.

A: Mr. Schnars stated that there was existing asphalt, on the site, before the community was developed. The two lifts of asphalt were for the new roads in the community. The speed humps were required by Palm Beach County, as a development approval condition. Off-site improvement requires a stipulation to the development approval by Palm Beach County.

Q: Was any of these items from the bill of sale used towards any of the 13 out parcel lots.

A: No. The out parcel lots were not part of the CDD.

Mr. Flaherty asked if Mr. Schnars was aware that JKM defaulted on the roads, with Hard Drives, for approximately $190,000, and what it entailed. Mr. Schnars replied no.

Q: This certification never mentions when the time of transfer took place. When was the transfer performed?

A: Ms. Wald stated, from a legal perspective, regarding ownership, it would be from the Bill of Sale and the acceptance part was the CDD, which took place when the CDD, as a Board, accepted the Bills of Sale, or soon thereafter. The Grantee did not have to execute anything; typically, a Board approves the acceptance of Bills of Sale. The legal descriptions and items being transferred are within the Bill of Sale. It is usually anticipated that this would occur as part of the Acquisition Agreement.

Q: Engineering report dated 10/18/11: Under section IV Ownership and Maintenance. Is this still in effect?

A: Mr. Schnars stated that, as far as he knew, it was still valid. Some of the maintenance obligations were transferred to the HOA, by agreement.

FROM SUPERVISOR JEFF FUCHS:

Q: How long did it take to perform the inspection?

A: Three hours.

Q: What is the load rating of the bricks that were installed?

A: The specifications say the pavers should have a minimum compressive strength of 7,200 pounds per square inch (PSI). The pavers were designed to be in roadways.

Q: What can cause so many bricks to crack?

Q: What can cause long gouges in the roads and bricks?

Q: What can cause long lines of concrete dripped onto the road?

Q: What can cause large oil stains on the roads?

Q: What can cause tar on the roads?

Q: What can cause the pavers to settle?

A: Mr. Schnars stated that this series of questions called for speculation. Many things could have happened. Some of these could have been construction related but he did not know.

Q: Was the base under the pavers inspected?

A: Mr. Schnars replied yes. The inspection was performed with Palm Beach County present.

Q: Was the base under the pavers installed correctly?

A: Mr. Schnars replied, in our opinion, yes, it was.

Q: Would residential vehicles be able to cause the gouges and so many bricks to crack?

A: Mr. Schnars stated that a regular car does not have very heavy load, versus a truck. If enough cars drove over the paver and there was one small pebble that the paver had been rocking on, it would not take much to cause a crack in the pavers. The CDD was forced to install the pavers by Palm Beach County, for this project. Pavers look nice but they require more maintenance than asphalt.

Q: Was it wise to install final road coverings when it was known that heavy construction equipment was going to pass over them for 2+ years?

A: Mr. Schnars replied it was an option that the Developer had with the County. It could have been done later but it was not, in this case.

Mr. Flaherty stated that the District knew that the HOA was pursuing the deficiencies and asked whom the HOA would pursue, if the CDD was culpable, in any way, if the CDD had Errors and Omissions (E&O) insurance, if mistakes were made and if the past Board made mistakes. Mr. Flaherty asked what the District's exposure was for the discrepancies, if any at all. Based on the answers, he felt that the CDD would be named. Ms. Wald asked if Mr. Flaherty was referring to the HOA bringing legal action against the District. Mr. Flaherty replied affirmatively. Ms. Wald stated that the HOA must have a cause of action against the District. Broken pavers were not a cause of action. Just because the District owned the pavers themselves did not necessarily mean that the HOA could bring an action against the District for pavers. The HOA must show some type of liability on the District itself.

Mr. Flaherty asked why the pavers were installed before homes were built. Ms. Wald replied it was pursuant to the contract. There may be a disconnect, as to liability, regarding why the pavers were installed beforehand. There must be an agreement between the parties where the District breached its duty under the agreement for a contract lawsuit. The other type of lawsuit would be if the District violated some type of duty it had, as a public entity, or a duty undertaken, as a public entity. It must be proven that the District knew that a paver would be broken. Regarding insurance, the District had an insurance policy from day one and, within the policy, there were usually duties to defend and the policy provides for that defense, and the District, itself, and the Board, collectively, would be protected under that policy. Mr. Flaherty stated if the District was named in a lawsuit, the District must respond to it. Ms. Wald stated it was difficult to answer when the District has not been sued. No one sent a demand letter and the cause of action was unknown. Mr. Flaherty questioned where funds would come from to defend the District if a lawsuit was filed.

Further discussion ensued.

Mr. Fuchs referred to a September, 2016 letter stating that the neighborhood was in good condition, referencing an October, 2011 Engineer's Report, which indicated that the roads were in great condition. One month later, someone was asked to inspect the pavers after Mr. Schnars had stated that the pavers were fine. Mr. Fuchs questioned the timing. Mr. Schnars stated that the 2011 report was not a report on the condition of the roadways; there was nothing in the

development, at that time. The Engineer's Report indicated what the improvements would be in the District; it was not a report on the condition. The inspection report was completed one month after the letter because it was requested.

Ms. Cerbone asked if Districts typically ask engineers to provide a Final Completion of Public Improvements and if this was one of the documents that, under ideal circumstances, would have been completed in 2014. Mr. Schnars replied it would have been completed in 2013, when the community was deemed complete and accepted by Palm Beach County. The paperwork was not completed when it should have been.

Mr. Fuchs stated, if the document was completed in 2013 and there were damages, the Developer could have gone after the builder because most of the damage was probably on the builder but everyone ignored it and, now, the damage was everyone else's responsibility.

Q: In the "True-up agreement" 2.b. states "The Developer as committed to the District and hereby reaffirms said commitment to directly donate improvements commensurate with the dollar value of the share of the benefit of the Improvements received by the MF LOTS." – In the OOCDD Final Supplemental Methodology Report v3 it states "Please note that the District will not fund the cost of the infrastructure benefitting the multi-family condominium units with the Bonds but rather through a Developer donation of completed improvements, and consequently the multi-family condominium units will not be assessed for the costs of repayment of the Bonds."

A: Ms. Wald stated that the effective date of the True-Up Agreement was March 21, 2012. True-up and Acquisition Agreements were typical, where the CDD enters into an agreement with the Developer regarding financing, outlines what each party expects from the other party, how financing would occur to pay for the improvements, the methodology report and, if there were items outstanding that must be completed, when the Developer completed those items, there would be no conflict. Ms. Wald's understanding was what was referred to as multi-family would not be assessed; therefore, the multi-family portion was removed from the True-Up Agreement because it was not to be assessed and it would not be part of the District, as to those improvements. The Partial Release of the True-Up Agreement, the collateral assignment and the assumption of any development rights were removed for the multi-family or the multi-family would not have been part of the financing. Ms. Cerbone stated that the multi-family portion was assessed for operation and maintenance (O&M). Ms. Wald stated that the

multi-family had O&M assessments because it was part of the District but it was part of the financing for the improvements only. Mr. Gielda stated that the multi-family was carved out of any public monies for infrastructure development.

Q: Did the release relieve the Developer from their "commitment to donate improvements commensurate with the dollar value of the share of the benefit of the improvements received by the MF LOTS."

A: Ms. Wald replied only as to the multi-family. The release specifically contained the legal description, which was Tract 7. The release only released the obligations as to the multi-family. Mr. Fuchs asked if the CDD installed the infrastructure for the land. Mr. Gielda replied no. The Developer paid for all infrastructure costs within Tract 7.

Mr. Ratkowski asked if bond money was used to build the infrastructure, such as roads, lakes, irrigation, clubhouse, pools, gate and guardhouse. Mr. Schnars replied not the clubhouse. Ms. Cerbone stated not the pool or the gatehouse. Mr. Schnars stated only the irrigation in the perimeter buffer. The Engineer's Report reflected money spent to construct District improvements, i.e., water, sewer, roads, lakes and perimeter buffers. Mr. Ratkowski asked, "Water and sewer was not for individual homes?" Mr. Schnars replied no, for all common systems in the community. Mr. Ratkowski voiced his understanding that bond money was used to build infrastructure but it was paid by the CDD to the Developer, through bond funds. There were discrepancies for the lakes and many issues with irrigation. Mr. Ratkowski asked if the HOA could pursue the Developer or if the CDD must to pursue the Developer. Some of the issues were included in the HOA's turnover. Ms. Wald stated, as to the CDD and the Developer, the CDD accepted, through the Bills of Sale, what was provided to them and what was placed as to the anticipation of the Bill of Sale, through the Acquisition Agreement and, by making that acceptance, the CDD received certain rights from the Developer, such as for the pavers. If the pavers were improperly installed, the CDD had the right to pursue a different individual or bring a claim against an individual entity. If something were illegal, that would be different. If it was not illegal but there may have been a hidden defect, the CDD must show that something was done in such an egregious manner to undo what was already accepted. Items must be specified to go through each step. No specific item was presented.

Mr. Ratkowski questioned the CDD's involvement with irrigation. Referring to the Bill of Sale, Mr. Schnars noted landscape, irrigation and entry features in the perimeter buffers. The

irrigation within the buffers was CDD approved. Mr. Ratkowski asked if the Developer got water from the lake to the buffer. Mr. Schnars replied affirmatively and stated that the pump system was the HOA's. Mr. Flaherty stated the original plans called for two 25- horsepower pumps but only one 50-horsepower pump was installed. Mr. Flaherty asked if Schnars completed the changes. Mr. Schnars replied no; Schnars did not design the irrigation system.

Mr. Flaherty stated, when ERM inspected the lakes, it was determined that the grading was incorrect; the slope was 10:1 and should have been 4:1. Mr. Flaherty asked how ERM could indicate that the community was in good condition and release the bond but advised the HOA that the grading was wrong. Ms. Cerbone would expand the public records request to include everything related to Osprey Oaks and forward the information to the Board. For the next agenda, a Board Member would request that a document or documents be included, with the topic for discussion.

Mr. Fuchs asked if Mr. Schnars planned to submit a response to the RFQ. Mr. Schnars replied no. Mr. Fuchs asked if Mr. Schnars no longer wished to work for the CDD or if he would prefer to remain under the current contract. Mr. Schnars stated that he would stay if the Board wanted him to. If the Board wanted to solicit bids, it was not worth preparing a proposal, given the limited number of hours required.

- **Hypoluxo Storage Facility**

  ******This item, previously Item 10Bi, was presented out of order.******

  Mr. Schnars referred to the Hypoluxo Storage Amendment and stated that the storage facility was located outside of the northeast corner of the community. Nothing in the document was a cause for concern for the CDD, with regard to the improvements. The drainage did not affect the CDD.

  Mr. Flaherty stated that the sewer system ran diagonally, from the Anderson farm, underneath Osprey Oaks, to the other side. Mr. Schnars stated that there is a drainage pipe within the community that goes through Osprey Oaks. The CDD was responsible for the pipe.

- **Public Comments**

  This item resumed.

  Mr. Ken Naim, a resident, asked the extent of the paver damage and the cost to repair the pavers. Mr. Schnars stated that the damage was not estimated and felt that most of the items

were cosmetic. The damage was not structural and the roadway would not fail because the pavers were not repaired. Ms. Wald estimated $2,500.

THIRD ORDER OF BUSINESS **Discussion: District Policy - Meeting Rules**

Ms. Cerbone stated that, currently, the Osprey Oaks CDD Public Comment Policy was the only policy specifically adopted. Ms. Wald stated that the policy was adopted by all Districts because Florida Statute 286.0114 now applied to CDDs and addressed public comment.

Ms. Cerbone referred to the draft of the Osprey Oaks CDD Meeting Procedures, which were based on the Palm Beach County Board of County Commissioners Rules of Procedure.

Mrs. Naim asked about the meeting policies and procedures currently being followed. Ms. Wald stated that meetings were based on Roberts Rules of Order. The Board was not required to adopt any policy other that the Public Comment Policy. To adopt meeting rules, the rule making process must be followed, including advertisement, a public hearing and formalizing the rules.

Ms. Wald recalled that, at the last meeting, Staff was directed to review the Palm Beach County Board of County Commissioners Rules of Procedure and use them as a basis for a District policy. Ms. Wald suggested that the Board review the draft policy, in advance, if a rule adoption was to be considered. Mrs. Naim recommended that the Board Members review the draft policy and make notes, for discussion at the June meeting.

FOURTH ORDER OF BUSINESS **Discussion: Public Records Request(s) from Board Members**

A. Bills of Sale

This item was discussed following the Second Order of Business.

FIFTH ORDER OF BUSINESS **Consideration of Resolution 2017-7, Approving the District's Proposed Budget for Fiscal Year 2018 and Setting a Public Hearing Theron Pursuant to Florida Law**

Ms. Cerbone presented Resolution 2017-7 for the Board's consideration. At the last meeting, the Board inquired about a Management fee reduction. Mr. Wrathell suggested a 20%

reduction, with a meeting cap of six meetings per year. If more meetings were required, a per meeting fee would be charged. Regarding the budgeted amount of $42,000, Ms. Cerbone referred to a footnote stating, "Wrathell, Hunt & Associates' Management fee would be $34,000, based on a maximum of six meetings. The charge would be $1,333 for each meeting over six." $42,000 was budgeted to pay for additional meetings and to assist with fund balance until assessment collections were received. If the Board was in favor, an amended Management Agreement would be provided for consideration at a future meeting.

Regarding potential savings, Ms. Cerbone stated that Board Members could forego the Supervisor Fee, which would be $6,000, annually, assuming that five Board Members attended six meetings per year. If the Board anticipated pursuing litigation in Fiscal Year 2018, Ms. Cerbone suggested budgeting more than $9,000. Under "Engineering fees", Ms. Cerbone did not foresee other firms charging more than what the District was currently paying. Additional funds must be budgeted if the Board wanted to contract with a third-party engineer, to review the infrastructure.

Mr. Flaherty asked for an update regarding the engineering Request for Qualifications (RFQ). Ms. Cerbone stated that the deadline for submittal was May 11, 2017. No responses were received, thus far.

On Page 6, Ms. Cerbone noted the slight increase in assessments for Fiscal Year 2018.

Regarding Supervisor fees, Mr. Ratkowski suggested budgeting for 12 meetings. Supervisor Gielda noted that funds may be reallocated between line items, if necessary. Legal fees would remain the same.

Discussion ensued regarding the Public Hearing date. Ms. Cerbone stated that the Public Hearing and the September 25, 2017 Regular Meeting would be moved to September 5, 2017.

Mr. Flaherty asked if the assessment amount was based on Management fees of $42,000. Ms. Cerbone replied affirmatively. The same formula would be used when increasing Supervisor fees to $12,000; therefore, assessments would increase. In response to a question, Ms. Cerbone confirmed that the budget was proposed and may be changed until final adoption, on September 5. Ms. Cerbone recommended approving the proposed budget with $42,000 for "Management fees" and $12,000 for "Supervisor fees", as a safeguard. The Amended Management Agreement would indicate $34,000, for six meetings per year.

On MOTION by Mr. Ratkowski and seconded by Mrs. Naim, with all in favor, Resolution 2017-7, Approving the District's Proposed Budget for Fiscal Year 2018, as amended, and Setting a Public Hearing Date for Tuesday, September 5, 2017 at 8:00 a.m., at this location, was adopted.

SIXTH ORDER OF BUSINESS **Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2016, Prepared by Grau & Associates**

This item was presented following the Second Order of Business.

SEVENTH ORDER OF BUSINESS **Consideration of Resolution 2017-8, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2016**

This item was presented following the Second Order of Business.

EIGHTH ORDER OF BUSINESS **Approval of Unaudited Financial Statements as of March 31, 2017**

Ms. Cerbone presented the Unaudited Financial Statements as of March 31, 2017. At the Board's direction, a request was made to Wells Fargo to close the Capital Projects Fund. Since the request was in April and most CDD clients have principal and interest payments due on May 1, the bank's focus was on that process. Wells Fargo hoped to have the fund closed by the end of May or in June.

Under "Revenues", Ms. Cerbone stated that, as of the last meeting, two homeowners had not paid their property taxes. One homeowner paid on April 27 so the payment was not reflected in the March 31, 2017 statements. To date, one homeowner did not pay their property taxes.

Under "Expenditures", Ms. Cerbone noted that March was the final month where a credit was given to the District for legal fees related to the election.

A. Check Register: ***January – March***

B. Invoices: ***January – March***

Ms. Cerbone stated that check registers and invoices were provided for January through March. Going forward, if the Board meets every month, a check register and invoices would be

provided. If the Board meets every other month, two months of check registers and invoices would be provided.

On MOTION by Mr. Ratkowski and seconded by Mrs. Naim, with all in favor, the Unaudited Financial Statements as of March 31, 2017, were approved.

NINTH ORDER OF BUSINESS **Approval of April 3, 2017 Regular Meeting Minutes**

Mrs. Naim presented the April 3, 2017 Regular Meeting Minutes and asked for any additions deletions or corrections.

Mr. Ratkowski made a motion to approve the April 3, 2017 Regular Meeting Minutes, as presented. Mr. Gielda seconded the motion.

The motion was rescinded and the following change was made:

Line 32: Change "Ms. Cerbone" to "Mrs. Naim"

On MOTION by Mr. Ratkowski and seconded by Mr. Gielda, with all in favor, the April 3, 2017 Regular Meeting Minutes, as amended, were approved.

TENTH ORDER OF BUSINESS **Staff Reports**

A. District Counsel

There being no report, the next item followed.

B. District Engineer

i. Hypoluxo Storage Facility

This item was discussed following the Second Order of Business.

C. District Manager

Ms. Cerbone reported that the website was updated and the Engineer's Reports were included, at no additional cost

i. NEXT MEETING DATE: June 5, 2017 at 6:15 P.M.

Ms. Cerbone stated that the next meeting will be held on June 5, 2017 at 6:15 p.m., at this location.

ELEVENTH ORDER OF BUSINESS **Public Comments**

Mr. Naim referred to Page 6 of the proposed Fiscal Year 2018 budget and inquired about the difference in the ERUs. Ms. Cerbone would research and she, or Mr. Szymonowicz, of WHA, would provide an answer.

TWELFTH ORDER OF BUSINESS **Supervisors' Requests**

There being no Supervisors' requests, the next item followed.

THIRTEENTH ORDER OF BUSINESS **Adjournment**

There being nothing further to discuss, the meeting adjourned.

On MOTION by Ms. Naim and seconded by Mr. Ratkowski, with all in favor, the meeting adjourned at 8:51 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Secretary/Assistant Secretary

Chair/Vice Chair