

**MINUTES OF MEETING  
FLOW WAY  
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Directors of the Flow Way Community Development District was held on Thursday, March 21, 2024, at 1:00 P.M. at the Esplanade Golf and Country Club, 8910 Torre Vista Lane, Naples, FL 34119.

**Present and constituting a quorum:**

Zack Stamp	Chairperson
Ron Miller	Vice Chairperson
Bart Bhatla	Assistant Secretary
Martinn Winters	Assistant Secretary
Tom Kleck	Assistant Secretary

**Also present were:**

James P. Ward	District Manager
James Messick	District Engineer
Ginger Wald	District Counsel

**Audience:**

All residents' names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

**PORTIONS OF THIS MEETING WERE TRANSCRIBED VERBATIM. ALL VERBATIM PORTIONS WERE TRANSCRIBED IN *ITALICS*.**

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Chairperson Stamp called the meeting to order at approximately 1:00 p.m. Roll call was conducted, and all Members of the Board were present, constituting a quorum.

**SECOND ORDER OF BUSINESS**

**Public Comments**

**Public Comments for non-agenda items (Limited to three (3) minutes). Individuals are permitted to speak on items on the agenda during that item and will be announced by the Chairperson.**

Chairperson Stamp noted there were no members of the public present in person or on audio/video.

**THIRD ORDER OF BUSINESS**

**Consideration of Minutes**

**February 15, 2024 – Regular Meeting Minutes**

Chairperson Stamp asked if there were any additions, deletions, or corrections for the Minutes; there were none.

**On MOTION made by Tom Kleck, seconded by Ron Miller, and with all in favor, the February 15, 2024, Regular Meeting Minutes were approved.**

**FOURTH ORDER OF BUSINESS****Consideration of Award****Consideration of Award of Bid for the 2024 Preserve Maintenance Project**

*Mr. Jimmy Messick: This is the contract we put out and advertised, for preserve maintenance, to meet the maintenance criteria outlined in the South Florida Water Management District permit. This is kind of the ongoing process and we have picked back up this year. We just recently received permit modification approval to establish a schedule for reporting for the next three years. We had five contractors submit and the lowest was Aquatic Reef Control, and they were considered the lowest responsible bidder, and we recommend approving their contract for the account. It's \$635,538 dollars total for the three years. This is a fixed number with no escalations.*

*Mr. Martinn Winters: You have a runner up here, Premier Lakes, and I know we are familiar with Aquatic, but is there anything materially different between these two that we should know about since the quotes are close.*

*Mr. Messick: They are providing the same service per our contract. They all came in with the correct amount of paperwork and were considered responsible and responsive bidders.*

*Mr. Winters: They don't do anything different or better?*

*Mr. Messick: I can't speak with them as well as I can speak with Aquatic since we have worked with them and have had a good experience with them.*

*Mr. Ward: I think one of the reasons you got such a good price out of Aquatic is because they were the original vendor who did the first couple of years of work in this project, so they had a lot more history and a lot more knowledge of what it's like to work in the preserves, while the other four vendors, although they had an opportunity to visit the site and they went through it and they understand it, it's a big project and it's a big area and they probably hedged their bet a little bit on these numbers.*

*Mr. Bhatla: What was the range of the costs?*

*Mr. Messick: \$635,000 dollars up to \$2.165 million dollars.*

*Mr. Bhatla: Is there any approval requirement from the Corps?*

*Mr. Messick: You have to report it.*

*Mr. Ron Miller: What kind of assurances do we have when we get to the 3 year finish line, and we don't pass muster? Is this organization guaranteeing they will finish it for that amount?*

*Mr. Messick: They are not going to be able to guarantee, but what we can do is monitor monthly. We are going to go out and make sure they are on track and that's what we would be hiring an environmentalist to do. Then at the end of the year they report. We will have meetings with the contractor to make sure they stay on top of their responsibilities. If we see that they are not we can –*

*Chairperson Stamp: Will South Florida say we are on track, and will South Florida sign off?*

*Mr. Messick: South Florida relies on the monitoring by the environmentalist, and they are the one that certifies that the work has been done.*

*Mr. Bhatla: I imagine at the end of the year every year you will have some input from the State and Agency.*

*Mr. Messick: They have the option of visiting and checking on the site, but they don't make it out to every site in South Florida. They have too much land.*

*Mr. Bhatla: We can proactively ask them is everything done appropriately.*

*Mr. Messick: We've established a criterion that needs to be followed, and they have approved that.*

*Mr. Bhatla: In the original permit, there was a requirement of a performance bond. What is the status of it? We are not involved in it, but does that bond still exist?*

*Mr. Ward: I do not have any information on a performance bond. I'm guessing it was an old Taylor Morrison performance bond, because the District never had one. I wouldn't know the status of that.*

*Mr. Bhatla: The HOA might have it. I kind of recall it being delegated to them.*

*Mr. Ward: I remember something to that effect, but I do not know for sure.*

*Mr. Miller: With respect to the \$635,000 dollars, is the HOA on board for half of that?*

*Chairperson Stamp: The answer is no right now, but we will talk about that when we get to it on the Agenda.*

*Mr. Messick: The schedule is to get started in the next couple of weeks.*

*Mr. Miller: Then they will pause in the rainy season and pick it back up again after?*

*Mr. Messick: They will go as far as their trucks can go, until they start turning mud, then they will pull out and wait until the end of rainy season.*

**On MOTION made by Bart Bhatla, seconded by Ron Miller, and with all in favor, the Contract was awarded to the lowest responsible bidder, Aquatic Reef Control.**

**FIFTH ORDER OF BUSINESS****Staff Items****I. District General Counsel - Billing, Cochran, Lyles, Mauro & Ramsey, P.A.**

- a. Discussion of Refinancing for the Series 2013 Bonds**
- b. Easement Request for CDD Property**
- c. Agreement with Master HOA for preserve maintenance**
- d. New performance reporting requirements for CDDs**

Ms. Ginger Wald indicated the first item, Discussion of refinancing for the Series 2023 Bonds, upon review of the minutes, was thoroughly reviewed during the last meeting; therefore, she had no further report in this regard.

Chairperson Stamp agreed there was no need to discuss this item.

Ms. Wald stated the easement request for CDD property was still under discussion with the HOA and no document was yet submitted for execution, but the conversations were ongoing.

*Mr. Ward: In my last conversation with Mike Pawelczyk, he did speak with the HOA Attorney the day before and the form of the agreement with the Master HOA for the preserve maintenance is basically signed off on. They want to do both of the agreements at the same time, which is fine with the CDD. There is some language we are still working out with the HOA on their rights to control our operations within the CDD. I think we are working through those in an amicable way. Hopefully that will clear itself up within the next week or so and we should be able to have an agreement back to you by the next meeting I am hoping.*

*Mr. Bhatla: What is the problem in a nutshell?*

*Mr. Ward: The way the agreement was originally worded, it was very broad that the HOA had certain rights to the District discharging its duties for operations and maintenance. We are trying to limit that to just what the real problem areas are, which are things like painting the bridge or the color of the fountains, things of that nature. We are trying to nail down what the real issues are, and I think we are getting there with it. Some of it is just a learning curve time in explaining what we do for a living so they understand that, and I think once we finish that discussion, we should be in a position to have that agreement finalized in an affirmative way.*

*Chairperson Stamp: They were worried about a Board going wild and painting the bridge pink or tearing down the pumphouse, so they want prior approval on all this stuff. We are trying to get it all worked out.*

Discussion continued regarding the worries of the HOA versus the needs of the CDD and how the agreement was getting ironed out.

*Chairperson Stamp: And the agreement on the Master HOA?*

*Mr. Ward: That is basically finished at this point. The HOA wants to do them both at the same time, which frankly I agree with that concept. So, we can get the preserve done, and they will both be back to you.*

*Ms. Wald: One other item. This is the House bill that has been approved by the Florida Legislature this year. There were a lot of things within the House bill, but the one you have identified is 189.0694 dealing with Special Districts, which includes Community Development Districts. This a new thing going into effect October 1, 2024, so next fiscal year. It is going to require that the District establish certain goals and objectives for each program or activity undertaken by the District, and whether you have met them each year, and you are to provide that report. This is something that has already been in effect for other state agencies, including the judiciary, under 216.013 of Florida Statutes. This is not something new. It's new for special districts, it's not new for the State of Florida. Because you are a Community Development District, your performance measures are based upon your responsibilities, so it's what you are responsible to take care of, so your goals are, we want to take care of these things. There are examples of other agencies. This is going to be less complicated than those, and we will work with your District Manager to assist them in making sure we have that in place before October 1, of this year.*

*Chairperson Stamp: So, basically, we could use our budget document as these are our goals, and at the end of the year we –*

*Ms. Wald: Correct.*

*Mr. Bhatla: Is there a format?*

*Ms. Wald: There is no specified format for CDDs. There are other State agencies that have been doing this for a while and as I stated we will work with the District Manager to put something simple together before the next fiscal year, so you will have it in front of you to approve. We have time to put this together. It is not urgent, and it is not complicated. It looks complicated, but it really isn't.*

*Chairperson Stamp: We file this with ourselves. We do the report and put it on our website. Nobody looks at it and says no you didn't –*

*Ms. Wald: I can't tell you nobody looks at it.*

*Chairperson Stamp: Nobody looks at it with authority and says you failed to reach your goals.*

*Ms. Wald: Correct. It is totally self-reporting by the CDD.*

*Mr. Miller: Can we go back to the HOA agreement? I forgot to ask, are they on board with half of that money?*

*Mr. Ward: The way the agreement is structured, we have in the agreement that they will fund one half of up to \$250,000 dollars in costs during the year. This contract you approved today, plus the engineering costs that go with it is right at \$246,000 dollars. That's the way it's structured. Then*

*in fiscal year 2025 and 2026, it's the same. We don't change the budget, which based upon what we've been told from the engineering side of this, we couldn't spend more than the \$250,000 dollars if we wanted to. So, they are on board with the \$250,000 dollars as the cap and they would fund half of what the actual expenditures are.*

*Mr. Miller: So, our risk is if this exceeds \$750,000 dollars.*

*Mr. Ward: If we don't meet the criteria in three years, the agreement will basically terminate in three years, so if we don't meet success criteria in three years and have to do more, we could either go back to the well with the agreement, or we could just eat it at that point.*

*Mr. Miller: But if in the three years we spend \$1 million dollars, they are only in for half of \$750,000 dollars.*

*Mr. Ward: Correct.*

Mr. Bhatla asked if SFWMD came in and required more from the CDD if the CDD would negotiate an addendum with the HOA.

Mr. Ward stated the CDD would have to either renegotiate the agreement or pay the difference. He stated he believed, realistically, this was not going to happen because he was told by the environmental engineer that the District could not do more even if it wanted to.

Mr. Bhatla stated as the HOA was also a permit holder there was always room for negotiation.

Mr. Ward agreed.

Mr. Miller stated he agreed the CDD was taking a reasonable risk, but he did not like the HOA capping the expenditure amount when the HOA had equal responsibility with the CDD. He asked why the CDD would accept this cap.

Mr. Ward stated in the original agreement the HOA wanted review and approval authority over the District's budget for purposes of the preserve. He explained the District indicated this would not happen, and the HOA did not have the right to take away the authority of the District by making it subject to the HOA's authority. He stated based upon the knowledge that \$250,000 dollars was the maximum the District would spend on the preserves, the District suggested establishing a \$250,000 dollar budget amount. He stated the HOA did not push back on the amount, the HOA just wanted an amount so there were no surprises. He stated \$250,000 dollars was a reasonable expectation and was basically what was spent for the couple of years the CDD worked on the preserves, and that was how the agreement was created. He indicated he felt this was a fair agreement for both parties.

Chairperson Stamp agreed.

## **II. District Engineer – Calvin, Giordano & Associates**

### **a. Engineer's Report**

#### **1. Strategic Operational Plan**

##### **1) Current Operations**

- i. **Landscape Maintenance**
- ii. **Lake Maintenance**
- iii. **Irrigation Pump Station**
- iv. **Entrance Features**
- v. **External Preserves Compliance**
- vi. **Lake Treatment, New Turf**
- 2) **Capital Projects Plan**
  - i. **Lake Bank Restoration**
  - ii. **Bridge Painting**
- 3) **Future Operations Plan**
- 4) **Prior Board Inquiries**
- 5) **Pickleball Siting Review**

Mr. Jimmy Messick reported current operations with landscaping continued with plants at the main entrance and along the fountains, with fertilization, and with mulch. He reported lake maintenance continued with various lakes treated for grass and brush growth, for submersed growth, and sonar treatments for lakes 5, 6, 8 and 10. He indicated the quarterly waterway inspection report should be included in next month's report. He stated water levels were still higher than normal. He reported the east fountain pump motor was down and he was working with the vendor to replace the motor by the end of the month. He noted the retaining walls of both fountains were pressure washed, pavers were washed and repaired, and there was new grass on the west canal bank and east berm. He stated in terms of external preserve compliance, the bids were advertised and received, and the Board approved the lowest responsible bid; work would begin shortly.

Mr. Bhatla asked if the HOA understood the Board did not have a permanent relationship with Corps at the moment, and the HOA should communicate with the Corps.

Mr. Messick stated the permit was with South Florida Water Management District, not the Corps. He explained there was no obligation to report to the Corps; the Corps handed off responsibility to the South Florida Water Management District in reference to the external preserves. He indicated the South Florida Water Management District approved the permit modifications establishing a time schedule for preserve monitoring. He reported lake bank restoration was ongoing and lakes 2, 7, 9, and 17 were under construction or almost complete.

Mr. Miller passed along compliments from the residents who were pleased with the GeoTube and other lake bank restoration efforts.

Mr. Messick indicated the lakes included in the restoration program were on the map in the Agenda Packet, and an overall map was online. He stated the bridge painting was pushed to next month when the water levels drop. He stated last month a resident made a Board inquiry about lake bank erosion on lake 20-21. He reported this was investigated and it was discovered that the erosion was caused by overland water flow created by the lack of underground downspouts. He stated he referenced his Flow Way CDD rainwater leader inspection report conducted a year ago in February 2023, and these locations were noted and recorded. He stated, as he had explained in February 2023, the rainwater leaders, or the lack thereof, were the responsibility of the HOA and the proper corrections needed to be made before the CDD would fix the lake bank erosion, and improvements should be reviewed by the CDD to confirm

acceptance of the rainwater leader modifications. He stated he would coordinate with the resident in this regard.

### III. District Manager – JPWard & Associates, LLC

- a) **Fiscal Year 2025 Overview of Budget Impacts**
  - i. **Insurance – FY'24 - \$15K Budget, Actual \$97k, Estimated FY'25 \$98K**
  - ii. **Irrigation Pump House – FY'25 \$155K (Rebuild 4 pumps, Replace 2nd Filtration Assemblies)**
  - iii. **Entrance Monuments - \$120K – Replace Pumps/Motors/Variable Frequency Drives for Pumps/Jets/Nozzles (Electrical not being replaced)**
- b) **Financial Disclosure Forms and Required Ethics Training**
- c) **Financial Statements for period ending January 31, 2024 (unaudited)**
- d) **Financial Statements for period ending February 29, 2024 (unaudited)**

*Chairperson Stamp: Jim and I have been talking for the last two months about the next budget and I originally told him I wanted to be flatter, maybe even a little bit less, but after two months of talking there are three items that are putting a lot of pressure on the budget and necessitate an increase in the assessment unless we are willing to make some cuts.*

*Mr. Ward: When we started this process a couple of years ago, we created the budget, it was done particularly well, and we developed a really good capital improvement plan for the ensuing five years, but things happen that make you reevaluate what you're doing. Going into the budget year 2025, the original thought was that we move monies – the \$250,000 dollars we had for the preserves was in a preserves account and now we are implementing that of this year, so that's included in the budget. At the moment, I have not included the funds that the HOA can contribute simply because we don't have a signed agreement at this point. There are three elements really driving the train here, the first is the insurance for the District. The current insurance that we have was basically a minimum amount of insurance. It did not include the assets that we basically own. They were essentially in the HOA for X number of years. I added them to the Districts program for fiscal year 2025, which is the only reason the insurance has increased up to \$70,000 dollar number at this point in time. The big drivers are really three elements, the entrance fountains, the irrigation pump station, and the entrance bridge area culverts and pavers. We essentially go from an insurance budget which has general liability, directors' and officers' liability in it, to now having to insure these assets, so that's why the insurance has increased in 2024, and you will see that in the analysis that I provided to you. The other big item is the irrigation pump station. We identified in that budget the need for some additional infrastructure which needed to be renovated within the pump station itself in order to keep it operational for the entire system, and that is a \$155,000 dollar budget line item in our capital for 2025 which had not originally anticipated in the original capital program that we did. Then the third item is, we had one pump go down in the entrance monuments this year that will be fixed, but when we looked at the internal workings of that, that fountain system is now at the end of its life span. So, all of the jets, all of the pumps, all of the motors, are not only old technology but is now at the end of its useful life. We budgeted \$120,000 from fiscal year 2025 which is what is going to be needed to replace all of the internal workings of those two front fountains and keep them operational and going another ten years or so. From an assessment rate perspective your existing rate is basically \$1,680 per year, and the new rate would be \$1,960 per year.*

*Mr. Bhatla: With the renewal of the bonds, it seems there would be some savings.*



*Mr. Ward: Not in your overall operations budget, and that is only for a small portion. Their reduction in their assessment is only going to affect a very small part of this CDD, but it does not affect the CDD operational budget.*

*Mr. Bhatla: Yes, but in the overall scheme of things when you talk to the residents there is some –*

*Mr. Ward: No, because it only affects some of the residents. I think we have 1,185 units, and the bond savings will only affect maybe 240 units. The savings affect phase 1 bond issue residents only.*

*Chairperson Stamp: This is nothing we are going to vote on today, but I wanted it in the minutes so the residents can start understanding. We are talking about an assessment rate increase of \$279.75 dollars. That does not account for the HOA paying \$125,000 dollars which would lower this by \$120 dollars, so now we are talking about a \$160 dollar increase if we don't do anything with the budget and we do all of these items. The things we've looked at that could be done, lake bank restoration, we could stop, we could not do any next year, or we could cut it back. We've got \$91,000 dollars in the budget for next year for lake bank restoration. Holiday lighting is \$40,000 dollars. People get upset when we tell them we are not going to put the Christmas lights up. We've got about \$40,000 dollars for littoral plantings and we could skip those or some of those probably. We could not paint the bridge.*

*Mr. Bhatla: Is anyone complaining about the bridge?*

*Chairperson Stamp: Yes, we are getting complaints. We could cut back on plantings. The insurance, we are going to shop it and see if we can get a better price. Right now, our deductible is \$2,500 dollars plus 5% of the value of the property, can we raise that? Of course, we can, but we have to have a reserve if we do that to pay the deductibles if they come due. The reserves, we've got \$150,000 dollars in reserves for next year, but we don't know what else is going to break, what else we are going to have to take down, and we could go naked here, we could say let's take the reserves and put it into next year and hope nothing goes wrong.*

*Mr. Miller: Is that \$140,000 after we have moved the preserves maintenance out of it?*

*Mr. Ward: We will literally end up with about \$130,000 dollars at year end this year in fund balance. Our projected fund balance is \$350,000 dollars in total. That barely covers what we need to operate on in the first three months. Our estimate for the first three months is \$440,000 dollars, so we are not there yet. We do need something. The \$140,000 dollars that Zack is referencing is what I have in the 2025 budget for additional long term capital planning, so if we reduce that \$140,000 it comes out of your 2025 budget, so it doesn't add to our reserves, which basically are nothing.*

*Mr. Miller: I think a year or so ago before the preserve thing occurred we had moved money from preserve maintenance into the preserves, and now that the preserve thing has reared up, have we now moved money out of reserves into the preserve maintenance and do we still have \$140,000 dollars left after we move that money out?*

*Mr. Ward: At the end of this fiscal year, we will have \$340,000 dollars left over in cash.*

*Mr. Miller: So, after funding the preserves we still have that much?*

*Mr. Ward: We have \$340,000 dollars left, but that doesn't meet the cash requirements for the first three months.*

*Mr. Miller: How does that \$140,000 work into that?*

*Mr. Ward: If you look on the budget on page 4, I added \$145,000 for the long term to add more money to the capital reserves for next year, plus I included another \$143,000 to get our cash up for the first three months, which we need, so the 2025 budget does both of those. And if you remember when we started this, we had a 3 year program funding cash so we can meet our operating requirements over a 3 year period.*

*Chairperson Stamp: So, that is the universe we've come up with. Members can look at it and see if there are other things we could do. We don't have to cut them all, we could reduce them all. Or we can do them all, do everything, and the assessment will go up \$170 dollars.*

*Mr. Bhatla: We are doing all of the accounting on a cash basis. Replacement of all the pumps is more like a capital expenditure and we are writing off in that year the entire amount. This is a huge amount of capital expense we are writing off as operating costs.*

*Chairperson Stamp: If we get through this, we could be talking next year about bringing the assessment back down, but we've got to get through the coming year. We budgeted for this stuff in the outyears to accommodate it as it comes along.*

*Mr. Miller: Why would we not build in the \$125,000 dollar reimbursement from the HOA?*

*Chairperson Stamp: No, Jim just didn't think without a signed agreement that we should do that. That's the reason it's not reflected here.*

*Mr. Miller: Seems to me to be reasonable to expect the HOA to pay the money.*

*Chairperson Stamp: I agree.*

*Mr. Ward: I think the agreement is finished. I basically told Mike there is no more time left. The budget is here, and I have to be able to say to the Board whether we are going to get the funding, so they have until whenever they have their next HOA Board Meeting to make a decision.*

Discussion continued regarding the HOA and how the HOA's decision to pay half for the preserve maintenance affected the CDD Budget; and the need to have a cash reserve for emergencies or incidentals.

Mr. Ward explained even with the HOA contributing to the preserve maintenance program, the increase of \$170 would bring the assessment rate up over the cap rate and would trigger mailed notice to the community.

*Mr. Bhatla: If we are going to increase the cap rate again, shouldn't there be some contingencies? I don't think every year we should be going above the cap rate.*

*Mr. Ward: I think we did a great job three years ago establishing a budget and establishing a cap rate at \$1,679. I usually do something between 15% and 20% of the total operating budget as some leeway to get to your cap rate, and I think that's reasonable over a 2 or 3 year period. We established this and we got three years out of it basically and I think we're going into the fourth year of the program, but the program was never designed to build a lot of cash, it was designed to get some work done. We are at the milestone of where do we go with cash over the next couple of years plus trying to come up with a better way of gauging what we need on a going forward basis.*

*Chairperson Stamp: If we pull the pump house out and pull the entrance out and get \$125,000 from the HOA, we are under our cap rate. It's the unanticipated stuff causing the turmoil.*

*Mr. Ward: Your regular operating items, as Zack said, are all right on target. We are doing good with those. It's just these three items are the stretch for 2025.*

*Mr. Miller: I'm inclined to include the HOA reimbursement.*

*Chairperson Stamp: This document was drafted before the HOA agreed. If they sign the agreement, we will plug it in at the next meeting.*

*Mr. Bhatla: What is this number \$2,351 dollars?*

*Mr. Ward: That would be the new cap rate. The new cap rate would also go down \$130 if the HOA signs the agreement, just like the operating assessment rate.*

*Chairperson Stamp: We are going to come back next month with the budget document in front of us, and hopefully it will reflect the additional \$125,000, and we can talk about all of these items and see if the Board wants to make cuts or increase the assessment rate and not make cuts.*

*Mr. Winters: How much money do we have in cash and how does that change the rates we could get?*

*Mr. Ward: So, October, November, December the bank account is zip, it's basically nothing. We get money in November, December. January, February we are flush with cash. We are going to be over the million dollar mark, and it will decrease every month after that.*

*Mr. Winters: If that's something you can anticipate, can you do investments where you get a return on some of the money over that period of time or is it more trouble than it's worth?*

*Mr. Ward: For a general fund we are pretty limited in what we can do, but we can do some investments on it. I will definitely look into that, but it's not going to move the needle a lot.*

*Mr. Miller: The \$120,000 dollars for the pumps. Are we doing that in anticipation of being proactive and replacing them before they break, or have they already broken?*

*Mr. Ward: It is proactive.*

*Mr. Messick: The pump and motor rebuild are necessary every 6 to 8 years and it's been longer than that. It's \$20,000 dollars per year and we went 4 years. Additionally, the irrigation filter assembly, the one that blew last summer, we should replace the second filter, so we have a schedule and are not reacting to a blown filter. It needs to be replaced. It's on its last legs, so we have that also. That's also \$90,000 dollars. So, you have that for \$90,000 and you have the rebuild for \$20,000 dollars. Then you will have \$20,000 dollars over the next several years after that. Additionally, there is an arrestor and a heat exchange in the control panel which typically last 5 years, and those have lasted well over 5 years, so we need to get those replaced. There are different components in the lift station that need to be replaced, but those pumps, the motors, they cycle between each other, so there is always one that can be repaired, but we are trying to be proactive on the maintenance of the pump and rebuild them, so they continue to last long. You can rebuild them twice, maybe three times, before you have to replace them. And this is the irrigation for the landscaping, so you don't want to invest a bunch of money in landscaping and then you can water it, especially during the dry season.*

*Mr. Miller: Help me understand page 4, reserves and overall contingencies. Last year's budget was \$116,000 and this year is \$0.*

*Mr. Ward: So, \$116,000 and the contingency monies. The number wasn't originally \$116,000. If you remember we did a budget amendment in January. The original \$250,000 dollars we took out, I stuck it in this reserve and contingency line item, so when I moved that back to reserves, the \$116,000 was what was left over. We really didn't have that at all in 2024. So, in 2025, I started to plug in more long term capital planning.*

*Mr. Miller: Is this in some measure to put the total we are spending with being proactive and fixing pumps that haven't broken and having this money?*

*Mr. Ward: Yeah, this is proactive work on the pump station, and obviously the front fountains.*

*Mr. Miller: Is this duplicative in that we already have -- on page three the capital outlay for the pump station is \$155,000, and now we have \$145,000 for the capital planning. Is this somewhat duplicative that we are already putting in money to rebuild the pumps proactively and also adding the \$145,000 for the reserve?*

*Mr. Ward: I would not call it duplicative. In this world, it's good to be proactive and replace all of those things, and unfortunately, proactive for us is we don't have any cash if they did break. So, the \$145,000 is to begin some kind of a process to start having cash that if something did break, we would be able to do it. If you had a hurricane and you had damage to these assets, you would be able to restore them. At the moment, you don't have that. At the end of 2024 you will only have \$340,000 dollars cash in the bank. You have nothing in the bank. That doesn't cover you for the first three months. So, the 2025 budget starts to get you where you'll have your operating cash for the first three months, and by year end you should be able to have your \$145,000 in addition to the regular operating cash for next year.*

*Mr. Bhatla: I would like to approach in another way. If the overall expenditure, overall budget is about \$2.3 million, it stands to reason that we should have at least 10 percent in reserve. Without that I think we are basically nickel and diming everything.*

*Mr. Ward: Under that scenario, that would be true, but we live in Florida. We've had how many hurricanes blow through. We've been lucky here in this community, but many communities are saying half a million dollars, or a million dollars, or a million and a half for a reserve. You have to think about that reserve account, not just to renew and replace your asset base, but you need money to handle the natural disasters we have which cause millions of dollars' worth of damage. We need to build reserves.*

*Mr. Bhatla: We need to build reserves. We should be thinking along those lines then.*

*Mr. Ward: What I tell my Boards, the minimum level should be at least \$1 million dollars in your reserve account for natural disasters, plus the cash you need to operate on in the first three months.*

*Mr. Bhatla: Should we bite the bullet to set us up along that path?*

*Chairperson Stamp: That is in many ways a better way to do it. To say we have to build a reserve and so we are going up \$300 dollars period. This year we've got the capital, and then next year we could maybe start scaling it back. It is just a question of what the Board wishes.*

*Mr. Bhatla: I think we have to be more responsible as opposed to reacting all the time. Every year we blow the budget.*

*Mr. Miller: What would it look like if we do like the lake bank maintenance and did a 5 year reserve program to bring it up? How would that factor into it or have you already factored it in?*

*Mr. Ward: As I said, I think the number should be \$1 million dollars, plus your cash. You will hit your cash requirements in 2025. To hit the 5 year mark, which I think is a reasonable number, the \$145,000 should go to \$200,000 which is frankly the original number I put in here before I started to try to figure out ways to get the number down a little bit. That was my original thought. At \$145,000 dollars it would be a slower pace to get to the minimum reserve amount. I was thinking \$145,000 for 2025, and hopefully the capital sloughs off a little bit next year and we might be able to increase the reserve. I was trying to be a little conservative.*

*Chairperson Stamp: We will move on and revisit this in April and May and June and July.*

*Mr. Ward: I will tell you if we do have to do mailed notice, as we do the Budget Hearing in July, we need to finish this in May, so I can do the mailed notice for the July Hearing.*

*Chairperson Stamp: Okay, moving on. Financial disclosure and ethics training.*

*Mr. Ward: This past year, the law did change in a couple of ways. One is the way in which you file your Form 1. In previous years you've filed with the Supervisor of Elections in Collier County. This year, the State has created a website for Form 1 filing. We have already added you to the website, so your name and email address are there. You will have to go onto the website and create your own username and password which you need to keep because you will be the only ones who can go in there and do your Form 1 filing. Your Form 1 filing for this year is due July 1. We will send you the links in an email, so you have the links to get to the website. When you file this year, you are filing for calendar year 2023. So, that is the form you will file when you go onto their website.*

*There has been a lot of talk about which form to file. You are filing a form 1, and in 2023 you were not subject to the Ethics Training requirement, so you will not check the box when you do your Form 1 filing. Now, the bad news is that with the automation of this process, to the extent that you do not file on time. If you do not file on time, you will automatically be charged \$25 dollars per day as a fine, not to exceed \$1,500 dollars. There is nothing we can do at that point. That's what the law is and it's all electronic going forward, so just make sure you file on time. The other law coming into effect this year is the training you will need to do. There are three courses you will need to take. One is 2 hours of ethics, 1 hour of sunshine law and 1 hour of public records law. We will send you links for the three training portions you have to do. One is a YouTube video, the other two are PowerPoint presentations and all three meet the ethics training requirements. The links are pretty easy. You just have to listen to one and read the PowerPoint presentations. Then next year, when you do your Form 1 filing, there is a box you will check saying you did the training. I will go over this with you again. Those of you who are up for election this year, usually the Supervisor of Elections will give you another Form 1 to fill out. I don't know if they will do that this year, but I will go over that with you in your April Board meeting when we get there.*

*Chairperson Stamp: I did my Form 1 filing this morning and it was a piece of cake.*

## **SIXTH ORDER OF BUSINESS**

### **Supervisor's Requests**

*Mr. Miller: I do have something. It's with respect to the HOA capital improvement plan. I thought what I was hearing previously is that the HOA capital improvement plan includes improvement to the practice area of the golf course, squaring off the lake bank and filling part of lake bank in and I thought I heard along the way that will require cooperation and/or approval by the CDD, as well as SFWMD. Does that require our approval?*

*Mr. Ward: It would not. We have easements around the lake, so if the easement changes based upon what they are going to dig out, we will probably have to go through some process with them to add to the legal description for the easement purposes itself. We'd have to expand that. But that's all we would have to do.*

*Chairperson Stamp: Jimmy didn't you say before we would have to sign it?*

*Mr. Messick: I thought that because the lakes are in the CDD's name that the South Florida Water Management District wouldn't allow them to submit on behalf without us being involved.*

*Mr. Miller: I'm in opposition of this taking place, but if this an HOA project and not a CDD project, but needs CDD cooperating approval, should we be considering putting together a document where the HOA excepts responsibility for reimbursing the CDD for any expenses we incur and taking on any potential legal liability? I see a big backhoe out there on the back side of the lake. I see bulldozers and dump trucks. And something could go wrong. Not that we shouldn't cooperate, but this is not our project. And just as they wanted a document from us, shouldn't we ask for a document from them saying they would provide reimbursement and liability protection for us?*

*Ms. Wald: I would say yes, if it is going to potentially affect any CDD owned property, or property that we have responsibility for under the permit, then we want to make sure that there are protections for the CDD. It doesn't sound like any formal has been provided to the CDD for any approval per se by the HOA,*

*and that would be something that would be required as was stated by your District Engineer if it is going to be required under the permit.*

*Mr. Tom Kleck: In regard to the construction, and this is nothing to do with the CDD, at one point, instead of doing all of the digging and the trenching and moving the dirt, Ron had suggested that we put a platform out there which would be more favorable to a lot of members instead of tearing up all that ground. And cost wise I think that would be a lot less money and require less permitting if we just put a long dock to shoot golf balls off.*

*Mr. Miller: Yes, that is a thought, and I think Martinn has adopted that thought too. When that thought came up, as I discussed it with Martinn and others, I would hesitate to call it a good idea, but it is an idea in lieu of bringing in the backhoe, dump trucks, bulldozers etc., but I have no idea what the cost would be. He discussed the idea further.*

Discussion ensued regarding the platform/dock idea and the golf course project.

*Mr. Martinn Winters: As most of you know, I am running for the HOA Board, and I have put this idea on as one of my platform planks to research it to see if it is a viable idea as an alternative to dredging up the land. If I'm elected, I will bring it up as an item to discuss.*

Discussion ensued regarding whether building the dock would need CDD approval and whether the SFWMD permit would need modifying if a dock was constructed.

Mr. Messick stated he believed it would be simpler to modify the permit for dock construction as opposed to changing the layout of the lake itself.

**SEVENTH ORDER OF BUSINESS**

**Public Comments**

**Public Comments: Public comment period is for items NOT listed on the Agenda, comments are limited to three (3) minutes per person, assignment of speaking time is not permitted, however the Presiding Officer may extend or reduce the time for the public comment period consistent with Section 286.0114, Florida Statutes**

Chairperson Stamp indicated there were no members of the public present and therefore, there were no public comments.

**EIGHTH ORDER OF BUSINESS**

**Announcement of Next Meeting**

**Announcement of Next Meeting – Regular Meeting April 18, 2024**

Chairperson Stamp announced the next meeting date.

**NINTH ORDER OF BUSINESS**

**Adjournment**

The meeting was adjourned at approximately 2:23 p.m.

**On MOTION made by Ron Miller, seconded by Tom Kleck, and with all in favor, the Meeting was adjourned.**

Flow Way Community Development District

  
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James P. Ward, Secretary

  
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Zack Stamp, Chairperson