

**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, May 21, 2020 at 1:00 p.m. via telecommunication.

Present and constituting a quorum:

Drew Miller	Chairperson
John Wollard	Vice Chairperson
Ronald Miller	Assistant Secretary
Tom Kleck	Assistant Secretary

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Counsel
Jeremy Fireline	District Engineer
Racquel McIntosh	

Audience:

Tom Coffey
Martin Winters
Dave Boguslawski
Ed Staley
Zack Stamp

All resident's 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

District Manager James P. Ward called the meeting to order at approximately 1:04 p.m. He reported with the State of Emergency in Florida, and pursuant to Executive Orders 20-52 and 20-69 issued by Governor DeSantis on March 9, 2020 and March 20, 2020 respectively, and pursuant to Section 120.54(5)9b)2., Florida, Statutes, this meeting was being held utilizing communication media technology due to the current COVID-19 public health emergency. He explained all Members of the Board and Staff were present via videoconference or telephone; no persons were present in the on-site meeting room location. He asked all speakers to state their names for the record prior to speaking. He conducted roll call; all Members of the Board were present constituting a quorum.

SECOND ORDER OF BUSINESS

Public Comments

- I. **The Public comment period is for items NOT listed on the Agenda, and individuals 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.**
- II. **Individuals are permitted to speak on items on the Agenda in accordance with the procedure in I. above.**

Mr. Ward: We will use the same format we used last time, so we will just do public comments during the items we consider on the Agenda today.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2020-2

Consideration of Resolution 2020-2 Re-Designating the Officers and consideration of Replacement Member for Seat 3.

Mr. Ward noted this Item was a holdover from the previous Agenda. He asked if the Board wished to continue this Item until the next Meeting.

Mr. Tom Kleck: Are you accepting nominations for new Board Members?

Mr. Ward: This to replace the resignation of Mr. Martin from the Board, Seat 3.

Mr. John Wollard: I agree based on the last couple of stalemates that we've had, we punt this, or move this particular item until the residents have the majority vote and at that point they can elect who they want.

Mr. Kleck: Eventually, we are going to have all homeowners as Board Members; is that correct?

Mr. Ward: Yes, early qualification is next week and whoever qualifies the week after will be elected in November if there is only one. If there is more than one you will have an election in November.

Mr. Kleck: It will be for one more Board Member, is that correct?

Mr. Ward: Yes. Early qualifying is next week, and qualifying period runs I think June 1 through June 6. Greg you can correct me if I'm wrong, if more than one person runs for that one seat then there will be an election on the first Tuesday in November and whoever the winner is will take their seat immediately following the certification of the election results. So, it will generally be the end of the first week, beginning of the second week of November before we have the certified results from the Supervisor if more than one person qualifies.

Mr. Kleck: But if only one qualifies, when does that person start?

Mr. Ward: Same time period, after the November election.

Mr. Greg Urbancic indicated there were two open seats. Mr. Ward concurred.

Mr. Urbancic: The qualifying period is noon on June 8 through noon on June 12. They would, under the law, after the election, the new Supervisors are seated two weeks after the election date, so two weeks after the general election will be the date that those persons are seated.

Mr. Kleck: Greg, can you let the people that are on the phone listening, and those attending this meeting, know where they need to go and what they need to do to get a seat.

Mr. Urbancic: Yes, absolutely we can. Jim, I think we did a notice of qualifying for this District. That's probably the handiest tool. They'll need to go to the Supervisor of Elections, all that's done through the Collier County Supervisor of Elections. They'll have the paperwork that needs to be filled out which can be obtained off their website and needs to be submitted between those particular dates: June 8 at noon and June 12 at noon.

Mr. Kleck: Thank you.

FOURTH ORDER OF BUSINESS

Consideration of Minutes

April 16, 2020 Regular Meeting Minutes

Mr. Ward asked if there were any additions, corrections, or deletions for the April 16, 2020 Regular Meeting Minutes. Hearing none, he called for a motion.

On MOTION made by Mr. John Wollard, seconded by Mr. Tom Kleck, and with all in favor, the April 16, 2020 Regular Meeting Minutes were approved.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2020-3

Consideration of Resolution 2020-3 of The Board of Supervisors of Flow Way Community Development District approving a proposed Budget for Fiscal Year 2021 and setting a Public Hearing Thereon pursuant to Florida Law

Mr. Ward reported Resolution 2020-3 was the Resolution to approve the proposed Budget for Fiscal Year 2021 and to set the Public Hearing.

Mr. Drew Miller moved to approve Resolution 2020-3 and Mr. John Wollard seconded the motion. Mr. Ron Miller asked for discussion.

Mr. Greg Urbancic: Jim, just for the record theres a motion and a second on the floor to approve that resolution, is that my understanding of what we are going to discuss?

Mr. Ron Miller: I want this discussion to be apart from the motion so maybe we have to complete the motion first, I just want to have a discussion first.

Mr. Ward: ok, you can have it as either part of the motion or you can vote on the motion and have a discussion afterwards. If you have nothing to say at this point Mr. Ronald Miller ill go ahead and call the roll and if it passes fine and you can have a discussion after.

Mr. Ron Miller: I haven't changed my approach to this from the last meeting. I intend to present a motion to sever the Budget into two pieces and to approve the Debt Service Budget which I think is very, very critical. Then, with respect to the General Operating Budget, approve it, but however in that approval process remove the entire Budget related to preserve maintenance which would include money to pay the biological engineers, as well as all the preserve mitigation and maintenance for the upcoming year. That's what I intend to do. But I also would like to, maybe Jim, have you make a couple of comments. I have something in the back of my mind that August 31 was some kind of "drop dead date" and there may also be another, what I'll just label a "drop dead date" wherein you have to supply data to Collier County for the assessments to get on our real estate tax bill. Those could be the same dates, or they could be different situations. I don't know, but it would seem to be pretty critical that we don't miss that Collier County drop dead date. So, could you help the Board understand the criticalness of those dates?

Mr. Ward: The law specifically states that we have till September 15 in order to certify the rolls. However, each county I find is different. Some of them required it a little earlier than that, some of them are right on the September 15, some of them are generally a little after that date. I will always use the August 31 date to get them to the county to ensure that we can put them on the tax rolls. If we go past that date, there is a good likelihood that we are not able to get them on the roll. Remember this is not something you can tell me on August 31, and it happens within minutes. This is weeks' worth of work to get to the point of getting on the roll. The file is ready to upload to the county, send the certifications that are needed to be done, etc. Although that date is rather hard and fast, it would be greatly appreciated to be able to have that information at least 7 days in advance of that.

Mr. Urbancic: The statutory requirement is that on or before June 15, a District Manager has to present a Budget to the Board in preliminary status and the Board has to act on that Budget. And then there is a 60-day period in which we need to provide notice to Collier County of the proposed Budget. It's more just informational. It's not for them to review and comment. In addition to the period Jim indicated, we do have this obligation under the Statute to adopt the preliminary Budget so that we can do the trickle down which includes sending it to the County and providing the public notice for the public hearings so that ultimately Jim can do what he needs to do for the roll purposes. I think the extension of that as well is also contractual obligations we have to make sure are in order depending on how this all transpires.

Mr. Ron Miller: So, Jim has already dutifully met his obligation. He has presented a proposed budget, both last month and again this month.

Mr. Ward: Yes, I have met that obligation.

Mr. Ron Miller: Then, the Board's obligation is to approve a budget?

Mr. Urbancic: The obligation is to adopt the preliminary budget for purposes of notice, both to the county, and doing whatever notice we're required to do depending on whether there is an increase or if the budget has stayed the same from the prior year. That will dictate what type of notices we need to do via mail and newspaper. Then we will hold a public hearing, and in that public hearing you will adopt a final budget. That final budget – I think we talked about this before and I think you know – we can go down in terms of our budget at that final budget hearing, we just can't go up. So, once we set that preliminary Budget,

that's where we are sort of fixed to from an adoption perspective. We don't have time to go back and redo it. There is time to make changes to go downwards if we have to in the future in terms of the O&M budget, but we can't go up at that point.

Mr. Ron Miller: I definitely do want to adopt the Debt Service Budget. With respect to the Operating Budget, I do not want to adopt the preserve maintenance and biological engineer part of that. With respect to the rest of the Budget I do want to adopt it. So, that's where I'm going, but I'm not going to adopt the provisions of the budget with respect to the preserve maintenance and the biological engineer. And Greg, you may want to come back in with the consequences if we come to a stalemate on this, but that's kind of where I am. You can make further comments if you wish or we can go on to the motion which has been made which I'll vote against.

Mr. Urbancic: In terms of consequences, one is, missing the budget deadline, the preliminary adoption, obviously sets down a trickle effect of us not necessarily being in compliance with statutorily with our requirements and then being able to comply with all the notice requirements. So, there are some deadlines. And ultimately making sure everything gets on the roll, but in terms of the overall budget and what we have to adopt, if I broke it down in a couple categories of my concern of making sure we do these things are: One, we have the statutory obligations and deadlines we have to meet. We have potential contractual obligations and contracts out there that we have to make sure we're in compliance with, that we don't get out of whack with, and not have money to pay a contractor or a consultant. We also have, for portions of our project that we did finance with bonds, we have to make sure that we're always in compliance with our trust indenture and there are many bond covenants under there which require us to adopt a budget and maintain portions of our project. And then beyond that there are also permit requirements and general ownership requirements where you own property, you need to maintain it, so that nothing bad would happen, nobody gets injured, things like that. We do maintenance requirements, so our insurance doesn't get out of whack. So, there are those aspects I think we need to be cognizant of as we move forward to that June 15th date.

Mr. Ron Miller: That's good information and good advice and I think that the Board should continue to do all of that with the exception of the preserve maintenance.

Mr. Drew Miller: I know we've kind of gone round and round on this. In the package, I don't know the timing of it, last time we had Ron Miller's letter to Taylor Morrison, and I believe Ron Miller at the Board was supplied a letter. I want to make sure it does get into this record for this month. I don't see it, and again I don't know the timing of that, but I would like to understand some of Ron Miller's take on some of those responses. I know that Taylor Morrison has taken this very seriously. Barbara is the new Division President for that area and there was a very solid and I would say very experience group of attorneys who were hired to review every aspect of this situation. I think in that letter you start to see a lot of the detail that was put behind that effort. I think Taylor Morrison's leadership and wanting to make sure they were A) doing right by the residents, and B) following what our permits and obligations are. They've made sure that is the case and have, I think, outlined it very well in the response letter. I'm happy to read it if that's what's required, but I think you guys got it. I would like to get some of Ron Miller's feedback from that because I do have concerns. I at least feel like there has been a lot of meetings where some daggers or straight up arrows have been thrown at me and my fiduciary responsibility to the Board and my tie to Taylor Morrison, but I would argue that may be an issue, but it's my own issue. If we look at the permit requirements. If you look at the letter that's been crafted for us and these attorneys have, to make sure that we are in compliance and that we aren't doing anything wrong. There's an obligation here, and I don't know how we vote for a budget that does not fulfill the funding for that obligation. Ron I'd like to

get some feedback from you on that letter and how are you recognizing that difference in your mind, where it's okay, as a CDD Board representative, when you have to vote for the CDD on behalf of the CDD. Not on behalf of your pocket and what the cost is there, but on behalf of the CDD. How do you reconcile those two? Because I'm having a hard time. I want to move a budget forward, but I'm having a hard time understanding how to do that.

Ron Miller: I'd be pleased to comment on that. But before commenting, can I ask a question? Is Barbara Kenneworth (ph), the lady who wrote that letter to me, is she actually an Officer of Taylor Morrison or is that just titular title? Do you know?

Mr. Drew Miller: She is the Division President for the Naples Division. I don't know what the organizational title is, but she is the Division President for that, yes.

Ron Miller: Then I'm not sure whether we have a letter which is a binding letter from Taylor Morrison Officer, or whether it's just a letter from an employee who has an Officer. I'll just put that out there because there is a difference. If an Officer of a company puts something out it becomes somewhat binding, versus not if it comes from somebody else. Anyway, my response to that is I'm quite pleased that Taylor Morrison responded to my letter, but the reason I'm pleased is because that it now closes yet another loop in this divisiveness. Until we had received that letter we didn't really know as Board Members what Taylor Morrison's intentions were and this letter has now closed that loop that Taylor Morrison does not intend to fund its obligations and I think that doesn't change anything with respect to adopting this budget without the maintenance. That's still where this is going.

Mr. Drew Miller: Ron, my question was, Taylor Morrison has funded it in turning it to the CDD and putting it into the CDD and obligating the CDD to the ongoing maintenance. That is the funding mechanism for that obligation. I think that was spelled out. It's interesting that – I'm glad that letter clarified it for you but, I feel like that's the exact same thing I've been saying the whole time was the intention. I'm pretty sure if you read the minutes, I was very clear over and over again that Taylor Morrison has no intention of putting a big escrow account together, but that's neither here nor there. I'm glad that's clear now for you and my question still stands. As a chair on the CDD Board, sitting in one of these chairs, and you have an obligation to the CDD, a fiduciary responsibility, this arrow that you guys have sort of been throwing at me. I don't know how to vote for a budget that doesn't fund its obligations. How do you reconcile that? How do you feel as a customer, or about Taylor Morrison, but as a CDD Board Member, I need help in trying to make my vote and I need to understand how you reconcile that fiduciary responsibility of a CDD Board and it's obligations and your position on this vote.

Mr. John Wollard: It's pretty simple. At the end of the day, the CDD is the responsible entity to maintain the preserves, so rather than talking about it or fighting about it back and forth, who's going to pay for it now, who's going to pay for it later – the CDD is responsible. Taylor Morrison wrote their opinion on it. That's not going to change. We as the Board have a responsibility to continue that maintenance obligation for all of those reasons, the permits, the perpetuity, everything that's been represented, the declarations. We got to keep it going. If and when the Board transfers control to the majority of residents, if you guys decide to take that risk, we can't stop you at that point, but for today's meeting, you would have to approve the budget with the maintenance. We cannot not approve it.

Mr. Tom Kleck: I read Barbara's five page letter three times and she appears to have explained all the issues to my satisfaction, and Ron Miller, I wanted to relay to you, that I've had the prior experience with another CDD up at Visari where you and I both lived, and one of the things that the CDD is designed to do

is exactly what it's doing. It's providing the funding to maintain it and to take care of this piece of property after the developer leaves. So, I don't understand where your hang-up is on this whole thing either Ron.

Mr. Ron Miller: I don't know why there is a misunderstanding of my position. I'll just repeat my response. It is Taylor Morrison's obligation to fund and pay for these things and they have put that responsibility on the CDD, but it is Taylor Morrison's permit responsibilities to do so. As a Board Member on the CDD I do not intend to approve a budget that's going to tax the residents for Taylor Morrison's obligations.

Mr. Tom Kleck: But Ron, the whole purpose of this CDD is to provide that shield, so to speak, from the homeowners, and that's how it's done.

Mr. Drew Miller: It's a funding mechanism for the development. So, every resident in that community benefitted from this permit, benefitted from all of the road, the infrastructure, everything that was put into this. There were two ways that got built, one was through developer money and one was through a CDD, and the ability that the CDD has provided through the statutes and that's what it's there for. That is the funding mechanism. That is the obligation that was created.

Mr. Wollard: Can we maybe vote on the motion on the table and then if there's more discussion to be had we can kind of continue on?

Mr. Urbancic: Can we take public comment first Jim?

Mr. Ward: Before we get to that. John, we started down the road of having Board discussion, so the Board really needs to finish the discussion at this point. Before you vote on the motion, we open it up to public comment and then you guys will vote on the motion. He asked if there were any other comments from the Board; hearing none, he asked if there were any public comments.

Mr. Dave Boguslawski: I also appreciate the fact that Taylor Morrison sent in the letter. One month ago, we didn't have the letter and we had different views. Now, while we have a letter, it is one side of the story and it is being reviewed, and it explains some things as Ron said, but I would just make the comment to Mr. Kleck that there are some holes in the letter that are being reviewed, and I would urge giving a chance for that review to happen and would urge you to consider Mr. Ron Miller's position.

Mr. Tom Kleck: Who is reviewing the letter?

Mr. Boguslawski: We have hired counsel through the Esplanade Transition Fund.

Mr. Kleck: When will they have an answer?

Mr. Boguslawski: They literally just got the letter and they understand the urgency.

Mr. Kleck: Will we have an answer by June 15?

Mr. Boguslawski: I am not the point person on this. I was on one of the calls, but there has been another call since I have been involved. I would assume we would have some sort of idea where some of the holes are in the letter.

Mr. Drew Miller: Along those lines, this is again the first draft. We are going to have another vote. It can't go up from there, but it can go down. So, at this point, I just want to make the comment that it's included now and that will give time and if you guys want to review it, this is not the final vote on the budget, but it does start us in a position that is correct with what our obligations are. So, I would suggest we vote for it, and if you guys have some miracle out of it that comes through that's totally different than all of the other viewpoints that makes you feel different, there is an opportunity later to have that conversation again.

Mr. Ron Miller: I want to reiterate June 15th is not a magic date. What I'm hearing from Jim is really the magic date is August 31, but he needs a few weeks ahead of that to pragmatically process the data and I see no purpose in approving a budget or adopting a proposed budget only then to have this same conversation and discussion in a public manner and then trying to reduce it at that later time. I think now is the time to continue the process of where I'm going with this. We will have plenty of time between now and mid-August for another meeting or two or three as the case may be.

Mr. Urbancic: I understand what you may be saying, but we do have that statutory requirement of adopting this so Jim can do all the notices that are required for the hearing, which include notifying the County, etc. While agree adoption of the final budget is critical and so is adoption of the assessment roll, we do have this initial statutory requirement that sets Jim in motion to do what he needs to do for that final hearing. And as Drew said, the budget can go down if we have other discussions, or you can shift line items around, but this is the first step in the process that Florida Statute set up.

Mr. Zack Stamp: As Ron has just pointed out. The June 15th deadline has been met. The Budget has been proposed, so that fades away. It's been accomplished, you can check that off. And probably they will not have a definitive opinion by the 15th of June. I don't want to mislead anybody. There are a lot of permits to be pulled. There are a lot of things to be looked at. And just as David said, it just landed on their desk. I don't want to mislead you Tom that we are going to have something on your desk, or something to the CDD by June 15th, but that requirement has been checked off.

Mr. Tom Kleck: Greg, what's your response to Zach's comments on the dates?

Mr. Urbancic: When you look at the Statute I still think we have to adopt, even though there's a preliminary, and the Budget has been submitted by Jim, we still have to adopt it under the statute so Jim knows what he's providing. The Statute says at least 60 days prior to the adoption we have to submit the proposed budget to the local government authority, and then as well Jim has to run with the notice so he knows when he's advertising the Public Hearing. That's why you see the Resolution on the Agenda because as I that sort of sets in motion everything Jim needs to do to set the stage for the public hearing.

Mr. Tom Kleck: Ok, thank you

Mr. Zach Stamp: It says on or before June 15th the District manager shall prepare a budget, and that is what he has done.

Mr. Greg Urbancic: correct and then it says....

Mr. Zach Stamp: I understand, I understand. yeah, but don't pad those notices on, subtract them from August 31 or September 15, back up to a different date.

Mr. Greg Urbancic: I understand and Disagree, it says the board shall indicate its approval by adoption of the budget by resolution. Then you read on at least 60 days prior to adoption of the final budget the district shall submit the budget to the local governing authority. So, so, we have all these other items that need to trickle down so we don't know what to do until we adopt the preliminary budget.

Mr. John Wollard: I think we are getting in the weeds a bit. What we are trying to do here is set a cap on the Budget, and if we want to have a continuing conversation around what the Budget numbers are, or if that wants to be revisited when the majority vote switches, that's obviously the risk of the Board at that time, but for today, can we move forward with the Budget as proposed.

Mr. Drew Miller: We assessed the discussion points from the audience, and I think we've been pretty lax on the conversational piece of it. We try to accommodate as much as we can, but I do think I agree with Supervisor Wollard. If you guys bring up good points and one of the Board Members have a question surrounding that, that's probably the direction we need to take, not so much the back and forth between the audience.

Mr. Ward: Okay Mr. Chairman, we will do that. Any other questions from the Board? Hearing none, he called the rollcall vote for the motion.

On MOTION made by Mr. Drew Miller, seconded by Mr. John Wollard, and with three in favor and one opposed, Resolution 2020-3 was adopted, and the Chair was permitted to sign.

Mr. Ron Miller was opposed; the remainder of the Board Members were in favor. The motion carried.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2020-4

Consideration of Resolution 2020-4 of the Board of Supervisors of Flow Way Community Development District Authorizing the District Manager to Notify Esplanade Golf and Country Club of Naples, Inc. of the Termination of that certain agreement between Flow Way Community Development District and the Esplanade Golf and Country Club, Inc.

Mr. Ward: The Budget does include, now that it is approved, the District assuming back the responsibility for the operation and maintenance of its entire water management system and certain irrigation facilities that were currently in the HOA. Greg, I believe we have a 30, 40 or 90 day, I don't remember, termination clause in that agreement, but if we are going to now continue down the path the road we have now set on with the approval of this budget we would need to notify the Esplanade Golf and Country Club of Naples Inc. HOA that we are going to terminate that agreement effective September 30 of this year.

Mr. Urbancic: It's a 30-day notice Jim under the agreement.

Mr. Drew Miller: The way I read it, there's not an obligation either way, it's sort of an elective. The Board can work with the HOA Board really in any manner to maintain. Obviously, the ultimate permit responsibility is with the CDD and that may end up being where the two Boards agree, but at this point, I

haven't seen the documents or understood whether both are in full agreement over it. My opinion is we table this until there is continued discussion. I think the Engineer has provided the documents. I just don't know how much coordination has happened with the HOA. Again, I have no big picture issue with whatever kind of agreement makes the most sense, but I just don't know if we've gotten there to just get rid of the agreement now.

Mr. Ron Miller: Having adopted a proposed Budget, that proposed Budget does include your estimate of expenses based upon the termination of this contract. Where I thought, and still think, this might wind up. Nothing's for certain, but where it might wind up, would be the contract, if it's a 30 day termination, and I think I recognize that either party can unilaterally terminate it, but if we wanted to terminate it, it could be done September 1, to coincide with the 30 day termination, and then the funds would be available effective October 1, if that Budget stays in place, and if for some reason it's decided not to terminate the contract, then the general operating budget would simply be over funded for the next fiscal year. Have I said all that correctly?

Mr. Ward: Yes sir. You are correct.

Mr. Ron Miller: Where I'm going with this is that I think we are covered in either event, whether it's decided to terminate or to continue.

Mr. Ward: Yes sir. I think we are covered either way.

Mr. Ron Miller: Drew, do you have any suggestion as to how you wish to proceed?

Mr. Drew Miller: In November you guys can do anything. I'm just trying to be helpful. I know that there is some landscaping which is technically the District's up front, just from how it was funded originally. I'm all for doing it. There was conversation originally from when we started this process that they wanted to get clarity to exactly where the lines are drawn. That's all I'm suggesting. Take your time. If you're over funded by \$15 dollars a house this year then I don't know that that's the end of the world, and you guys can continue to get your heads wrapped around exactly what, and then maybe the agreement isn't just wholesale gotten rid of, but more amended to be clear what exactly is being maintained where. Maybe it's you or Tom as the Board member who kind of coordinates, or Jim coordinates with Nathan and David Boguslawski. I don't know how to work it. Jim, help me understand how they would navigate that, but just to coordinate that and make sure everybody is on the same page.

Mr. Ron Miller: I don't have any major opposition to this. Are you suggesting that we just let status quo ride until the residents get the majority on the Board and let them make the decision? Is that really your preference here?

Mr. Drew Miller: Yeah. That would be my preference. I have no problem helping. If somebody comes and says we want to do this now for this reason, and it's compelling, I'm willing to work with you guys. I don't have a heartburn about anything in particular. But yes, might as well have you guys take over the Board and do the same thing I'm suggesting now. Either way works for me.

Mr. Ron Miller: I would invite public comments and comments from Mr. Kleck, but I think that's amenable to me. The budget has funds for this next year and I think it would be advisable that we wouldn't terminate the contract until October 1 – we could terminate it now if we wanted to effective October 1, but since the CDD doesn't have any funds between now and October 31, I think where we would want to go if we

terminated it today anyway would be to delay the effective date so that the HOA would fulfill it's obligations until October 1 anyway. I'm amenable to that approach and I'm also amenable to terminating it with an effective October 1 date as well.

Mr. Kleck: I think we should wait.

Mr. Wollard: It sounds like we're all saying the same thing. Why don't we remove this Item from the Agenda today?

Mr. Ward: Okay. Done.

SEVENTH ORDER OF BUSINESS

Consideration of Acceptance of Financial Statements

Consideration of the Acceptance of the Audited Financial Statements for the Fiscal Year ended September 30, 2019

Mr. Ward indicated Ms. Racquel McIntosh with Grau & Associates would present the Financial Statements via conference call. He explained this was a completed audit; therefore, he would only ask the Board to accept the Audit for inclusion in the record. It has been filed with the Department of Banking and Finance, the Auditor General and any other person or firm who may have wanted the Audit.

Ms. Racquel McIntosh with Grau & Associates reviewed the Audited Financial Statements for the Fiscal Year ended September 30, 2019. She stated page 1 reflected the Independent Auditor's Opinion. She indicated Grau & Associates had an unmodified/clean opinion of the Financial Statements, which meant Grau believed the Financial Statements were presented fairly in all respects. She stated page 9 was the Balance Sheet which showed the ending fund balance for the District; the general fund ended with just under \$4.1 million dollars; of that, \$1.1 million dollars was for the Capital Projects Fund, \$2.8 million was for Debt Service, and the General Fund ended with just under \$196,000 dollars. She stated the Debt Service and Capital amounts were restricted, but the General Fund portion was unassigned and available for spending at the Board's discretion. She stated on page 11 of the report was the Statement of Revenues, Expenditures, and Changes in Fund Balances. She reported the net change in the Fund Balance was \$1.8 million dollars across the board, the majority of which came from the Capital Project Fund which was just under \$1.1 million dollars; the Debt Service Fund increased by \$607,000 dollars and the General Fund realized \$145,000 dollars. She indicated on page 22 was the Budget to Actual Report for the General Fund. She stated the Board approved a Budget of \$164,245 dollars in revenues and appropriations. She reported on the revenue side the District was just shy at \$549,000 dollars and on expenditures the District spent under \$404,000 dollars, so the Budget exceeded for the Fiscal Year end. She stated Grau's report on the District's Internal Control over Financial Reporting and Compliance reflected Grau did not detect any material weaknesses or significant deficiencies in the Internal Controls, nor did Grau have any compliance related findings or other findings related to Internal Controls. She reported Grau also had an unmodified opinion regarding the District's Compliance with Florida Statute 218.415 which meant Grau believed the District complied in all material respects with the requirements of Florida Statute 218.415. She stated page 28 of the report indicated there were no current or prior year findings for the Fiscal Year ended September 30, 2019.

Mr. Ward asked if there were any questions or comments.

Mr. Ron Miller: I'd like to apprise the Auditors what I would label as a subsequent event, because you probably don't have any prior knowledge of this, but this doesn't go per se with the Audit Report that she just presented, but there is a very significant issue going on within the CDD. It revolves around the permanent funding of the preserves and a fund for that, and the permits that belong to Taylor Morrison, not to the CDD, require a fund and the amount of that fund has been the subject of much discussion, but it would be easy for me to say that it's in the range of \$10 million to \$20 million dollars and that's an unfunded liability that's out there that somebody has to pay. I will fully admit I know nothing about what I will call government accounting, but I do have some background in gap, and I just want to apprise you of this situation because this may affect how you do your auditing in future periods and it may even effect this particular audit as a subsequent event.

Ms. McIntosh: Thank you sir. This would probably affect the upcoming audit. Not the audit that has gone before. Typically the subsequent events that would be included in the reports would be if there was litigation filed regarding that permit or how the funding of that reserve would go, then that would be something that we would put into the report, but if there is just disagreement as to who will fund it, that's normally not something we would put into a subsequent event footnote. But it would get addressed within the next year's audit.

Mr. Ron Miller: I would make a further comment just to make sure – I don't want to put you out there with unawareness. That the liability of the fund does have existence. There is disagreement over who has to fund it, but the obligation of the fund has present existence.

Mr. Drew Miller: No. I disagree with you. There isn't a requirement for a fund. There is a requirement in the permitting to fund the ongoing maintenance which currently is about \$220,000 dollars a year, \$185 dollars a resident. And it has been forecasted it's going to be about \$77 dollars a resident or \$92,000 dollar annually give or take. And that's what you're talking about. Not this \$10 million to \$20 million dollar number that you're talking about. And as stated in the letter that was just sent to you, the CDD is the funding mechanism and it's being collected through the O&M and it will prove out that that is the appropriate entity for it. While I understand where you're coming from Ron, it's your opinion, it's not factual. At this point I just want to make sure I'm putting that on the record since you're eloquently putting the other opinion on the record.

Mr. Ron Miller: I just want to make the auditor aware that there is this fund obligation and the fund obligation is very significant.

Mr. Ward: Ron, just for you're information, obviously by you putting it on the record, it's in here and Raquel is on the phone, so I'm sure she is scribbling a little note right now to ask that question.

Ms. McIntosh: Yes, I am.

Mr. Ron Miller: Thank you Jim.

On MOTION made by Mr. John Wollard, seconded by Mr. Drew Miller, and with all in favor, the Audited Financial Statements were accepted for inclusion in the record.

EIGHTH ORDER OF BUSINESS**Staff Reports****Staff Reports****I. District Attorney**

Mr. Greg Urbancic had nothing to report.

II. District Engineer/Environmental Consultant

Mr. Jeremy Fireline had nothing to report.

III. District Manager**a) Report of Number of Registered Voters as of April 17, 2020****b) Financial Statements April 30, 2020 (Unaudited)**

Mr. Ward: The only think I have for you is, although you are transitioning this District currently to a qualified elector, there is a provision in the Statute that as of April 15 each year the Supervisor of Elections reports to you the number of registered voters or qualified electors residing within the District. You now have 816. You have obviously met both of the thresholds in the State as to the number of years from the effective date of the Ordinance establishing the CDD and 250 registered voters, and you are in that transition process. You will see this on the Agenda every year. There is no action required of the Board at this point. He asked if there were questions; there were none.

NINTH ORDER OF BUSINESS**Supervisor's Requests and Audience Comments**

Mr. Ward asked if there were any Supervisor's Requests. There were none.

Mr. Ward asked if there were any audience comments.

Mr. David Boguslawski: On the HOA/CDD contractual responsibility, that whole contract thing. I wasn't entirely clear. I thought, Drew, you had said the study had been completed that was asked for regarding mapping or delineation of –

Mr. Drew Miller: I think it was included in the last Agenda, the map, if I recall.

Mr. Ward: We do have that David.

Mr. Boguslawski: I think this issue to be a difficult one to run down and I'm trying to find the best way to do it, so maybe we can – could I get a copy of the map?

Mr. Drew Miller: I also think we have over complicated it. So, it's probably a lot simpler than it seems. But yes, send him the map and I think it will be clear.

Flow Way Community Development District

May 21, 2020

Mr. Boguslawski: We had a long conversation with Nathan, I'm going to say the other day. We've had the County out for a very lengthy field review, and a lot of this is just tied to the littorals, but it's also the washouts going on. We know there are performance bonds involved and I'm not quite sure who owns this other than Taylor Morrison. But in the meantime, and I'm raising it here only because again, CDD responsibility, HOA responsibility, Taylor Morrison responsibility, it can get very confusing in a hurry. We have another meeting coming up with another Supervisor from the County and it's very clear that Taylor Morrison is nowhere near completing the work that is required by permits. I'm talking with respect to littorals, I'm talking with respect to the tiering of the lakes and river, and so I'm trying to understand. And I don't need an answer now Drew, I'm really raising this for your knowledge. Nathan has committed to us to go back to the engineering and land planning guys and stop them from going after the performance bonds. Because until we work through this issue. Because we still have some work to do. I'm only raising it here informationally for you, but again I would appreciate your help with Nathan's to help work through this who does what here – HOA, CDD, Taylor Morrison. It's pretty clear to me getting the performance bonds back is sort of everything on Taylor Morrison's tab, but again, if somebody could send me that map, I could at least give it to our folks responsible for landscaping and engineering.

Mr. Ward asked if there were any additional questions from the audience. There were none.

TENTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at approximately 2:05 p.m.

On MOTION made by Mr. John Wollard, seconded by Mr. Ron Miller, and with all in favor, the Meeting was adjourned.

ATTEST:

Flow Way Community Development District


James P. Ward, Secretary

DocuSigned by:

Drew Miller, Chairperson