

**MINUTES OF MEETING
MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of Miromar Lakes Community Development District was held on Thursday, July 12, 2018, at 2:00 p.m. at the Beach Clubhouse, located at 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Board members present and constituting a quorum:

Dr. David Herring (via telephone)	Chairman
Mr. Doug Ballinger	Vice Chairman
Mr. Alan Refkin	Assistant Secretary
Mr. Michael Weber	Assistant Secretary
Mr. Burnett Donoho	Assistant Secretary

Staff present:

James Ward	District Manager
Greg Urbancic	District Counsel
Paul Cusmano	Calvin Giordano & Associates
Bruce Bernard	Calvin Giordano & Associates

Audience:

Mary Le Fevre	Resident
Mike Rizzo	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order at 2:00 p.m. and all members of the Board were present at roll call.

SECOND ORDER OF BUSINESS

Consideration of Minutes of June 14, 2018

Mr. Ward stated copies of the minutes had been previously distributed and asked if there were any additions, corrections or deletions. Mr. Ballinger asked if in the future when the minutes refer to the HOA, it could be identified as Master or not. On Page 3, it was noted that when Mr. Bernard was asked if any changes had been made, he had responded he did not think this was the case. Mr. Bernard was asked to clarify, and he responded he was sure it was not the case.

Mr. Ward called for a motion to accept the minutes.

On MOTION made by Mr. Ballinger, seconded by Mr. Donoho, and with all in favor, the minutes of the June 14, 2018 meeting were approved.

THIRD ORDER OF BUSINESS

Consideration of Resolution 2018-7 Declaring a Vacancy in Seat 1 on the Board of Supervisors

Mr. Ward stated there had been a qualification period for the three seats which were up for election. He said Seat 1 was currently held by Mr. Weber, and as he had been out of the area, was not able to qualify for that seat. He said the statute required the Board to declare the vacancy, which would be done with Resolution 2018-7, and then appoint someone to fill the Seat for the four-year term, effective November 20, 2018.

Mr. Ballinger asked if it would be declared effective on November 20th, and Mr. Urbancic responded under the statute it would be effective the second Tuesday after the election. Mr. Ballinger asked what would happen in the meantime. Mr. Ward responded the existing member would sit in that Seat.

On MOTION made by Mr. Ballinger, seconded by Mr. Donoho, and with all in favor, Resolution 2018-7 was approved.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2018-8 Appointing a Qualified Elector to Fill the Vacancy in Seat 1 on the Board of Supervisors

Mr. Ward said this resolution appointed Mr. Weber to fill the vacancy for Seat 1. He said for the record, Mr. Weber did not have to abstain from the vote.

On MOTION made by Mr. Ballinger, seconded by Mr. Donoho, and with all in favor, Mr. Weber was appointed to fill the vacancy for Seat 1 on the Board of Supervisors.

FIFTH ORDER OF BUSINESS

Consideration of Acceptance of the Audited Financial Statements for the Fiscal Year Ended September 30, 2017

Mr. Ward stated Mr. Matthew Lee from McDirmit Davis was on the phone and would present the audited statements to the Board.

Mr. Lee said the auditor’s opinion was an unmodified clean opinion which was the highest opinion that could be given. He added that overall, the District appeared to be in good financial health. He said there had been a large prepayment of bonds during the year, so the District as a whole had seen a large increase in net position. He said the General Fund had gone down slightly due to extra spending under Maintenance and Operations. He said the Fund balance appeared healthy.

Mr. Weber asked about Page 12 of the Financial Statement. He explained there had been over a million dollars of damage due to Hurricane Irma which had not been repaired by September 30th, so a liability should have accrued for this year.

Mr. Ward responded that under the current accounting methods, which the District was required to use, the accrual for the expenditure was only for the actual expenditure that had been incurred through the period end, not potential for the additional expenditures. The expenditures were paid in the period which they happened.

Mr. Ballinger asked if the District accrued any liability at all. Mr. Weber asked if this was cash accounting.

Mr. Ward responded it was not cash accounting; it was accrual accounting, but it was a modified accrual because it was governmental. He said the District was not allowed to accrue an expense. He said once the vendor did the work, then it became an incurred expense and went on the books. He explained the District did not incur a potential expense.

The Board briefly discussed this point. Mr. Lee said the budget would be on a modified accrual basis which was for the General Fund. He explained how this worked. Mr. Ward said the accrual was accounts payable.

Mr. Weber asked about Page 25, under Note 6 Risk Management, which stated the District had sufficient coverage to preclude any significant uninsured losses to the District. He stated he did not agree with this statement.

Mr. Ward responded that the assets owned by the District included the drainage system and landscaping, neither of which were insurable. He said the District had liability insurance and a commercial general liability policy which covered in the event someone was injured.

Mr. Weber asked if it made sense to have a sentence which said "such coverage is sufficient" if insurance was not available.

Mr. Ward responded the Risk Management intent was to tell the reader there was insurance for events that were insurable. He said if the Board wanted to expand that to say for landscaping there was no insurance, it could be done; but that information was understood by most, and was not normally added. This point was discussed briefly.

Mr. Ballinger commented that Note 5, Bonds payable, was well done and he appreciated the explanation. He continued that on Page 26 the figure of 66 percent of Total Assessment Revenue for the year was surprising. Mr. Ward explained the figure represented combined entities and included the bonds, monies from the residents and developer, and the General Fund, which was the reason the figure was so high.

Mr. Ballinger asked if the figure would become less the closer the District got to transition. Mr. Ward explained it would become less as the developer sold lots to an end user. The number would change as a result, and this was the only reason it would change.

Mr. Ballinger commented that it seemed there were not that many more lots for sale, and asked if this percentage would change much in the near future.

Mr. Ward responded as transition occurred, and he clarified that transition was when the Homeowners' Association was changed to the residents, it would begin to change. He said this number would change from being paid by Miromar Development to being paid by the buyer of the lot. This point was discussed.

Mr. Refkin stated it would be helpful in the future to know what made up a number on the statement and footnote some of the figures. How this could be done was discussed by the Board.

Mr. Ward asked for further questions. He said the audit had been filed as a matter of law and called for a motion to approve the audit.

On MOTION made by Mr. Refkin, seconded by Mr. Donoho, and with all in favor, the Audited Financial Statements for the Fiscal Year ended September 30, 2017, were accepted.

SIXTH ORDER OF BUSINESS

Consideration of Audit Proposals for Fiscal Years 2018-2022

Mr. Ward said in Florida there was a provision that governmental agencies send out a request for proposals every few years to retain an auditor. He said the statute required the governing body to select an audit selection committee to do the evaluation and to provide a recommendation to the governing body itself. In CDDs, the process was shortened by making the Board of Supervisors the audit selection committee, who would make the recommendation. He said the terms for the contracts had been five years; these terms could be shorter but generally not longer. He said he had sent out the RFP, a copy of which he had included in the agenda package. He said the Board had received a list of who the RFPs had been sent to, and he had advertised in the newspaper. Mr. Ward pointed out that this year he had received fewer bids from auditors than previous years. He said he suspected the reason for this was many firms were no longer doing these audits.

Mr. Ward was asked about the two proposals received. He said Grau & Associates was out of West Palm Beach, and Berger Toombs was in Ft. Pierce. Mr. Ward said location was not an issue as the audits were done electronically.

Mr. Ballinger asked if Mc Dirmit Davis had submitted a bid, and Mr. Ward responded they had not. He said the auditor at Mc Dirmit Davis had retired.

A discussion ensued of auditing firms and their locations.

Mr. Ward was asked if he was familiar with the two firms who had responded to the RFP, and he responded affirmatively.

Mr. Ballinger asked his opinion of the two firms. He responded both were qualified, but Grau & Associates were easier to work with.

It was pointed out there was a significant difference in the price bid and so the choice should be easy. After some discussion, the decision was made to rank Grau & Associates as number one, and to authorize the staff to prepare a contract with Grau & Associates for the audit for Fiscal Years 2018-2022

On MOTION made by Mr. Refkin, seconded by Mr. Donoho, and with all in favor, Grau & Associates were selected as auditor for Fiscal Years 2018-2022.

SEVENTH ORDER OF BUSINESS

Staff Reports

a) Attorney –

Mr. Urbancic reported there was a wave a law suits being filed against CDDs because of a claim that websites were not ADA compliant. He said fortunately Miromar Lakes had not been sued, and Mr. Ward was working on the website.

Mr. Refkin asked what made a website ADA compliant. Mr. Urbancic responded the alleged issue was that the website would have to be usable by someone who was visually impaired so that whatever equipment was used to read the website could read everything on the site. Mr. Ward explained the source code writing the website had to be such that a blind person could use a keyboard to read it.

Mr. Refkin asked how long this requirement had been in effect. Mr. Urbancic responded that was part of the issue as it was not clear that it had been in effect. He continued that the Federal government had started the rule making process but withdrew late last year, so there was a question of whether or not this actually applied. He said there was one plaintiff throughout the State who was filing lawsuits against all the CDDs.

Mr. Ward said to ease the mind of the Board, the website was about 90 percent ADA compliant under the current rules. He said the difficult part of the change was documents which had been uploaded to the website. He said these required extremely difficult coding to convert.

Mr. Urbancic gave an example of past lawsuits which had been filed for ADA compliance.

b) Engineer – No report.

c) Asset Manager

Mr. Bernard reported that both landscaping improvements had been finished in St. Moritz and Tivoli neighborhoods. He said the berm replacements in Porto Romano and San Marino had also been completed. He stated the remaining Hurricane Irma money had been used for these projects. He also reported a hard cut on the ficus and viburnum hedges had begun.

Mr. Ballinger asked for an explanation of the information in red on Mr. Bernard's report and if this information was concerning Vivaldi. Mr. Bernard responded he was referencing the pond that was behind Montebello.

d) Manager – No report.

EIGHTH ORDER OF BUSINESS

**Supervisor’s Requests and Audience
Comments**

Mr. Ward called for Supervisor’s requests. Hearing none, he called for audience comments.

Mr. Rizzo from the audience commented that he did not see any expression of the financial impact of the transfer of the landscaping budget to the Master Association. He asked if there had been any discussion for the developer to make a contribution to the Master Association to cover that budget transfer.

Mr. Ward responded negatively. He said this did not make sense to him to do so, and he had not had a discussion with the developer as it related to the Master Association. He said this was not something the CDD would normally do. A discussion of this issue ensued.

Mr. Ward reminded the Board that on September 12, 2018, a regular Public Hearing had been scheduled.

NINTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at 3:00 p.m.

On MOTION made by Mr. Refkin, seconded by Mr. Donoho, and with all in favor, the meeting was adjourned.



James P. Ward, Secretary

Miromar Lakes Community Development
District


Doug Ballinger, Vice Chairman