

**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, October 13, 2022, at 2:00 p.m. at the Library in the Beach Clubhouse, 18061 Miromar Lakes Parkway, Miromar Lakes, Florida 33913.

Present and constituting a quorum:

Alan Refkin	Chair
Michael Weber	Vice Chair
Patrick Reidy	Assistant Secretary
Doug Ballinger	Assistant Secretary
Mary LeFevre	Assistant Secretary

Also present were:

James P. Ward	District Manager
Greg Urbancic	District Attorney
Bruce Bernard	Asset Manager
Charlie Krebs	District Engineer
Richard Freeman	

Audience:

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.

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

District Manager James P. Ward called the meeting to order at approximately 2:00 p.m. He conducted roll call; all Members of the Board were present, constituting a quorum.

SECOND ORDER OF BUSINESS

Consideration of Minutes

September 8, 2022 – Regular Meeting Minutes

Mr. Ward asked if there were any additions, deletions, or corrections for the Minutes.

Date corrections were made.

A question was asked regarding where the homes who had requested rip rap to be transferred to the CDD were located. Mr. Bruce Bernard responded the one home was on Verano and one was on Murano.

Mr. Doug Ballinger stated line 310 indicated there were only three old construction systems left which needed transfer to the CDD, one of which was Bella Vista. He asked what the other two systems were.

Mr. Bernard responded San Marino and Ravenna.

Mr. Ward noted Villa D'Este, Sardinia, and Costa Maggiore Phase 2 were the three new systems coming into the CDD now.

Mr. Ward asked if there were any other changes to the Minutes; hearing none, he called for a motion to approve the Minutes as amended.

On MOTION made by Mr. Doug Ballinger, seconded by Ms. Mary LeFevre, and with all in favor, the September 8, 2022, Regular Meeting Minutes were approved as amended.

THIRD ORDER OF BUSINESS

Continued Discussion

I. Reserves for Landscaping

II. Water Management System Turnover

Mr. Bruce Bernard reported Hurricane Ian was not as bad as Hurricane Irma had been. He indicated there were approximately 120 trees downed, plus multiple areas which needed to be cut back. He reported there were 45 to 50 trees down on I-75, seven big trees down on Ben Hill Griffin, 50 trees down on the FGCU berm, and 12 trees down on the peninsula berm. He stated the Master HOA was cleaning the peninsula berm and FGCU berm at this moment, following which the Master HOA would move on to Ben Hill Griffin and then I-75. He reported there was major rip rap damage on 200 feet of the northeast end of Bellini and 100 feet on the east end of Isabella, but not near the level of damage caused by Irma. He stated there was approximately \$8,000 to \$10,000 dollars' worth of rip rap repairs.

Mr. Patrick Reidy indicated he lived in Bellini in Building 19 and behind Building 19, all the rip rap was underwater.

Mr. Bernard stated he was reporting the damage he was able to see; however, he had not been able to assess the damage in Verona Lago or any areas where the water levels were still too high.

Mr. Reidy stated the rip rap behind his building was underwater and something needed to be done about it. He noted this area was underwater even before Hurricane Ian. He asked whether the rip rap which was underwater should be matched to other rip rap in the area which was 5 feet higher and more effective. He noted the rip rap underwater was totally ineffective.

Mr. Bernard responded the lake level was at 22 feet; the weir level was 18 feet. He stated this happened every year; when the water level rose, the District did not drain.

Mr. Reidy noted this only proved his point that the rip rap was simply too low.

Mr. Bernard stated if the rip rap were raised where Mr. Reidy lived, it would have to be raised in the whole neighborhood.

Mr. Ward indicated he understood this was what Mr. Reidy was asking about. He stated he did not know the answer to this question; he would have to ask Charlie Krebs.

Mr. Alan Refkin asked if the CDD was responsible for the engineering of the rip rap.

Mr. Bernard responded in the negative; the CDD maintained the elevation in place when the CDD took over the rip rap.

Mr. Refkin asked who would be responsible for reengineering the rip rap to raise the rip rap.

Mr. Bernard stated the existing elevation was approved by the developer upon installation.

Discussion ensued regarding the lake bank elevation, the rip rap, etc.; portions of this conversation were (indecipherable) due to individuals speaking over one another.

Mr. Ward indicated he would verify this with Charlie Krebs. He asked if Mr. Bernard had any additional updates regarding Ian.

Mr. Bernard indicated he was waiting for the water to go down to check for further damage.

Mr. Ballinger asked how the CDD stood budget-wise in regard to Ian.

Mr. Bernard stated the Master HOA was taking care of the landscaping damages; the CDD at this point only had to cover approximately \$8,000 to \$10,000 dollars in rip rap damages. He noted those funds were available in this years' budget for repairs.

Mr. Ward noted in terms of landscaping, the CDD would be fine as the Master HOA was taking care of repairs. He stated in terms of the drainage system, there was only approximately \$8,000 to \$10,000 dollars' worth of damage; however, more damage could be discovered as the water levels went down.

Mr. Ballinger asked if at this point the CDD's reserve account was intact.

Mr. Ward responded in the affirmative; for now, the reserve account was in good condition, but this could change as the water levels went down.

Discussion ensued regarding the Master HOA covering landscaping repair costs.

Ms. Mary LeFevre noted the I-75 corridor had been thinned out by the storm. She asked if this would be addressed.

Mr. Refkin noted there were many trees along the I-75 corridor which were never replaced following Irma and Hurricane Ian culled the trees even farther.

Mr. Bernard noted Irma fell approximately 90 trees along the I-75 corridor.

Ms. LeFevre noted as a result, with the additional felling of trees, this was a bare corridor and residents could now watch the cars drive by on I-75.

Discussion ensued regarding this corridor and the trees which needed to be replaced.

Mr. Ward indicated the Master HOA clearly said it would take care of the trees, but it was unknown exactly what the Master HOA planned.

Mr. Charlie Krebs stated in regard to the question with Bellini, he was the engineer for Bellini. He explained Bellini's developer did not want rip rap along the lakeshore, the developer wanted a beach connection; therefore, the only rip rap installed was behind Volterra. He stated the rip rap adjacent to the lake within Bellini was all installed after development.

Mr. Reidy agreed; the rip rap was put in following Irma due to the severe erosion. He stated he did not care what the developer wanted to do; the right thing should be done. He indicated he did not necessarily know what the right thing to do was, but it was underwater now and if another storm event came through next week, there would be another 5 to 10 feet of erosion. He further discussed which areas needed to be improved to prevent erosion.

Mr. Refkin agreed. He stated the developer did not install rip rap in many other communities in the area which were having the same difficulties. He agreed it was necessary to wait until the water levels came down before evaluating the situation. He stated the reengineering of the lakes and rip rap was a whole other conversation.

Mr. Reidy stated he was simply saying it was better to be proactive than reactive.

Mr. Ward stated he would meet with Charlie Krebs and discuss this.

Mr. Reidy stated the CDD needed to fix the rip rap situation and make it right.

Mr. Refkin stated what Mr. Reidy was saying was the lake shores needed to be reengineered.

Mr. Reidy disagreed; he did not know if reengineering were needed; he was just saying the water level was above the rip rap and if another storm event came through there would be severe erosion; there was nothing protecting the bank.

Mr. Ward stated he understood Mr. Reidy's point and he would talk to Mr. Krebs to determine a reasonable answer or solution to the problem.

Mr. Refkin explained if this were done for Mr. Reidy's community, it would have to be done in all communities for which the CDD was responsible, and a study would need to be done to determine a standard, and what needed to be done and how much it would cost to bring each community up to this standard. He stated this was a very complex problem, and while he did not disagree with Mr. Reidy, procedurally the CDD had to wait until the water levels went down, formulate a plan, and determine what would be best for the community and how it could be accomplished.

Discussion ensued regarding past storm experiences, water damage, storm erosion; steps the CDD had taken in the past in response to storm damage; and the CDD being committed to doing what was good and right for the community.

Mr. Ward stated at the last meeting, discussion began regarding what to do about the landscaping. He stated at this point Miromar had taken up the landscaping. He stated with respect to the agreement, Mr. Urbancic reached out to the Master HOA's attorney; however, the Master HOA's

attorney had not responded. He explained he did not believe the Master HOA would agree to adjusting the agreement, and even if the Master HOA did agree, there was still the problem of when the Master HOA transitioned to the residents, the new Master HOA could still decide to transfer the landscaping responsibilities back to the CDD.

Mr. Weber noted the Master HOA had an option to cancel the agreement annually; therefore, it would always be possible for the Master HOA to give landscaping back to the CDD.

Mr. Ward stated, as such, he included a “back of the napkin” financial analysis for the CDD. He stated in 2017 the CDD had \$5 million dollars in overall landscaping asset value; and he was certain this number was substantively more than it was in 2017. He indicated the CDD had a \$119 dollar increase capacity before mailed notice to residents would be required. He stated a \$119 dollar assessment brought between \$175,000 dollars and \$200,000 dollars to the CDD. He recommended considering this increase in the 2024 budget to begin the process of adding to the reserve fund which could be used for landscaping and/or the drainage system.

Discussion ensued regarding the potential assessment increase; and operations costs in 2017.

Mr. Weber asked if it were possible to estimate what the operating costs would be over the next five years, and then adding the cost of what operations would be if the landscaping were turned over to the CDD and what the reserve account should be in this case.

Mr. Reidy stated the CDD’s cash balance at the end of September was \$653,000 dollars. He stated \$150,000 dollars of this was needed for three months’ working capital; therefore, there was approximately \$500,000 dollars in available cash. He stated if the assessment were increased to the limit, another \$200,000 dollars could be added to the available cash annually; however, how much was enough. He stated the question was, “what’s the magic number?”

Discussion ensued regarding the CDD being responsible for the stormwater system, as well as potentially responsible for the landscaping; budgeting for all these responsibilities including potential responsibilities; and determining the “magic number” for the reserve account.

Mr. Ward explained to go above the \$740 dollar assessment, above the \$119 dollar increase, mailed notice would need to be sent to residents notifying residents that the assessment would be going above the cap rate of \$740 dollars, what the new rate would be, and when the public hearing would be held for residents to come and speak their piece. He stated the last time assessments were increased above the cap rate, 1,100 notices were sent out, and less than 30 residents came to the meeting.

Mr. Reidy stated it just came down to explaining to the residents why the rates were being increased; residents would understand the need. He indicated the CDD had built up the cash reserves over the past couple of years which had been the goal and he was happy to hear the Master HOA was replacing the landscaping.

Mr. Ward stated \$500,000 dollars was a low number in terms of replacing assets; a reserve account of \$2 million dollars would certainly not be too high to consider.

Mr. Refkin noted Hurricane Irma cost \$680,000 dollars in damage.

Mr. Ballinger asked about the cap rate.

Mr. Ward explained the cap rate was set at 10% or 15% over what the assessment rate was when it was levied. He stated the cap rate had no time limit; it could be changed at any time.

Mr. Ballinger asked if this was the proper time to increase the assessment rate beyond the cap rate.

Mr. Ward responded in the affirmative; he believed the CDD was at the cusp of making a very big decision, not only regarding the cap rate, but regarding the CDD's reserve fund, whether the CDD would take back operations, and whether the CDD would have a reserve account which could cover landscaping as well as stormwater. He stated he had seen transitions of Master HOA Boards to residents in the past, and typically resident Master HOA Boards did not want to take responsibility for things such as landscaping. He indicated he expected the Master HOA Board would wish to give the landscaping back to the CDD upon the transition.

Mr. Ballinger asked when the cap rate would be increased.

Mr. Ward explained the cap rate would be increased when the CDD decided to increase it. He stated the assessment had not gone above the cap rate in a long time.

Mr. Ballinger stated residents might not be surprised about an increase at this point, being right after Hurricane Ian.

Discussion ensued regarding the cap rate increase process.

Mr. Ward stated the first question was, what did the Board wish the reserve fund number to be, \$1 million dollars, \$2 million dollars, etc.; the second question was whether the CDD wished to take over, or be prepared to take over, landscaping at some point, and if so, the cost of this had to be determined. He stated following this, the necessary assessment rate number would be determined, and mailed notice would be sent to the residents.

Discussion ensued regarding including rip rap improvements in this new assessment rate number, including landscaping maintenance operation costs in the assessment amount, as well as ensuring the reserve account would be sufficient to replace landscaping in a future storm event.

Mr. Weber asked Mr. Ward to determine an assessment number which could then be discussed at the next CDD Meeting.

Mr. Ward asked, assuming the CDD had between \$8 million and \$10 million dollars in assets, what was a reasonable number for asset restoration over a period of time taking into consideration a storm event. He indicated \$700,000 dollars for potential storm renovation was not an unreasonable number, add to this anything the Board wished to have for renewal and replacement for landscaping and any damage to the stormwater system, so another \$200,000 dollars to \$300,000 dollars for the drainage system, and another \$200,000 dollars to \$300,000 dollars for the landscaping; therefore, the reserve account number was most likely around \$1.5 million to \$2 million dollars.

Mr. Mike Weber noted \$1.5 million to \$2 million dollars in reserves was for expected emergencies; the reserve account should also include funds in case of an unexpected emergency.

Mr. Refkin agreed noting the number Mr. Ward recommended was the starting point for the discussion, and the number could be honed accordingly.

Mr. Ward stated he liked this discussion and would keep it on the Agenda until a decision was made.

Discussion ensued regarding the potential cost of landscaping maintenance; and the CDD maintaining the landscaping differently from how the Master HOA maintained landscaping.

Mr. Ward stated it was important to put the CDD on a financial plan which would enable the CDD to operate independently of the Master HOA for years to come, whether it was operationally or from reserves.

Mr. Charlie Krebs stated, in regard with the water management system turnover, he met with Mr. Ward after the last CDD meeting. He stated he met with Mark Geshwin (ph) to discuss the Board's direction regarding having the water management systems turned over to the CDD. He indicated he sent Mr. Geshwin a list of six communities in Miromar which he believed could start the transfer process; Mr. Geshwin indicated three were ready for transfer. He stated the transfer process would now begin for these properties. He indicated as the other three were completed, the transfer process would begin and would come before the CDD for consideration.

Mr. Ward indicated the three neighborhoods ready for transfer were Villa D'Este, Sardinia, and Costa Maggiore Phase 2.

FOURTH ORDER OF BUSINESS

Staff Reports

I. District Attorney

No report.

II. District Engineer

No report.

III. Asset Manager

a) Operations Report October 1, 2022

b) Waterway Inspection Report September 2022

Mr. Bruce Bernard reported he spoke with David Beasley yesterday regarding the fishery; the process was moving forward, determining plantings and locations for the fishery for this year. He stated the storm messed up the traps and raised the water level; however, two days before the storm the traps were checked, and the plants were evaluated to determine which were good and which were bad. He stated plan was being mapped out for the next 60 days and included new plantings. He indicated a proposal for monitoring of the program was also being prepared. He reported cane toads were still present; after the hurricane, the cane toad collection was stopped as the streets were in poor condition. He stated the collection would begin again shortly.

Mr. Weber asked for cane toad collection number updates.

Mr. Doug Ballinger left the meeting.

Mr. Bernard stated MRI would be coming in shortly to begin drainage videotaping; this should be done in February.

IV. District Manager

a) Review of current Facilities Maintenance Agreement

b) Financial Statements for period ending September 30, 2022 (unaudited)

Mr. Ward stated the Facilities Maintenance Agreement had already been discussed. He indicated he had nothing to add to the financial statements as Mr. Reidy had reviewed these.

Mr. Reidy stated September 30, the end of the fiscal year, showed a cash balance of \$653,000 dollars, and this would be audited. He stated the CDD achieved what it wished to achieve by adding \$200,000 dollars to the reserves. He noted this was done only because the CDD did not need to spend its contingency funds, and this was not always possible.

FIFTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Ward asked if there were any Supervisor's Requests.

Ms. LeFevre asked if Mr. Ward had asked Mr. Pomeroy to come to the meetings.

Mr. Ward indicated he invited Mr. Pomeroy but received no response.

Ms. LeFevre asked if the percentage of rip rap at Esplanade affected the third lake in any way.

Mr. Ward responded in the negative; Esplanade was completely separate from Miromar Lakes in terms of rip rap percentage requirements.

Discussion ensued regarding the rip rap on Esplanade's lake.

Mr. Ward asked if there were any audience members present in person, or via audio or video, with comments or questions; there were none.

SIXTH ORDER OF BUSINESS

Adjournment

Mr. Ward adjourned the meeting at approximately 2:58 p.m.

On MOTION made by Mr. Alan Refkin, seconded by Ms. Mary LeFevre, and with all in favor, the meeting was adjourned.

Miromar Lakes Community Development District


James P. Ward, Secretary


Alan Refkin, Chairman