

**MINUTES OF MEETING
VERANDAH EAST
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the Verandah East Community Development District held a Zoom Workshop on July 14, 2022 at 12:00 p.m., at <https://us02web.zoom.us/j/88920430225>, and telephonically at 1-929-205-6099, Meeting ID 889 2043 0225 for both.

Present were:

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| David Moore | Chair |
| Richard (Denny) Shields, Jr. | Vice Chair |
| Christina Jaross | Assistant Secretary |
| Jacqueline Voiles | Assistant Secretary |
| Michael Lapinski | Assistant Secretary |

Also present were:

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| Chuck Adams | District Manager |
| Cleo Adams | District Manager |
| Shane Willis | Operations Manager |
| Alyssa Willson | District Counsel |
| Richard DeBoest II | VCA Attorney |
| Andy Tilton | District Engineer |
| Susan Shields | Resident/VCA Board Member |
| Lynne Pietrzyk | VCA General Manager |
| Lorie St. Lawrence | VCA Vice President |
| Ian Schaffer | VCA President |
| Gerald Baldwin | Resident |

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mrs. Adams called the workshop to order at 12:00 p.m. All Supervisors were present, via Zoom.

SECOND ORDER OF BUSINESS

Discussion: Maintenance Agreement

Ms. Willson stated, upon a review of the archived files, it was noted that there is a current Maintenance Agreement in existence between the CDD and the VCA for wall

maintenance. The Agreement was circulated to the CDD Board, VCA Board and the VCA's Counsel. The current situation is that the VCA wants to continue operating under the original Maintenance Agreement and provide maintenance for the wall in Fiscal Year 2023, which is subject to confirmation by official VCA Board action at the VCA's upcoming meeting. This would be while discussions continue to amend and restate that Agreement to account for several nuances that the CDD Board has been discussing over the past year related to maintenance of the wall, including but not limited to items being discussed. Such items could include the Verandah East CDD (VECDD) and Verandah West CDD (VWCDD) maintaining 3' from the wall within the Districts' conservation areas, as well as potentially receiving some of the reserve funds from the community, as a whole, that VECDD has been paying into the VCA's reserve fund for the maintenance of the wall, knowing that a portion should be retained for maintenance of the west wall for which the VCA is responsible, in the event of termination of this Agreement. That is subject to the ongoing maintenance to continue operating under the current Agreement, subject to confirmation by the VCA Board of that intent at its upcoming meeting. Negotiations between the CDDs would be ongoing regarding the Amended and Restated Agreement.

Resident and VCA Board Member Susan Shields stated she wanted to be clear on what the expectation is, in that the VCA understands that the Agreement is legally binding and it will pursue an Amended and Restated Agreement in good faith. She wants to translate correctly to the VCA Board that it is not advocating its rights to cancel the Agreement but that the intent is that it would operate in Fiscal Year 2023 under the terms of the Agreement.

In response to Mr. Schaffer's question, Ms. Willson stated that a reserve payout upon termination was not in the existing Agreement, it is subject to negotiation. Mr. Schaffer stated the matter at hand is approval that the current Agreement is enforced and the CDD and VCA Boards have agreed to keep it enforced, with the recognition that the Boards are negotiating a Restated and Amended Agreement that would add more currency to it.

Ms. Shields stated, to have the VCA Board be prepared to make that decision, an email should be sent that includes the existing Agreement, along with an update on the negotiation

process; if the VCA Board Members do not understand where things stand and what the goal is, it will be difficult to get any of the VCA Board Members to “buy-in” on anything at its meeting.

Regarding what the CDD’s financial “ask” would be if the VCA withdraws from the Agreement at its July 19, 2022 Board meeting, Ms. Willson stated it would be for payment of all identified repairs noted in the last fiscal year, as documented by the District Engineer. The ask would be for the VCA to provide the funds to the CDD for all improvements that need to be made.

Ms. Shields felt that is the minimum legal requirement, based on the current Maintenance Agreement.

Mr. Moore cautioned not to underestimate the number of people in VECDD that would be very upset. He, as a resident of the VECDD and of the VCA, is very concerned that the capital allocation that he paid when he purchased his house is now being appropriated differently and also that he would be taxed to pay for an asset that he already paid for into the capital reserves. He felt that the minimum should be what the CDD would be recouping and there would be a separate action based on the capital reserves.

Mr. Schaffer thought that somebody will ask this question at the Board Meeting and the Board must have an answer.

Ms. Shields stated there are two key paragraphs in the recitals of the original Agreement and read them, as follows:

“Whereas the residents within the community that is served by both the Association and the District benefit from the improvements and may be required to pay for the cost of the Services, regardless whether such Services are conducted by the Association of the District.” and “Whereas, for ease of administration, potential cost savings to property owners and residents and the benefits of full-time on-site operation and maintenance personnel, the District desires to contract with the Association to provide the Services.”

Ms. Shields surmised that, in other words, saying this is not about the CDD and the Association, this is about the constituency and, if she were to add a final statement in the Agreement, it would be “This will allow the VECDD to remove the asset maintenance repair line item from next year’s budget and operate in Fiscal Year 2023 under the assurance that the VCA

will assume financial responsibility.” She stated, if the VCA passes this motion, it solidifies its financial responsibility in 2023, which does not preclude the Board coming forward and saying it wants to cancel the Agreement in 2023. She asked what about the CDD’s intent and “ask” from the VCA.

Ms. Willson stated, if the VCA cancels the Agreement, it would have to pay the CDD for the maintenance of the improvements through that fiscal year and then the CDD will be on notice that it needs to include maintenance and repair funds in its next fiscal year budget, when it is able to do so. She would leave it up to the VCA’S Counsel to decide if it is appropriate to make it a resolution or statement but the intent is just to have some clarity on the VCA’s intent for operating in Fiscal Year 2023 so the CDD Board can make a decision about its budget based on whether the VCA will continue operating under this Agreement because, if not, the CDD needs to drastically increase its assessments in order to maintain the wall.

Discussion ensued regarding the termination clause in the existing Agreement, control of wall and fence maintenance in Verandah, validity of the contract, enforcement, other VCA Board Members and constituents’ wishes.

Ms. St. Lawrence noted that, over the last few years, both Boards have been trying to come up with an agreement and an agreement suddenly surfaced, which shocked everybody. She felt that there is nothing for the VCA to vote on other than, if they do not like the Agreement, they can cancel but the statement on the record is that an Agreement surfaced, it is valid and in place; therefore, we the VCA Board, are acting on it as such and, at the same time, are in negotiations for a new one.

THIRD ORDER OF BUSINESS**Discussion: Bill of Sale-Wall**

Ms. Willson stated, given the conversation that the Boards are engaged in, the Bill of Sale is furthering the remainder of the wall that was not originally conveyed. This was not conveyed in 2016 and was on an earlier agenda but it was tabled pending some finalization from the VCA on the status of the Agreement. She recommended rejecting the bill of sale until the Amended and Restated Agreement is in place and continue tabling it until then.

Mr. Moore concurred and questioned why the CDD would accept additional capital items that it did not originally pay for. Ms. Shields stated she understood from previous discussions is that the \$825,000 did cover this asset and, if it is not covered by the Agreement. She asked why the CDD would ever transfer it because this could be part of the \$79,000 in fencing expenses. Mr. Moore's understanding is that, when Johnson Engineering needed to come up with \$825,000, they calculated how many feet of wall to convey, identified that and included it in the Bill of Sale in order to finance it with the CDD bond and that left parts of the wall and fence that were not conveyed and those continue to be the responsibility of Kolter.

Discussion ensued regarding Kolter and the Bill of Sale, conveyance of personal property and the \$79,000 fence repairs.

Mr. Moore asked Mrs. Adams to place this item on the next agenda for a vote.

FOURTH ORDER OF BUSINESS

**Discussion with the VCA Attorney,
President & Vice President**

This item was addressed during the Second Order of Business.

FIFTH ORDER OF BUSINESS

Discussion Draft O&M Assessment Letter

Referencing the draft Operation and Maintenance (O&M) letter, Ms. Willson stated that she will include a footnote of the history.

Regarding the Bill of Sale, Mr. Shields asked if Johnson Engineering provided a contiguous view of the perimeter fencing to determine what was or was not in the Bill of Sale. Mr. Tilton replied no, to his knowledge, but he would inquire and advise the Board.

Mr. Moore stated the draft O&M notice looked good from his perspective. Ms. Willson stated the intent is that the amended sentence will go in the second paragraph and be adjusted to keep some of the text of the footnote, as well as to give the community background about the process and still include it even though it may be taken out.

Mr. Moore asked Ms. Willson to include the Florida Statute at the end of the letter. Ms. Willson stated she will make the changes discussed and send it to Mr. Moore and Mrs. Adams for final review and approval by this afternoon.

A Board Member asked if the VCA would still have to pay the cost incurred by the CDD in 2023 if the VCA decides to terminate this Agreement. Ms. Willson stated, if the VCA does it 60 days before the fiscal year, which would be around the start of August, the VCA would not need to pay for next years' maintenance costs; however, under the terms of the Agreement, the VCA would still have to pay for the items that were identified in Fiscal Year 2022, which would include those items that Johnson Engineering identified, assuming that they fall within the scope of the Bill of Sale that the CDD owns. Asked if there would potentially be some costs that the CDD would be responsible for if the VCA terminates the Agreement, Mr. Moore stated he did not know if that is true. One of the things talked about was maintenance the CDD needs to include in its Fiscal Year 2023 budget, which he felt is the minor question. Repairs were identified that, if they fall within what the CDD owns, the CDD could recoup those from the VCA. For repairs that the CDD does not know about, the CDD would have to fund it or make a plan to have them repaired. He assumed that could be included in the Fiscal Year 2024 budget. He stated that the footnote would be modified. Ms. Willson asked that CDD Board Members who attend the VCA meeting provide an update to the CDD Chair and to Mrs. Adams for Staff to forward to the remainder of the Board.

SIXTH ORDER OF BUSINESS

NEXT MEETING DATE: August 10, 2022 at 1:00 P.M. (Public Hearing & Regular Meeting)

○ **QUORUM CHECK**

All Supervisors confirmed their attendance at the August 10, 2022 meeting, with Ms. Voiles attending via telephone.

Ms. Shields stated that, for the VCA Board's discussion purposes, it would be helpful for the VCA to know that, currently, per Mr. Burford's measures, there is 11,639 linear feet of wall in the East and it would be helpful to know the linear feet that are owned by the CDD, relative to that and the 9,313 linear feet of fence.

Mr. Moore stated that Mr. Tilton will to provide the 2016 Bill of Sale ownership of VECDD assets information to Mrs. Adams for transmittal to the VCA.

SEVENTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Lipinski asked if the performing an annual survey of the perimeter fence is in the proposed Fiscal Year 2023 budget. Mrs. Adams stated, at the last meeting, \$120,000 was allocated for the assessments and \$20,000 of that is for an annual review and necessary maintenance . Mr. Lapinski stated he would advocate to keep the survey in the budget. Mr. Moore stated, since the CDD has an Agreement with the VCA for all the maintenance and, according to the existing Agreement, the VCA owes the CDD an annual report regarding the 3' of easement cutting around the fences and the CDD could probably have a survey of that cutting. What is necessary and how much it will cost must be discussed.

Discussion ensued regarding Coastal Concrete, maintenance of the wall, completing the assessment of damage to the wall, the Fiscal Year 2023 budget and the tables on Page 4 of the draft notice.

Mr. Moore directed Ms. Willson to remove the "Potential Adjusted Assessment Amount column" from the draft notice.

EIGHTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned at 1:25 p.m.


Secretary/Assistant Secretary


Chair/Vice Chair