

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

The Board of Supervisors of the Verandah East Community Development District held Multiple Public Hearings and a Regular Meeting on August 10, 2022 at 1:00 p.m., at 11390 Palm Beach Blvd., First Floor, Fort Myers, Florida 33905.

Present were:

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

Also present were:

Chuck Adams	District Manager
Cleo Adams	District Manager
Shane Willis	Operations Manager
Alyssa Willson (via telephone)	District Counsel
Brent Burford	District Engineer
David Caplivski	Grau & Associates
Susan Shields	Resident/VCA Board Member
June Thomas	Resident
Karl Vandegriff	Resident
John Sample	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mrs. Adams called the meeting to order at 1:01 p.m.

Supervisors Moore, Jaross, Lapinski and Shields were present, in person. Supervisor Voiles was attending via telephone.

SECOND ORDER OF BUSINESS

Public Comments (3 minutes per person)

Mrs. Adams stated several residents wished to comment on the budget. All residents agreed to address the issue during the Public Hearing.

THIRD ORDER OF BUSINESS

Presentation of Audited Financial Report for the Fiscal Year Ended September 30, 2021, Prepared by Grau & Associates

Mr. Caplivski presented the Audited Annual Financial Report for the Fiscal Year Ended September 30, 2021 and noted the pertinent information. There were no findings, irregularities recommendations, deficiencies on internal control or instances of noncompliance; it was an unmodified opinion, otherwise known as a clean audit.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2022-06, Hereby Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2021

Mrs. Adams presented Resolution 2022-06. The following change was made:
Page 1, WHEREAS clause: Change “2019” to “2021”

On MOTION by Mr. Moore and seconded by Mr. Shields, with all in favor, Resolution 2022-06, as amended, Hereby Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2021, was adopted.

FIFTH ORDER OF BUSINESS

Public Hearing on Adoption of Fiscal Year 2022/2023 Budget

A. Proof/Affidavit of Publication

The affidavit of publication was included for informational purposes.

B. Consideration of Resolution 2022-37, Relating to the Annual Appropriations and Adopting the Budgets for the Fiscal Year Beginning October 1, 2022, and Ending September 30, 2023; Authorizing Budget Amendments; and Providing an Effective Date

Mrs. Adams presented Resolution 2022-37.

Mr. Moore stated he was asked to give a statement. He apologized for the confusion and noted that the residents took responsibility for the VCA late last year and, in that process, they have been doing a tremendous amount of work to understand what was turned over, identify those things that were missing and codify all the community. Some misunderstandings were found, one being that it was not understood that the CDD owns some but not all the walls and fences that surround the east portion of the CDD. When those properties were sold to the Verandah East CDD (VECDD), a Maintenance contract was created and executed by both the VCA and the VECDD, which were both run by Kolter Homes at that time. The document that they executed is relatively robust and the Board is working with the VCA to fix some items but, because it was not turned over by Kolter and it was not immediately in the CDD's general possession, it became an issue. He noted the importance of ensuring that all details are addressed. The document was found during the summer but not before the Statutory deadline for creation of the proposed Fiscal Year 2023 budget, which included budgeting for walls and fences. Since the Maintenance Agreement was located, the VCA has agreed it is a legal document and now the VECDD does not need to include some of those funds in its Fiscal Year 2023 budget. Some unknowns will be addressed with the VCA, as some will be included in this year's CDD budget and some expenses are the VCA's, as the CDD does not own all the walls and fences.

Mr. Shields noted that this situation is confusing. He encouraged questions and stated, for the sake of simplicity, a transfer of property happened in 2016. Kolter was the Developer at the time and, for various reasons and by all accounts and legal reasons, Kolter needed to give the wall and certain portions of the fences to VECDD. It was easy to do that, at the time, as Kolter controlled the VCA and VECDD. Mr. Shields stated that he is not going to criticize or pass judgment but noted that the Board was surprised that the VECDD owned part of the wall. He believed the VCA was surprised that it only owned part of the wall. The VECDD had to plan for wall repairs and long-term replacement, which is reflected in the Operation & Maintenance (O&M) assessment of approximately \$200 described in the Mailed Notices to property owners. The assessment will be discussed and adjusted today.

Resident June Thomas asked if it will be a single-year assessment increase or if assessments will increase \$200 every year. Mr. Moore stated the annual assessment includes repayment of the bond debt and the O&M expenses; the large portion of the assessment is related to the bond debt payment. The Board’s goal is to keep the O&M portion of the assessment as low as possible. In the new contract phase, some costs are rising and those will be discussed today.

Mr. Adams reviewed the proposed Fiscal Year 2023 budget, highlighting any line item increases, decreases and adjustments and explained the reasons for any adjustments. He stated as a result of resolving the issues with the VCA, the \$100,000 “Perimeter fence/wall repairs Cap Rpl (not shared)” line item will be removed. The ongoing item for clearing the perimeter wall will remain and the “Perimeter Fence /Wall ongoing RM (not shared)” \$20,000 line item will be reduced to \$2,500.

The following changes were made to the proposed Fiscal Year 2023 budget:

Page 5, “Perimeter fence/wall repairs Cap Rpl (not shared)”: Delete line item

Page 5, “Perimeter Fence/Wall ongoing RM (not shared)”: Change \$20,000 to \$2,500

Mr. Shields stated that will be an ongoing expense; the CDD will maintain the preserves on the outside of the fence. A 3’ perimeter will be cleared to help prevent foliage from falling on the fence or growing through the fence.

Mr. Adams noted that the \$25,000 increase to fund balance will provide the necessary three-months working capital required to cover the CDD’s expenses from October through December, before the assessment revenues are received.

On MOTION by Mr. Lapinski and seconded by Mr. Shields, with all in favor, the Public Hearing was opened.

Ms. Thomas stated the Board answered all her questions regarding interactions between the VCA and the CDD. In her opinion, the VCA is doing a wonderful job, given the communication challenges between the parties.

Resident Karl Vandegriff asked why ownership of some items is not known.

Mr. Lapinski stated Engineering funds were directed toward resolving the ownership issues. He felt that Ms. Susan Shields has done a fabulous job going through the plats to determine ownership. He noted that Kolter separating the assets from the property created a great deal of confusion; the CDD owns assets, such as walls and fences, that sit on someone else's property. In the past, when Kolter controlled both the VCA and the VECDD, they maintained the walls and fences but did not turn that contract over to the VCA, which is why it was not in the VCA's documents and it raised a question. He noted that an Engineering Survey was completed.

Mrs. Adams stated that the information will be available in the GIS mapping.

Mr. Lapinski felt that the VECDD and the VCA are working as a team to resolve the issue.

Mr. Vandegriff asked if previous budgets set reserves for maintenance of the walls. Mr. Adams stated CDDs generally do not collect reserves because doing so would mean collecting assessments from current residents for future projects. The CDD has the opportunity to do tax-exempt financing and assess on a go-forward basis. Given that property owners are paying into the CDD's original infrastructure installation, that would essentially be double taxing. The CDD's method is to assess for expenses at the time of need, based upon real cost.

Mr. Vandegriff asked why the Verandah West CDD (VWCDD) is not part of the Agreement. Mr. Lapinski stated the VWCDD was primarily completed in 2016 but the VECDD was not.

Mr. Vandegriff asked why the wall in Otter Bend has been open for two to three months. He noted a section of the fence is missing in Citrus Creek, possibly due to an auto accident, and a temporary fence was installed in that area.

Mrs. Adams stated the VCA is handling that and has been waiting on reimbursement from the insurance company; a check was received yesterday but it was made out to the CDD so it will be sent back for reissuance to the VCA.

Mr. Lapinski stated his understanding that the VCA entered into a contract to fix them but the lead time is three months. Ms. Shields concurred and stated that there is only one provider.

Resident John Sample voiced his opinion that, when the transaction occurred in 2016, the management company should have made sure it was documented and, if the CDD was incurring expenses for engineering, the CDD should seek reimbursement of those amounts from the management company, with respect to activities that should have been done in those years. He stated he does not mind paying for certain minor maintenance, such as wall expenses, but he thinks there is an inequity because VECDD bears a higher incremental cost and, while it is a small amount, he believes it is a cost that VWCDD does not bear. In his opinion, a revised budget should have been included in the agenda. He expressed appreciation for the Board but took issue with the management company and stated he believes they should be accountable for additional expenses incurred.

Ms. Thomas asked for clarification of the costs not paid by the VWCDD.

Mr. Adams stated, with regard to the \$2,500 for cleaning vegetation off walls and fences, VWCDD does not own any walls or fences. The VCA owns and maintains those and has been reserving funds for them from the very beginning. VECDD owns some walls, as indicated in the agreement that was misfiled and, now that it was located, both parties agree that it is a legally binding agreement. VECDD would have a \$2,500 expenditure that cannot be shared with VWCDD.

Mr. Sample asked what the new SOLitude contract includes. Mrs. Adams stated the proposal includes clearing vegetation off the walls twice each year. The VWCDD will execute its own separate agreement.

Mr. Lapinski stated that a 3' perimeter trim will be performed around the preserve areas only; the CDD is required to maintain those areas as preserves and approval for a 3' perimeter trim was received. Mrs. Adams stated the VWCDD will consider a similar matter at its Public Hearing later today.

On MOTION by Mr. Moore and seconded by Ms. Jaross, with all in favor, the Public Hearing was closed.

Ms. Voiles asked about the impact of the budget, from an assessment perspective. Mr. Shields stated the assessment will increase \$40 compared to the previous year.

On MOTION by Mr. Moore and seconded by Mr. Lapinski, with all in favor, Resolution 2022-37, Relating to the Annual Appropriations and Adopting the Budgets for the Fiscal Year Beginning October 1, 2022, and Ending September 30, 2023, as amended; Authorizing Budget Amendments; and Providing an Effective Date, was adopted.

SIXTH ORDER OF BUSINESS

Public Hearing to Hear Comments and Objections on the Imposition of Maintenance and Operation Assessments to Fund the Budget for Fiscal Year 2022/2023, Pursuant to Florida Law

A. Proof/ Affidavit of Publication

B. Mailed Notice(s) to Property Owners

These items were included for informational purposes.

C. Consideration of Resolution 2022-08, Making a Determination of Benefit and Imposing Special Assessments for Fiscal Year 2022/2023; Providing for the Collection and Enforcement of Special Assessments, Including but Not Limited to Penalties and Interest Thereon; Certifying an Assessment Roll; Providing for Amendments to the Assessment Roll; Providing a Severability Clause; and Providing an Effective Date

Mrs. Adams presented Resolution 2022-08.

On MOTION by Mr. Shields and seconded by Mr. Moore, with all in favor, the Public Hearing was opened.

Mr. Sample asked if the Fiscal Year 2023 budget was adopted. Mr. Adams replied affirmatively.

Mr. Sample argued that a revised Fiscal Year 2023 budget was not presented. Mr. Adams stated the revisions were discussed and approved during the meeting.

Discussion ensued regarding the budget amendment and approval process, given Sunshine Law requirements.

Mr. Lapinski stated only two line items changed from the version included in the agenda.

Discussion ensued regarding removal of the \$100,000 maintenance line item and changing the \$20,000 expenditure for perimeter fence/ wall routine maintenance to \$2,500, both of which were explained and discussed during the Fifth Order of Business.

The O&M portion of the assessments increased from \$233.04 in Fiscal Year 2022 to \$273.23 for Fiscal Year 2023.

On MOTION by Mr. Moore and seconded by Mr. Shields, with all in favor, the Public Hearing was closed.

On MOTION by Mr. Lapinski and seconded by Ms. Jaross, with all in favor, Resolution 2022-08, Making a Determination of Benefit and Imposing Special Assessments for Fiscal Year 2022/2023; Providing for the Collection and Enforcement of Special Assessments, Including but Not Limited to Penalties and Interest Thereon; Certifying an Assessment Roll; Providing for Amendments to the Assessment Roll; Providing a Severability Clause; and Providing an Effective Date, was adopted.

SEVENTH ORDER OF BUSINESS

Consideration of Award of Contract – Lake and Wetland

Mr. Willis discussed the bids received from Crosscreek Environmental, SOLitude Lake Management and Superior Waterways and noted that all three companies are well-qualified.

On MOTION by Mr. Moore and seconded by Ms. Jaross, with all in favor, awarding the for Lake and Wetland Maintenance contract to SOLitude Lake Management, in the amount of \$123,209, with a second-year option, was approved.

EIGHTH ORDER OF BUSINESS

Consideration of SOLitude Lake Management Services Contract for Vegetation Trim Back from Fence/Wall Areas Adjacent to Conservations

Mrs. Adams presented the SOLitude Lake Management Services Contract.

On MOTION by Mr. Moore and seconded by Mr. Shields, with all in favor, the Lake Management Services Contract for Vegetation Trim Back from Fence/Wall Areas Adjacent to Conservations, in the amount of \$2,250, was approved.

NINTH ORDER OF BUSINESS

Discussion/Consideration: CDD Fixed Structure Report

Mrs. Adams presented the CDD Fixed Structure Report for informational purposes.

TENTH ORDER OF BUSINESS

Consideration of Quit Claim Bill of Sale (Perimeter Wall and Landscaping)

Ms. Willson stated this Quit Claim Bill of Sale has been on several previous agendas. She noted that the CDD is under no obligation to accept this and recalled that the CDD was waiting to have further discussions with the VCA. Her recommendation was not to accept further hardscape that the CDD could potentially then be responsible for maintaining.

On MOTION by Mr. Moore and seconded by Mr. Lapinski, with all in favor, the Quit Claim Bill of Sale was not approved.

ELEVENTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of June 30, 2022

Mrs. Adams presented the Unaudited Financial Statements as of June 30, 2022 and called attention to the Financial Highlights Report handout. The financials were accepted.

TWELFTH ORDER OF BUSINESS

Approval of Minutes

Mrs. Adams presented the following:

A. May 11, 2022 Regular Meeting

Mr. Shields stated that he has suggestions regarding transcription of the minutes. Mrs. Adams stated she would speak with him following the meeting.

On MOTION by Mr. Lapinski and seconded by Mr. Moore, with all in favor, the May 11, 2022 Regular Meeting Minutes, as presented, were approved.

B. June 1, 2022 Special Meeting

On MOTION by Mr. Shields and seconded by Mr. Moore, with all in favor, the June 1, 2022 Special Meeting Minutes, as presented, were approved.

C. July 14, 2022 Workshop

The following changes were made:

Line 27: Change "Resident" to "VCA Vice President"

Line 28: Change "Resident" to "VCA President"

On MOTION by Mr. Moore and seconded by Mr. Lapinski, with all in favor, the July 14, 2022 Workshop Minutes, as amended, were approved.

THIRTEENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel: *Kutak Rock LLP*

There was no report.

B. District Engineer: *Johnson Engineering, Inc.*

There was no report.

Mr. Lapinski stated the map showing ownership of the walls and fences is now on the GIS mapping. Mr. Willis noted that areas of fence damage were also included.

C. District Manager: *Wrathell, Hunt & Associates, LLC*

- **NEXT MEETING DATE: October 12, 2022 at 1:00 P.M.**
 - **QUORUM CHECK**

All Supervisors confirmed their attendance at the October 12, 2022 meeting.

FOURTEENTH ORDER OF BUSINESS

Supervisors' Requests

Mr. Lapinski stated the insurance check for the damaged wall was returned to the originator because the CDD does not own the wall. Mrs. Adams stated the check should have been payable to the VCA.

FIFTEENTH ORDER OF BUSINESS

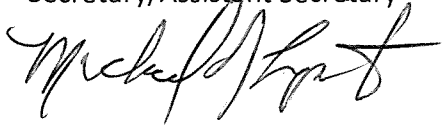
Adjournment

On MOTION by Mr. Moore and seconded by Ms. Jaross, with all in favor, the meeting adjourned at 2:17 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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Secretary/Assistant Secretary

A handwritten signature in black ink, appearing to read "Michael Lopez", positioned below the horizontal line.A handwritten signature in black ink, consisting of a few sharp strokes and a long horizontal tail, positioned above a horizontal line.

Chair/Vice Chair