

**MINUTES OF MEETING
HUNTER'S RIDGE
COMMUNITY DEVELOPMENT DISTRICT NO. 1**

A Regular Meeting of the Board of Supervisors of the Hunter's Ridge Community Development District No. 1 was held on **Thursday, June 9, 2016 at 2:00 p.m.**, at **Huntington Village, 6 Huntington Place, Ormond Beach, Florida 32174.**

Present at the meeting were:

Howard Lefkowitz	Chair
Steve Thompson	Assistant Secretary
Susanne Wilde	Supervisor-Elect

Also present were:

Craig Wrathell	District Manager
Cindy Cerbone	Assistant Regional Manager
Mark Watts	District Counsel
Randy Hudak	District Engineer

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Wrathell called the meeting to order at 2:07 p.m., and noted, for the record, that Supervisors Lefkowitz and Thompson were present, in person. Supervisors Annon, Faulkner and Anderson were not present.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

**Acceptance of Resignation of Supervisor
Chelsea Anderson**

Mr. Watts presented Ms. Chelsea Anderson's resignation letter for consideration.

<p>On MOTION by Mr. Thompson and seconded by Mr. Lefkowitz, with all in favor, the resignation of Ms. Chelsea Anderson, dated February 4, 2016, was accepted.</p>
--

• **Consideration of Appointment to Seat 5; Term Expires November, 2016**

Mr. Lefkowitz nominated Ms. Susanne Wilde for Seat 5. No other nominations were made.

On MOTION by Mr. Thompson and seconded by Mr. Lefkowitz, with all in favor, the appointment of Ms. Susanne Wilde to Seat 5, term expires November, 2016, was approved.

▪ **Administration of Oath of Office to Supervisor Susanne Wilde (the following to be provided in separate package)**

****This item was an addition to the Agenda.****

Mr. Wrathell, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Supervisor Wilde.

Mr. Wrathell provided and briefly explained the following items:

A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees

Ms. Wilde expressed familiarity with the Sunshine Laws, as a twenty-year government employee.

Mr. Wrathell stated that the District may create a CDD specific email address for Board Members. Ms. Wilde agreed, based on her experience, and believed it would be a good idea. Mr. Lefkowitz believed it would make sense, once District activities begin.

With regard to email management, Mr. Wrathell recommended creating a separate email folder for District business.

B. Membership, Obligations and Responsibilities

C. Financial Disclosure Forms

- i. Form 1: Statement of Financial Interests**
- ii. Form 1X: Amendment to Form 1, Statement of Financial Interests**
- iii. Form 1F: Final Statement of Financial Interests**

D. Form 8B: Memorandum of Voting Conflict

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2016-1, Electing Officers of the District

This item was deferred to the next meeting.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2016-2, Approving the District's Proposed Budget for Fiscal Year 2016/2017 and Setting a Public Hearing Thereon Pursuant to Florida Law; and Providing An Effective Date

Mr. Wrathell presented Resolution 2016-2 for the Board's consideration. As statutorily required, the District Manager must present a draft budget by June 15, each year, and submit a copy of the proposed budget to Flagler County at least 60 days prior to the scheduled Public Hearing date, which is August 25, 2016 at 2:00 p.m., at this location.

Mr. Wrathell explained that the fiscal year begins October 1, 2016 and runs through September 30, 2017. On Page 1, expenses were similar, with few exceptions. "Management/accounting/recording¹" was reduced considerably due to the dormancy of the District, and would be adjusted at a later date, when activity resumes.

Mr. Lefkowitz stated that the Board anticipated selling bonds and wanted to know if the budget should be adjusted to reflect the additional Management, legal and engineering fees. Mr. Wrathell agreed and explained that, due to the funding agreement, Management invoices the developer when expenses are incurred. An updated funding agreement would be presented for approval at the next meeting. The "Management/accounting/recording¹" line item would be increased to \$42,000. "Legal" would be increased to \$18,000.

Mr. Watts agreed and added that most costs associated with the bond issue, would be included in the cost of issuance, which was outside of this budget item.

Mr. Wrathell suggested increasing "Engineering" to \$5,000, as the bulk of the costs were for the Engineer's Report and related activity up to the bond issuance, instead of through this budget.

Mr. Lefkowitz asked if there were reasons to review items such as, "Trustee²", "Dissemination Agent²" and "Arbitrage²", at this point, for budgetary adjustment, or if it would be better to adopt the budget now, with what was currently known and adjust it towards the end of the year, if necessary. Mr. Wrathell explained that the "Audit²" was already budgeted, the "Arbitrage rebate calculation²" and "Dissemination Agent²" would become necessary when bonds were issued. These fees were in line. "Arbitrage rebate calculation²" could be reduced to \$750 from \$1,200.

In response to a question, Mr. Wrathell advised that the "Trustee²" was either Regents Bank or U.S. Bank, not Management. Trustee rates are more competitive and he would rather over budget and come in under budget. "Dissemination Agent²" is Wrathell, Hunt and Associates, LLC (WHA), who provide continuing disclosure information to bondholders.

Mr. Lefkowitz asked why the amounts were not included in the management fees. Mr. Wrathell stated that the fees were customarily reflected separately.

Mr. Wrathell explained that "Insurance" assumed full general liability for Directors and Officers (D&O). Previously, the thought was to keep the coverage as limited as possible and not include general liability because the District had no assets. The number would be adjusted once the District began making improvements. Mr. Watts stated that the amount took the adjustment into account.

Mr. Lefkowitz stated that the HOA would contract with the District to provide the maintenance services that the District is obligated to perform. The HOA pays a substantial amount for their D&O and liability coverage, was this duplicate coverage because the HOA contracts with the CDD to provide that service.

Mr. Watts explained that, even with the HOA being responsible for most of the activity, it would still be performed on property owned by the CDD and litigation, with all entities would be sued. Mr. Thompson inquired about adding the CDD as an additional insured on the HOA policy.

Mr. Wrathell stated that the Bond Trust Indenture specifies that the District must obtain its own insurance coverage. Even though there was an additional cost, when comparing the CDD's liability and D&O coverage, at \$1 million, compared to the HOA's cost, CDD insurance costs are less due to sovereign immunity, which caps the exposure.

Mr. Lefkowitz asked about the casualty insurance versus D&O costs, which was a separate item. Mr. Wrathell explained that, within the policy, there are more levels of coverage than general liability and D&O, such as a crime component. The District has no property insurance it owns no property. The CDD's insurance covers vertical assets. Mr. Watts advised that general liability covers horizontal assets and casualty insurance covers vertical assets.

Mr. Lefkowitz stated that the CDD owns drainage improvements, which includes piping. If one of the pipes had to be excavated, for repair, the District would have physical liability. Mr. Wrathell advised that property insurance would cover occurrences such as a lightning strike that hits a CDD asset. Mr. Lefkowitz was more concerned about liabilities than physical items. If a

child were to fall into an open drainage system, it would be covered by liability insurance. The District has the same liability as the HOA, which suggests duplicate coverage.

Mr. Wrathell explained that the District's insurance carrier only services local governments. Mr. Watts explained that the down side to a single line of coverage, from a defensive standpoint, was if litigation were to occur, one policy would pay for the defense of both entities; if the entities were to blame to each other, one insurance company would be representing both entities.

In response to a question from Mr. Lefkowitz, Mr. Wrathell explained that \$5,500 was in line with a project of this size for general liability and D&O insurance. If the District were to build a clubhouse, it would make sense to include property insurance.

Mr. Wrathell explained that the "Website" line item increased to \$1,282 due to the State legislature expanding the realm of websites to increase transparency of local governments and CDDs and mandated that additional information be posted on District websites. Costs were associated with hosting the website and posting information.

Mr. Lefkowitz asked why there would be an additional charge for associated administrative work for the website if the District pays a management fee. Mr. Wrathell explained that the Webmaster provides the service and charges the fee. The District owns the domain name and the website, not WHA. The Webmaster provides great pricing and service.

On MOTION by Mr. Lefkowitz and seconded by Mr. Thompson, with all in favor, Resolution 2016-2, Approving the District's Proposed Budget for Fiscal Year 2016/2017 and Setting a Public Hearing for August 25, 2016 at 2:00 p.m., at this location, as amended, was adopted.

Mr. Lefkowitz recalled that, at the last meeting, with regard to future processes, the Board was obligated to make improvements first and then having them certified by the District Engineer. At that point, financial disbursements would be made. Mr. Watts explained that, if there was a mix of public and private improvements under the contract, a partial assignment may be considered. The work could then be requisitioned on an ongoing basis, as certified by the District Engineer.

Mr. Wrathell stated that, per the Bond Trust Indenture, the District Engineer is responsible for working with the land developer to prepare requisitions. If the District purchases

completed improvements, it is important to determine if the improvements were constructed properly. When the requisition is prepared, all backup documentation would be provided so that actual costs paid on the improvements would be attached.

SIXTH ORDER OF BUSINESS

**Notice of Landowners' Meeting:
November __, 2016 [Seats 3, 4, 5]**

Mr. Wrathell stated that a Landowners' Election must be held every two years, in November. 90 days in advance of the election, notification must be provided to the Board and the District is statutorily required to advertise the Landowners' Meeting. Seats 3, 4 and 5, for Supervisors Thompson, Faulkner and Wilde, respectively, were up for election.

- A. Sample Notice of Landowners' Meeting**
- B. Sample Election Instructions**
- C. Sample Landowner Proxy**

These items were included for informational purposes.

SEVENTH ORDER OF BUSINESS

**Discussion: Proposed Rule Amendment
Providing Clarification Regarding
Attendance of Board Meeting at District
Meetings**

Mr. Watts recalled that, at the last meeting, he was asked to prepare a policy regarding Board Members who did not attend Board Meetings and how to address creating a vacancy in that Seat. A Proposed Rule Amendment was provided, indicating that, if a Board Member has two or more unexcused absences from a regularly advertised Board Meeting during the course of one calendar year, the Board deems that the Board Member must resign their position on the Board. The method for replacement would follow the normal course under the existing rules of the District. Since the District is an administrative body for purposes of rule making, the amendment must be advertised as a proposed rule and it must be adopted at a subsequent meeting. A 28-day advertisement is required for the proposed revision to the rule in advance of the August Board Meeting. After the adoption, the Board has the ability to excuse an absence for good cause but if a Board Member has two unexcused absences, it would be considered a resignation.

Mr. Wrathell noted that there were advertising costs associated for the Notice of Rule Making and Notice of Rule Development.

On MOTION by Mr. Lefkowitz and seconded by Mr. Thompson, with all in favor, authorization for Staff to proceed with advertising a Notice of Rule Making and Notice of Rule Development, was approved.

Discussion ensued regarding Mr. Annon's continued absence. Mr. Watts advised that Mr. Annon did not attend meetings and was not responsive to communication.

EIGHTH ORDER OF BUSINESS

Approval of August 26, 2015 Public Hearing and Regular Meeting Minutes

Mr. Wrathell presented the August 26, 2015 Public Hearing and Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Mr. Lefkowitz and seconded by Mr. Thompson, with all in favor, the August 26, 2015 Public Hearing and Regular Meeting Minutes, as presented, were approved.

NINTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

There being no report, the next item followed.

B. District Engineer

There being no report, the next item followed.

C. District Manager

i. Approval of Unaudited Financial Statements as of April 30, 2016

Mr. Wrathell presented the Unaudited Financial Statements as of April 30, 2016.

On MOTION by Ms. Wilde and seconded by Mr. Thompson, with all in favor, the Unaudited Financial Statements as of April 30, 2016, were approved.

ii. 2 Registered Voters in District as of April 15, 2016

Mr. Wrathell stated that there were two registered voters residing within the boundaries of the District as of April 15, 2016.

*****Mr. Hudak arrived at the meeting.*****

▪ **District Engineer's Report**

*****This item, previously Item 10.B, was presented out of order.*****

There being no report, the next item followed.

iii. **NEXT MEETING DATE: August 25, 2016 at 2:00 P.M.**

Mr. Wrathell indicated that the next meeting will be held on August 25, 2016 at 2:00 p.m., at this location.

ELEVENTH ORDER OF BUSINESS

Board Members' Comments/Requests

Mr. Thompson was advised by a representative of Ormond Beach Utilities that, with regard to the Developer's Agreement with Flagler County, it would be simpler to ensure the inclusion of Deerfield Trace in the Agreement, rather than having two separate Agreements.

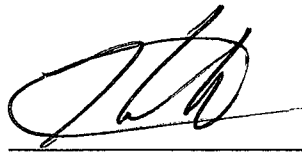
TWELFTH ORDER OF BUSINESS

Adjournment

There being no further business to discuss, the meeting adjourned.

On MOTION by Ms. Wilde and seconded by Mr. Thompson, with all in favor, the meeting adjourned at 2:55 p.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair