

**MINUTES OF MEETING  
RIVER HALL  
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Board of Supervisors of the River Hall Community Development District was held on Thursday, May 3, 2018, at 3:30 p.m., at the River Hall Town Hall Center, 3089 River Hall Parkway, Alva, Florida 33920.

**Present were:**

|                                       |                     |
|---------------------------------------|---------------------|
| Michael Morash <i>(via telephone)</i> | Chair               |
| Paul D. Asfour                        | Vice Chair          |
| Joseph E. Metcalfe, III               | Assistant Secretary |
| Joseph Lundquist                      | Assistant Secretary |
| Ken Mitchell                          | Assistant Secretary |

**Also present were:**

|                                      |                                      |
|--------------------------------------|--------------------------------------|
| Chuck Adams                          | District Manager                     |
| Cleo Adams                           | Wrathell, Hunt and Associates, LLC   |
| Charlie Krebs                        | District Engineer                    |
| Daniel H. Cox <i>(via telephone)</i> | District Counsel                     |
| Dave McGuire <i>(via telephone)</i>  | Berger, Toombs, Elam, Gaines & Frank |
| Georgette Lundquist                  | Resident                             |
| Bob Stark                            | Resident                             |
| Paul Roballo                         | Resident                             |
| George Ware                          | Resident                             |
| Richard Lewis                        | Resident                             |
| Dick Patton                          | Resident                             |

**FIRST ORDER OF BUSINESS**

**Call to Order/Roll Call**

Mr. Adams called the meeting to order at 3:30 p.m. Supervisors Asfour, Metcalfe, Lundquist and Mitchell were present, in person. Supervisor Morash was attending via telephone.

**On MOTION by Mr. Lundquist and seconded by Mr. Asfour, with all in favor, authorizing Mr. Morash's attendance and full participation, via telephone, due to exceptional circumstances, was approved.**

Mr. Morash asked Mr. Asfour to act as Chair for the meeting.

**SECOND ORDER OF BUSINESS**

**Public Comments (3 minutes per speaker)**

Ms. Georgette Lundquist, a resident, commented that the flowers at the front entrance looked nice and asked if they considered changing the frequency of the rotations from four times per year down to three. Mrs. Adams will look in to changing the flower rotation cycle.

**THIRD ORDER OF BUSINESS**

**Presentation of Annual Financial Report for Fiscal Year Ended September 30, 2017, Prepared by Berger, Toombs, Elam, Gaines & Frank**

***\*\*\*Mr. Cox joined the meeting at 3:34 p.m., via telephone.\*\*\****

Mr. Dave McGuire, of Berger, Toombs, Elam, Gaines & Frank (Berger, Toombs), gave an overview of the Report, specifically, the Auditor's Responsibilities on Page 1, the Opinion on Page 2 and Statement of Net Position on Page 9.

Mr. Asfour asked what the additional construction in progress, on Page 5, was referencing. Mr. McGuire stated that those figures refer to the Fund Balance statements, on Page 13; the General fund, Debt Service and Capital Project funds, of which \$584,054 is related to the construction of infrastructure projects within the District.

Mr. Asfour asked why the "Charges for services" line item amount, on Page 6, under "Program Revenues" decreased from prior years. Mr. McGuire explained that those were related to the assessments and most likely decreased because residents paid early to receive the early pay discount or the decrease could be caused by any number of things.

Mr. Asfour asked what "Construction in progress", on Page 7, referred to. Mr. McGuire explained that figure was the infrastructure that the District has been building that the District Engineer has not confirmed as completed and operational. He did not know that amount would be completed and conveyed back to the County or if the District would hold onto it and remain responsible for its upkeep. As of now, the auditors were not told that the project was completed and could be capitalized and start being depreciated. Mr. Adams stated the District originally anticipated a certain amount in the Capital Improvement Program (CIP), which was reduced with the exchange on the bonds and the refinancing. Once the pods that the District signed the agreement on with GreenPointe Communities, LLC (GreenPointe), are completed and GreenPointe completes the anticipated infrastructure, the construction fund would be depleted and then Mr. Krebs could certify the project as complete, since the funds will have been fully

expended. The difference between what was anticipated and what is actually constructed will be written off.

Mr. Morash asked if it was appropriate for this to look like a double entry, both as a work in progress and as a capital improvement to what the District has done. Mr. McGuire stated this was appropriate and explained that this is the money that was put in through capital outlay and, once projects are completed, they will be reclassified into the various categories. Mr. Morash asked if the Board can accept the audit, subject to the District Engineer providing the auditor with a Certification of Completion and the auditor amending that particular note. Mr. McGuire stated that would change the entire audit and the Board would have to wait until the auditor receives the Certification and adjusts the financial statements to reflect the construction and progress to be however the District Engineer indicates. Discussion ensued regarding the need to reclassify many items, which would impact the entire report. It was noted that the Report was dated September 30, 2017. Mr. Adams explained that the original project was not yet completed and would not be until the remaining four or five pods are completed, at which time Mr. Krebs can certify it completed and the Note would be eliminated. Regarding whether the traffic light was completed before September 30, 2017, Mr. Adams replied no.

Mr. McGuire presented an overview of the remaining pages of the Report. There were no findings or instances of noncompliance in the “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters”, on Pages 28 and 29, the “Management Letter”, on Pages 30 and 31 or “Independent Accountant’s Report/Compliance with Section 218.415, Florida Statutes”, on Page 32.

Mr. Asfour asked why Note G – Economic Dependency, on Page 27, was included. Mr. McGuire explained this was a result of the recession. When District’s started going under and the Developer left, assessments were not being paid and a lot of bonds went into default, which resulted in bondholders losing money or receiving less than half. Currently, the Developer is very active in the CDD due to the construction and, if the Developer pulled out, it could have a serious impact on the District. Discussion ensued regarding the steps and options, when a Developer leaves a project before completing development, the impact on the bondholders if off-roll assessments are not paid. Mr. Asfour voiced his opinion that the implication that the Developer leaving would have an adverse effect on the District was not accurate. Mr. McGuire stated that this statement was an audit requirement, under this circumstance because, as of September 30, 2017, if the Developer walked away, some of the land might not sell for enough

to cover the debt service on the property. Anything subsequent to September 30, 2017 and prior to September 30, 2018 would be reflected in the next audit and it was possible that Note G would not be necessary. Mr. Adams explained that this is a concentration of risk; if the Developer owns a significant portion of the property being assessed and, for any reason ceases to develop the property and the District does not have immediate access to those assessment funds to operate, it would create an economic issue for the District. While there are remedies, it can take many years for those remedies to come to fruition.

Regarding discussion of the fixed assets, Mr. McGuire wanted to make sure that, for next year's audit, they are apprised of the projects that are completed in 2018. Mr. Adams hoped projects would be completed and should be seen when the audit is performed. Mr. Morash stated the traffic signal would definitely be completed; there would be modifications to the Work in Progress (WIP) and capital assets.

**\*\*\*Mr. McGuire left the meeting at 3:59 p.m.\*\*\***

**FOURTH ORDER OF BUSINESS**

**Consideration of Resolution 2018-02, Accepting the Annual Financial Report for the Fiscal Year Ended September 30, 2017**

Mr. Adams presented Resolution 2018-02.

**On MOTION by Mr. Lundquist and seconded by Mr. Mitchell, with all in favor, Resolution 2018-02, Accepting the Annual Financial Report for the Fiscal Year Ended September 30, 2017, was adopted.**

**FIFTH ORDER OF BUSINESS**

**Consideration of Resolution 2018-03, Approving the District's Proposed Budget for Fiscal Year 2018/2019 and Setting a Public Hearing Thereon Pursuant to Florida Law**

Mr. Adams presented Resolution 2018-03. The Board must approve a draft budget prior to June 15, 2018 for the purposes of setting a public hearing to adopt the Fiscal Year 2019 Budget. Minimal changes in revenues and expenditures occurred and certain line items were adjusted slightly. "Aquatic maintenance" increased significantly and will be discussed later in

the agenda, once the District accepts, for operational purposes, the lakes and wetlands within Cascades. Once approved, Mr. Adams will advertise a Request for Proposal (RFP) for those services. “Landscape maintenance” increased significantly, to offset the GulfScapes Landscape Management Services (GulfScapes) contract recently approved. “Miscellaneous contingency” was removed so that assessment levels would remain the same. Fund balance would be used to offset the minor increase.

Mr. Lundquist noted that the District Engineer costs were three times the amount budgeted and asked if they should increase the budget. Mr. Adams stated that, going forward, he expects a reduction in the District Engineer’s activities and limiting his activities, outside of monitoring the construction projects. The budget overrun was caused by construction-related items, which ran through the construction fund; the other work, including investigating drainage systems, elevations, etc., was completed. Mr. Adams suggested leaving the budget amount as is, since District Engineer activities were decreasing; if it changes, the budget would be amended to roll up additional fund balance to offset any increase, as the goal was for assessments to remain the same. In response to a question, the Board was not adopting the proposed budget rather, approving the Fiscal Year 2019 proposed budget for the sole purposes of setting a public hearing, transmitting it to the County and posting it on the CDD’s website.

**On MOTION by Mr. Lundquist and seconded by Mr. Mitchell, with all in favor, Resolution 2018-03, Approving the District’s Proposed Budget for Fiscal Year 2018/2019 and Setting a Public Hearing Thereon Pursuant to Florida Law, for August 2, 2018 at 3:30 p.m., at this location, was adopted.**

**SIXTH ORDER OF BUSINESS**

**Discussion: Request from Cascades at River Hall Residents Association, Inc., to Turn Over Management and Maintenance of Lakes and Preserves in Cascades at River Hall to the CDD, Effective October 1, 2018**

Mr. Adams presented the Cascades at River Hall Residents Association, Inc. (CRHRA) Letter of Intent to turn over the management and maintenance of the lakes and preserves in Cascades to the CDD. CDD homeowners will see a slight, \$15 to \$17, increase in assessments for the CDD to take over a system that it should be operating because it is under the Master

Permit and it is an interconnected system. If approved, Staff will prepare an agreement between the District and the CRHRA to assume the operation and maintenance (O&M) responsibilities; exhibits identifying the legal descriptions of the lakes and easements to gain access would be attached to the agreement. Since residents are required to vote on any transfer of assets, as well as the requirement to obtain approval from two-thirds of the community to complete the transfer voting will occur during high season, when most residents are expected to return. Because the turnover is effective October 1, 2018, the CDD will obtain an easement grant, through an Operating Agreement, until the voting is completed. Residents will be informed of the benefits of transferring the asset, such as immunity protection and limiting liability for any accidents, since the CDD is a governmental entity.

Mr. Robert Stark, a resident, asked if the assessment increase would affect everyone. Mr. Adams stated that the assessment increase represented the net effect of the move; however, assessments would not increase, as savings from other budget categories and fund balance would be used to offset the increase. Mr. Metcalfe stated if they decided not to turn over the maintenance responsibilities to the CDD, the Cascades would not be receiving the same benefit from the drainage program as everyone else.

Mr. Paul Roballo, a resident, asked if the CDD's lakes were interconnected with Cascades. Mr. Adams replied affirmatively and stated the Cascade's lakes outfall into the CDD's lakes and systems and discharge out to the north.

**On MOTION by Mr. Lundquist and seconded by Mr. Mitchell, with all in favor, authorizing Staff to prepare an Operating Agreement between the CDD and Cascades at River Hall Residents Association, Inc., and obtain an Easement Grant turning over management and maintenance of lakes and preserves in Cascades at River Hall to the CDD, effective October 1, 2018, was approved.**

**SEVENTH ORDER OF BUSINESS**

**Update: Additional West Turn Lane at River Hall Parkway and SR 80 Intersection**

Mr. Krebs distributed the following documents and discussed the following:

- Proposal: TR Transportation Consultants, Inc. (TRTC) proposal to modify the signal head, with two exhibits, including an aerial view, as it exists today, and one indicating the modification of pavement striping to add the second turn lane.
- It was not as simple as painting the ground markings; however, Mr. Reid Fellows, P.E., who designed the original signal, was adding an additional signal head, as requested by the Florida Department of Transportation (FDOT), and any necessary additional changes to the control panel.
- Proposals for that work were not obtained yet but it was believed that \$4,400 would take it through to permitting.
- The permit application was given to Mr. Adams to complete, identifying these changes as a safety improvement, per instructions given from Mr. Brian DeBoy, of the FDOT, so that a permit fee would not be required.
- Once FDOT approves the project, the project will go out to bid to local contractors.
- The project could be funded from the construction account.
- At the time the pavement markings are done, the right turn only lane coming out of the community would be marked and a proposal for the white line striping of the Parkway could be obtained.
- Once the bids and FDOT are received, the hope was to have the project completed before school starts.

**EIGHTH ORDER OF BUSINESS**

**Update/Discussion: Perimeter Access Control Initiatives**

Mr. Adams stated that he sent Mr. Krebs the boundary survey for Portico, which he received from Lennar. Mr. Krebs stated he would forward those documents to Carter Fence Company Inc. (CFC). The cost would be shared between Lennar and the CDD and be funded from the construction account.

**NINTH ORDER OF BUSINESS**

**Update/Discussion: SR 80 Waterline Drainage Issue**

Mr. Krebs stated that, when FDOT requested the CDD's record drawings for the turn signal, they also asked Mr. Fellows where the CDD improvements were located, which he interpreted as a start to moving things along.

**TENTH ORDER OF BUSINESS**

**Update/Discussion: Encroachment on CDD Property (FPL Easement)**

Mr. Cox stated that he was waiting for the Title Underwriter to sign off on the evidence needed to show a Circuit Judge. He expected to have the necessary documents by the end of the week to present to the Judge. The owner has not responded to Mr. Cox’s letter.

**ELEVENTH ORDER OF BUSINESS**

**Acceptance of Unaudited Financial Statements as of March 31, 2018**

Mr. Adams presented the Unaudited Financial Statements as of March 31, 2018. On-roll assessment revenue collections were at 97% and off-roll was at 50%, with the remaining 50% due at the end of March most likely reflected in upcoming unaudited financials. In response to a question regarding when the 696 units could go on roll, Mr. Adams stated that, if platted by September 1, 2018, they could be put on roll. Quite often, when the budget Public Hearing is early in the season, there are changes before the final budget is submitted to the Tax Collector, which is typically before October 1. If anything changes during that time, the District would obtain the correction from the Property Appraisers website. Expenditures were at 54%. The District was expected to be under budget, similar to the last three years.

**TWELFTH ORDER OF BUSINESS**

**Approval of April 5, 2018 Regular Meeting Minutes**

Mr. Adams presented the April 5, 2018 Regular Meeting Minutes and asked for any additions, deletions or corrections. The following changes were made.

Line 165: Change “gate” to “at the right-hand entrance to Hampton Lakes”

Line 274: Change “Adams” to “Lundquist”

Line 285: Insert “Ware” in blank space

Line 291: Insert “crossings between the County Club and Hampton Lakes” after “berm”

**On MOTION by Mr. Lundquist and seconded by Mr. Mitchell, with all in favor, the April 5, 2018 Regular Meeting Minutes, as amended, were approved.**

**THIRTEENTH ORDER OF BUSINESS**

**Staff Reports**

**A. District Counsel: *Daniel H. Cox, P.A.***

Mr. Cox stated that he used the title company Fidelity National Title Insurance Company, a national firm, for the verifications and, once resolved, he expected the process to take about 90 days.

**B. District Engineer: *Hole Montes***

There being no report, the next item followed.

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

**i. 805 Registered Voters in District as of April 15, 2018**

There were 805 registered voters residing within the boundaries of the District as of April 15, 2018.

**ii. NEXT MEETING DATE: June 7, 2018 at 3:30 P.M.**

The next meeting will be held on June 7, 2018 at 3:30 p.m., at this location.

▪ **Operations Manager:**

**\*\*\**This item was an addition to the agenda.*\*\*\***

Mrs. Adams provided the following update:

- A trapper is being hired to resolve the ongoing hog issues, which continues to be a problem.
- 20 street lights were upgraded with LED lights and include a five-year warranty. Savings on utility costs.
- The Signature Oak tree that was installed yesterday will be relocated as it does not match the other feature Oaks at the entry.

**FOURTEENTH ORDER OF BUSINESS**

**Public Comments: Non-Agenda Items (3 minutes per speaker)**

Mr. Richard Lewis, a resident, asked how big an alligator must be before the Florida Fish and Wildlife Conservation Commission (FWC) is called. Mr. Adams replied 4'. Mr. Lewis stated an alligator that exceeded 4' was observed at the golf course, near Hole #9. Residents were urged to contact FWC directly, preferably at the time it is observed so they can direct FWC to the exact location. As a safety concern, Mr. Lewis asked if the far right bike lane could be extended to the gate entering Hampton Lakes. Discussion ensued regarding which entity is responsible for that area. Mr. Krebs will research whether a bike lane entering the community, was noted in the original pavement markings and, if so, Mr. Adams will have the area marked.

Mr. Dick Patton, a resident, asked if there were plans to dredge the ponds now that water levels are low. Mr. Adams stated, typically, the District would not dredge the ponds. The criteria for erosion repairs are when it impacts the immediate edge, creating a direct drop-off that is in excess of 10" to 1'. Discussion ensued regarding exposed soil, silt-filled lakes, impacts to the health of a pond and dredging if there was a buildup of organic muck, unless new technology is available to correct an issue. In response to the question of whether the District had the correct amount of littoral plantings around the lakes to shore up the banks, Mr. Adams stated there were enough, throughout the CDD; however, every pond does not, which is due mostly to the large drawdown for an extended time. Installation of riprap around some of the lakes to prevent erosion was discussed; however, the County limits its use in communities, to 20% to the lake bank perimeter. A Board Member stated he heard complaints about the tremendous amount of lake erosion in the area closer to the clubhouse, near Hole #9, which needs to be addressed. Discussion ensued regarding the location of the erosion, whether the golf course or CDD was the responsible entity and whether the erosion was caused by runoff from the golf course. Mr. Adams will have Mr. Krebs review the reports. Mr. Cox stated, if the drop-off is greater than 9" and caused by the golf course and, because the CDD is the permittee, the CDD should send a Letter of Non-Compliance to the golf course, requesting what corrective action be taken so that, if a compliance officer noticed the issue, it showed that the CDD was proactive in addressing these types of issues. Mrs. Adams stated she spoke to a few residents abutting Lake 35-D with regard to the required erosion repairs and the requested installation of yard drains. Discussion ensued regarding a resident's concern about whether vegetation on the pipes caused erosion, the CDD's recently successful and recommended solution when done in conjunction with restoring the soil, replanting banks, why residents were required to make repairs and not the CDD and the possibility of introducing bacopia ground cover despite the likelihood it would not do well during drought season. In response to the question of whether the issue would resolve itself, once residents install yard drains, Mr. Adams, Mrs. Adams and Mr. Cox all concurred that the action they used to resolve this issue has worked the last 20 years.

Mr. Lundquist noted that all the other lakes with vegetation do not have that problem but the lakes without vegetation have the most problems. Mr. Adams discussed a similar circumstance and stated the "fix" was underground conveyance, instead of the water coming off the turf line and hitting exposed soil.

**FIFTEENTH ORDER OF BUSINESS**

**Supervisors' Comments/Requests**

Mr. Lundquist received an email that the flood levels were 2' higher in Portico than the CDD lots. Mr. Asfour read the email he received that stated *"there were also issues with the Handle Lakes phase of construction, they seem to have conveniently ignored the Development Orders for that plus the changes in control elevations for the minimum floor elevations there, 2' lower coming from Portico, you think you had flooding last year, the tsunami is coming."* Mr. Asfour distributed the email.

Mr. Krebs affirmed that Portico's control elevation is almost 2' higher. The South Florida Water Management District (SFWMD) did not change the elevation and the CDD has the same 13' elevation further down that flows into a 11' elevation. Both communities have the same discharge rate, are controlled by historic flow and governed by SFWMD. He expects the District will be impacted, similar to last year, and that Portico will not affect the District.

Mr. Cox stated that the District has a caveat regarding design requirements and design parameters that tries to capture the events that happened to the District last year but really had no way to predict how the systems would react when back-to-back storms like those occur. Mr. Krebs stated he was pleased with how well the system performed during the two, 100-year storm events; the CDD should continue to monitor the control structures and confirm that none are partially blocked. Mr. Krebs will remove the plywood from the culvert.

In response to a question, Mrs. Adams stated the storm drain pipe inspection was completed yesterday and this item will be placed on the agenda for consideration, when received.

A Board Member stated the sprinklers needed to be checked regularly. Mrs. Adams asked them to contact her when they notice any issue, since the contractor is on site twice a week.

In response to the issue of residents not being pleased with the appearance of the bougainvillea, Mrs. Adams stated that those damaged by caterpillars were being replaced.

Mr. Morash suggested contacting Hickey Creek to find out how their Management program addresses the hog issue and if they work with any governmental entity.

In response to Mr. Asfour's question, Mr. Krebs confirmed that, even if the 696 units are approved, if there is any indication that the build-out would adversely impact the CDD's stormwater system, construction would be halted by SFWMD when obtaining the Environmental Resource Permit (ERP); each lot constructed is required to provide engineering background indicating there is no adverse effect to the system. Mr. Krebs will add his name to their

application, as an interested party, and request copies of correspondence so he can monitor and confirm the CDD's stormwater system is not majorly impacted but, if it is, this action will assist in the CDD being able to take action. Mr. Cox stated the CDD is not a regulatory agency; it can participate in the program and ask questions but would not have any part of the decision-making process, as it only allows the District to ask to be considered as an interested party. Given the Board's prior concerns about budget overages, consideration should be given to the cost to have someone monitor this. A Board Member was concerned about how the CDD's system will handle the impact of new development, the additional lakes and changes to the CDD's existing lakes. Mr. Cox stated it was too early to ask Mr. Krebs to speculate on an engineering design he has not reviewed; it will depend on what Mr. Krebs discovers.

**SIXTEENTH ORDER OF BUSINESS**

**Adjournment**

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

**On MOTION by Mr. Lundquist and seconded by Mr. Mitchell, with all in favor, the meeting adjourned at 5:17 p.m.**

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair