

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

A Regular Meeting of the River Ridge Community Development District's Board of Supervisors was held on **Thursday, September 29, 2016 at 1:00 p.m.**, in the **Sound Room** at the **River Club Conference Center (Second Floor of Fitness Center), 4784 Pelican Sound Boulevard, Estero, Florida 33928.**

Present at the meeting were:

Bob Schultz (<i>via telephone</i>)	Vice Chair
James Gilman	Assistant Secretary
Judy Haase	Assistant Secretary
Tom Schoenheider	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Cleo Crismond	Assistant Regional Manager
Charlie Krebs	District Engineer
Tony Pires	District Counsel
Jim Whitmore	PSGRC General Manager
Eric Long	PSGRC Assistant General Manager
Joyce Lenart	Pinehurst Board of Directors

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 1:05 p.m., and noted, for the record, that Supervisors Gilman, Haase and Schoenheider were present, in person. Supervisor Schultz was attending via telephone. Supervisor Mountford was not present.

On MOTION by Mr. Gilman and seconded by Ms. Haase, with all in favor, authorizing Mr. Schultz's attendance and full participation, via telephone, due to exceptional circumstances, was approved.

SECOND ORDER OF BUSINESS

**Public Comments: Agenda Items (5
minutes per speaker)**

Ms. Joyce Lenart, a resident and Pinehurst Board Member, inquired about the Pinehurst road resurfacing. Mr. Adams stated that an update would be provided during the meeting.

THIRD ORDER OF BUSINESS

Continued Discussion: Traffic Calming

Mr. Schoenheider asked if the software for the radar sign worked. Mr. Adams was waiting for software updates for the Android system and hoped to receive them before the season started.

FOURTH ORDER OF BUSINESS

Discussion/Consideration: Roadway Resurfacing Loan Commitment and Documents (*to be provided under separate cover*)

Mr. Krebs worked with District Counsel, over the past several days, to solve language disputes in a section of the contract with Bonness Inc. (Bonness). Those issues were resolved and Bonness sent the final draft contract with the agreed upon provisions. If District Counsel agreed, the page with the correct language would be incorporated into the final version and sent to Bonness for signature. Bonness was scheduled to start resurfacing at the end of October. Today, Bonness was making repairs to the curb, trimming the exposed root barrier and working in the areas with exposed sod, gaps between the back of the curb and in locations where form boards were removed. Mr. Schoenheider believed that Bonness completed the repairs. Ms. Haase stated that work was being completed on Pelican Sound Drive. Mr. Krebs stated that Bonness was repairing curbing but he did not know the additional linear footage. Mr. Adams recalled slightly over 100'. Mr. Krebs stated that the work must be completed before the crews arrive. The curb work was delayed, due to rain interfering with Bonness' crew completing other projects. Once the contract was signed, Bonness would commence work, as soon as the roadwork crew was available.

Mr. Adams stated that the sidewalks were completed last week. The contractor, Southern Striping, d/b/a, Naples Concrete, completed the dry downs and replaced panels. Several additional areas that require repair were identified and marked.

Mr. Pires would review the Bonness contract and follow up with Mr. Krebs and Mr. Adams.

Mr. Krebs would inform Mr. Whitmore, once Bonness finalized the start date, so Mr. Whitmore could inform residents of the order the communities would be resurfaced and provide updates throughout the project.

Mr. Krebs recalled that Bonness was supposed to include an inlet, in Turnberry, as part of the roadwork. The Superintendent in charge of the curbing reported that the sinkhole was larger than last month. Bonness would dig up the curb this week to determine if there was an issue with the inlet, as there was an area where the sod keeps settling, which should be addressed before Bonness resurfaced. In response to a question, Mr. Krebs indicated that the inlet, in Turnberry, was in between two buildings and was patched, in the past. Bonness would dig the area around the inlet to determine if there were cracks or something that broke free, allowing water to flow in from the side and pulling in all of the soil. The last thing that they wanted was to undermine the road. If a repair was necessary, it must be repaired before the road crews begin work.

Mr. Schoenheider asked about the completion date, if work commenced at the end of October. Mr. Krebs would confirm but recalled that Bonness estimated 30 days for completion. Mr. Krebs hoped it was before the season started, prior to Thanksgiving. Mr. Adams stated that was the goal.

Ms. Haase asked if the Pelican Sound Golf and River Club (PSGRC) would resurface the golf cart paths. Mr. Long stated that the PSGRC signed a contract with Bonness and the work should be completed, in conjunction with the District's roadway resurfacing. There were preliminary discussions about starting in back of the community and working towards the front. Ms. Haase asked if the golf course work was completed. Mr. Long replied affirmatively. Ms. Haase noted areas where there were no cart paths. Mr. Long confirmed that some areas needed cement but the work would not require heavy equipment. Ms. Crismond secured a work order, from Lykins-Signtek (Lykins), for the signage, which would be provided to Mr. Krebs for confirmation that all signs were included.

Mr. Long stated that, beginning on October 3, PSGRC staff would be trimming trees but it would not affect the resurfacing, as the tree trimming would conclude on October 15.

Mr. Adams stated that the resurfacing contract was awarded to Bonness, in the amount of \$580,000. A Commitment Letter was requested from Florida Community Bank (FNB).

Mr. Adams highlighted the following loan terms:

- Not-to-exceed amount of \$610,000

- Option 1: Five-year term
 - Interest rate is fixed three days prior to closing, indexed at 65% of the prevailing five year treasury, constant maturity, plus 300 basis points and a floor of 3.75% (as of September 26, the floor was 3.76%).
 - At closing, the monthly payment would be \$11,165.39, the annual amount would be approximately \$134,000 and the total, over the five-year period, would be approximately \$670,000.
- Option 2: Four-year term
 - Interest rate is fixed three days prior to closing, indexed at 65% of the prevailing three year treasury, constant maturity, plus 313 basis points and a floor of 3.70% (as of September 26, the floor was 3.72%)
 - At closing, the monthly payment would be \$13,700, the annual amount would be approximately \$164,000 and the total over the four-year period would be approximately \$657,000.
- The District may prepay and redeem the note, in whole or in part, at any time, or from time-to-time without penalty or premium

Mr. Adams recommended the five-year term, retaining the flexibility to prepay but not binding the District to the larger annual amount in the event of unforeseen circumstances during the budget year.

- Loan commitment fee of .5% or \$3,000
- Greenspoon Marder, P.A. (Greenspoon Marder) would prepare all loan documents for \$12,000

Mr. Adams advised that \$10,000 was typical and \$12,000 was high considering Greenspoon Marder was not drafting a brand new agreement and they represent CDDs and Special Districts, on a regular basis. The agreements were standard for governmental loans. It was anticipated that the revenue to repay would be collected through the General Fund operations and maintenance (O&M) budget.

- Retain \$10,000 debt service reserve

Mr. Adams pointed out that \$10,000 was standard. It did not cover a one month loan repayment obligation in either scenario and was for a small amount of security.

Mr. Schultz asked when the loan would proceed. Mr. Adams was trying to match the start date of the loan to when the contract was signed. Mr. Adams did not want to accrue interest

until the District was under contract with Bonness. It was a matter of signing and dating the documents and providing the funding to reach the level of comfort that the funds were available to let the contract. Mr. Schultz asked if payments would be monthly. Mr. Adams indicated that the repayment would be twice per year principal and interest payments on May 1 and November 1.

Mr. Pires was comfortable with the Commitment Letter and requested that approval be subject to review; however, the revenue to repay would be collected through all O&M assessments, not just a portion. Mr. Adams stated that Fiscal Year 2016 assessment collections were \$544,000; however, the loan was for Pelican Sound only, which collected \$330,000. Mr. Pires advised that the loan was not only limited to the Pelican Sound assessment, it was for all O&M assessments. Mr. Adams would clarify that in the documents.

Mr. Pires was concerned that the Commitment Letter referred to the proceeds of any additional debt issued by the District because, if the District issued additional debt, the money could not be used for the intended purpose. Mr. Pires felt that should be clarified. In the past, the District obtained an advance from the PSGRC but this document does not allow that without consent of FCB. Mr. Adams expected that FCB would be agreeable to the changes, as FCB wanted the District's business. This language was typical of similar language in a Delegation Resolution for issuing bonds.

Ms. Haase asked when the first payment would be due. Mr. Adams asked if there were any front end deposits on the contract. Mr. Krebs did not believe so but would verify. Mr. Adams recalled that the draw amount was against work performed, on a 30-day basis, and did not expect it to go beyond 30 days. Mr. Krebs did not expect any delays, unless there were weather delays. Mr. Adams projected mid to late-November for the first payment, which required an invoice from the contractor and Mr. Krebs agreeing that the units were provided. Mr. Krebs pointed out that Bonness was not paid for the sidewalk. Mr. Adams confirmed that the sidewalk was paid out of the current operations budget. Mr. Krebs advised that Bonness did not complete the work and there were punch list items.

Ms. Haase asked if the current work would be paid out of the Fiscal Year 2016 budget or set up as accounts payable. Mr. Adams stated that what was not paid from the Fiscal Year 2016 budget would transfer into fund balance for Fiscal Year 2017. If the loan was set up, prior to September 30 and the Commitment Letter was dated September 30, there would be an accounts payable for Fiscal Year 2016, otherwise it would be funded in Fiscal Year 2017.

Mr. Pires understood the desired expediency but had concerns; since District roads were public roads, the District could regulate access through the access control process.

On Page 3, of the Commitment Letter, Mr. Pires read Paragraph O; "Maintenance of Improvements":

"All improvements are and will be owned by the District or another political subdivision of the State of Florida and all improvements shall be available for use by the general public on the same basis subject only to conditions imposed by the District or another political subdivision of the state, as may be necessary to protect the health, safety and general welfare of the District and as evidenced by visitors, property owners, etc."

Mr. Pires explained that the District was reverting to the tax regulation of public access because of the tax-exempt status of the note, which existed at the time that the bonds were outstanding. Since the bonds were paid off, District roads were considered public roads and Lee County's Development Order required that the roads be open to the public. Mr. Pires stated that the Commitment Letter included a six page Term Letter with conditions; however, there were aspects that could be worked out. Similar to another District, the bank wanted security interest granted in the assessments, which was not permitted by Florida Law. Mr. Pires wanted the Board to be aware of this, as it affected the Commitment Letter.

Mr. Adams believed that the Post Orders operated as if the District was under an active tax-exempt bond and residents were aware of the expectations, in terms of public access; therefore, it would not change how the District managed access. The District operated in this manner, from the beginning. The roads were paid off with the sale of each unit to an end user.

Mr. Schultz asked if the loan would have a five-year term. Mr. Adams replied affirmatively.

On MOTION by Mr. Gilman and seconded by Ms. Haase, with all in favor, approval of the parameters set forth in the Commitment Letter in substantial form, subject to District Counsel review, authorizing execution by the Chair and District Staff to finalize the documents with Florida Community Bank, was approved.

Mr. Adams presented the Unaudited Financial Statements as of August 31, 2016. Assessment revenues were fully collected and an additional \$1,000 of revenue was generated. District expenditures were at 82%, Pelican Sound was at 54% and total expenditures were at 65%, through the end of August. As Mr. Krebs mentioned, large budgeted expenditures were expected. Invoices dated September 30 would be funded in Fiscal Year 2016; if not, surplus funds would be transferred to fund balance and utilized in Fiscal Year 2017, to offset expenditures in the fiscal year subsequent to which the funds were appropriated for.

Mr. Gilman asked why "Engineering" expenditures were \$4,000 for the current month and \$22,000 year-to-date. Mr. Adams indicated that the District Engineer was busy during August, due to drainage, sidewalk and speed calming issues.

SIXTH ORDER OF BUSINESS

Approval of August 23, 2016 Regular Meeting Minutes

Mr. Adams presented the August 23, 2016 Regular Meeting Minutes and asked for any additions, deletions or corrections.

The following changes were made:

Line 76: Change "depreciated" to "depreciation"

Line 107: Change "Resolution 2016-7" to "Resolution 2016-3"

Line 359: Change "did not prepare" to "may not have prepared"

Line 454: Change "floor" to "form"

Line 475: Change "roofs" to "roots"

Line 478: Change "from ownership" to "when we took ownership"

Line 454: Change "factors" to "fractures"

Line 305: Change "Mr. Shultz" to "Mr. Schultz"

Line 379: Change "8:00 p.m." to "8:00 a.m."

Line 380: Change "7:30 p.m." to "7:30 a.m."

Line 358: Change "Mr. Gillman's" to "Mr. Gilman's"

On MOTION by Ms. Haase and seconded by Mr. Gilman, with all in favor, the August 23, 2016 Regular Meeting Minutes, as amended, were approved.

- **Action/Agenda Items**

Items 1, 2, 3, 4, 5, 6 and 12 were continued.

Items 7, 8, 9, 10, 11, 13 and 14 were completed.

Mr. Schoenheider asked about the transition from Lake & Wetland Management (Lake & Wetland) to LakeMasters Aquatic Weed Control, Inc., (LakeMasters). Ms. Crismond recalled that, after the last meeting, the Notice of Cancellation was sent to Lake & Wetland. Two weeks ago, she asked Mr. Whitmore if Lake & Wetland was on site; Mr. Whitmore did not see them. Ms. Crismond contacted the owner of Lake & Wetland and the Operations Manager, as Brazilian Pepper needed to be cleared from the wetlands. There was no response. At the end of last week, Mr. Whitmore informed Ms. Crismond that Lake & Wetland was not on site and the lakes had algae. Ms. Crismond contacted LakeMasters and asked for a separate work order to treat the lakes, because LakeMasters' contract did not start until October 1. Ms. Haase provided pictures of Lake E4-A, which looked horrible. LakeMasters was on site the next day and all this week performing dry retention and wetland work. A separate work order with LakeMasters was approved for \$7,000. Ms. Crismond held Lake & Wetland's September payment, which was \$4,600. Unfortunately, the difference must be paid by the District.

Regarding Item 12, Ms. Crismond indicated that LakeMasters was evaluating Lake E4-A. Mr. Adams recalled that LakeMasters was only providing feedback. Ms. Crismond was advised, by Mr. Bill Kurth, of LakeMasters, that Lake & Wetland used a muck digester pellet, although the Board approved Bio-Zyme. The pellet was used to try to impact the muck. Lake & Wetland was supposed to provide periodic bacteria enzyme follow-ups. Two different times, Lake & Wetland treated E4-A but the product was not what it was supposed to be used. Mr. Kurth advised Ms. Crismond, in an email: *"The manufacturer of Diversified Waterscapes believed that Lake & Wetland did not do follow-up applications but there was no way to know"*. Since Lake & Wetland was not on site for one month, Ms. Crismond surmised that no follow-up applications were performed. Mr. Kurth suggested the Bio-Zyme system, manufactured in Florida; however, he had not seen it work. He observed case studies that were very expensive. It may be a fit for this lake because the system grows bacteria every day. Mr. Kurth was preparing a quote and estimated a cost of \$3,000 to \$4,000 for the grower system, plus bacteria for one year.

Ms. Crismond read the email sent by Mr. Kurth:

"The purpose of the system is that the tank is near the lake and fed by a small pump in the lake. The pump fills the tank, which contains a slow release

bacteria spore source. Water in the tank is vigorously aerated, so it would grow large numbers of bacteria. Once a day the pump in the lake flows enough water into the tank so that most of the bacteria overflows into the lake. The new water immediately starts to grow more bacteria, which gets dumped the next day. With a constant dosing of bacteria, there should be good potential to improve this lake”

Mr. Gilman stated that was good bacteria. Ms. Crismond would forward Mr. Kurth’s email to the Board. Mr. Gilman asked if Bio-Zyme would coat the bottom of the lake. Mr. Adams clarified that Phoslock[®] created a sheen over the muck layer, locking the nutrients below, so they do not release into the water column and constantly produce algae. Ms. Crismond recalled that Bio-Zyme was added to the lakes in May. Years ago, Lake & Wetland installed Phoslock[®] but it did not work. Mr. Kurth advised Ms. Crismond that the reason Phoslock[®] did not work was because Lake E4-A was an irrigation lake and the Phoslock[®] was not in the lake long enough because of fluctuations. Ms. Haase asked if the Bio-Zyme was supposed to eat the muck. Mr. Adams replied affirmatively, surmising that Lake & Wetland may have used the trade name Bio-Zyme but when LakeMasters checked with the sole supplier, the supplier had not sold Bio-Zyme to Lake & Wetland.

Ms. Haase sent a letter and pictures to Ms. Crismond and Mr. Adams about Lake E4-A and suggested that LakeMasters be invited to the next meeting to explain what they planned to do and how they would be proactive. Ms. Crismond would contact LakeMasters.

Ms. Haase received complaints from owners about the smell of the lakes. Mr. Adams explained that, when algae dies, it emits an “obnoxious” smell. He hoped that, between now and the October meeting, there would be consistent improvement of the lakes, which would be a testament to LakeMasters. Ms. Crismond noted that LakeMasters would have time to continue with Lake E4-A, and handle issues with Lake H1-B.

Mr. Schoenheider asked if the chemical that was placed in the pond was the same chemical used on the golf course and if it would impact the golf course grass. Mr. Adams replied no. Mr. Schoenheider asked if Lake E4-A was an experimental lake. Mr. Adams clarified that Lake H1-B was experimental. Ms. Crismond recalled that Lake H1-B was supposed to remain on the Action Items List.

Regarding Item 14, Ms. Crismond advised that the Lykins proposal for directional signage was \$3,200.

SEVENTH ORDER OF BUSINESS

Other Business

There being no other business, the next item followed.

EIGHTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

There being no report, the next item followed.

B. District Engineer

Mr. Adams referred to the section of road leading to the PSGRC and asked whether there were deficiencies that would keep the District from accepting ownership. Mr. Krebs recalled that, when the community was newly constructed, WCI Communities decided what roads would remain with the PSGRC and what roads would remain with the CDD. Mr. Krebs did not know why the road leading to the PSGRC could not be transferred because it was constructed to the same standard. Ms. Haase asked how the District could take ownership. Mr. Adams stated that the District should not own the parking lot because it was not built to standard. Mr. Pires advised that consideration must be given to whether there should be public access to the facility, which must have been the rationale by WCI, at the time. As long as it was a private road, the general public would not have access. If any were District roads, they would be public roads and the District must provide public access. Mr. Krebs believed that this was a reason why the District should not accept ownership. Ms. Haase suggested asking Mr. Whitmore what the PSGRC wanted to do. Mr. Adams suggested reviewing statistics to determine how many members of the public randomly wanted access.

C. District Manager

Mr. Adams recalled that Mr. Ben Albano, a resident, sued the PSGRC for a trip and fall incident. Mr. Albano filed a claim with the District, which was being handled by the District's insurance carrier. Mr. Adams spoke to the attorney for the District's insurance carrier, who was confident that the matter would be dismissed, as the trip hazard did not show any negligence on behalf of the District, based on Florida Department of Transportation (FDOT) guidelines for separation of height, which was far below the separation of height for negligence. There was discussion amongst the attorneys because the District never received the claim. According to law, the claim must be received six months prior to the suit. Mr. Adams believed that there would be a settlement or dismissal, depending on the strength of the position of the attorney for

the insurance carrier regarding the tripping hazard. At this time, the strategy remained with counsel representing the District’s insurance carrier.

Ms. Haase asked if this was the only lawsuit against the District. Mr. Adams replied affirmatively. Ms. Haase heard that the PSGRC had two lawsuits. Mr. Long confirmed that there was only one lawsuit.

Regarding the amount of the claim, Mr. Pires stated that there was a limited waiver of sovereign immunity, in Florida, for governmental bodies, which, in this case, was the District. As a condition precedent for a private lawsuit, a notice of claim must be sent to the entity. Not doing anything for six months constituted denial, as the other party could file a lawsuit or if a lawsuit was filed, it would be held in abeyance until the Notice of Claim takes place. Mr. Adams was advised by the attorney that, statutorily, the amount was not required to be disclosed in the claim; however, they were required to file a claim. An attorney from Morgan & Morgan was handling this lawsuit. Mr. Pires recalled a \$5,000 deductible for legal fees. Mr. Adams believed that it was \$1,000 for property and \$5,000 for representation but would verify.

i. NEXT MEETING DATE: October 25, 2016 at 1:00 P.M.

Mr. Adams indicated that the next meeting will be held October 25, 2016 at 1:00 p.m., at this location.

NINTH ORDER OF BUSINESS

Supervisors’ Requests and Public Comments (5 minutes per speaker)

There being no Supervisors’ requests or public comments, the next item followed.

TENTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Schoenheider and seconded by Mr. Gilman, with all in favor, the meeting adjourned at 1:55 p.m.



Secretary/Assistant Secretary



Chair/Vice Chair