

Minutes of Meeting
Arlington Ridge
Community Development District

The regular meeting of the Board of Supervisors of the Arlington Ridge Community Development District was held Wednesday, April 12, 2017 at 100 p.m. at Fairfax Hall, 4475 Arlington Ridge Boulevard, Leesburg, Florida.

Present and constituting a quorum were:

Dominic A. Setaro, Jr.	Chairman
Sharon S. Brown	Vice Chairperson
Ronald Worrich	Assistant Secretary
Gloria Faylor	Assistant Secretary
Tomas Michenzi	Assistant Secretary

Also present were:

Anthony Jeancola	Rizzetta & Company
George Flint	GMS – Central Florida
Jennifer Kilinski	District Counsel
Scott Green	Field Operations Manager
Kyle Nelson	Operations Manager
Art Erickson	Developer
Robbie Salzman	Florida Leisure Communities
Chris Semko	Floralawn
Jake Bloodworthy	Floralawn

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Jeancola called the meeting to order at 1:00 p.m.

SECOND ORDER OF BUSINESS

Introductions: Board and Staff

Board Members and staff introduced themselves.

THIRD ORDER OF BUSINESS

Public Comments

Mr. Davenport reported on an issue at the pool with a baby in diapers.

Mr. Setaro indicated that Mr. Nelson will add more signage to the pool area and that he will frequent the pool more often.

FOURTH ORDER OF BUSINESS

Business Administration

A. Consideration of Minutes of the March 8, 2017 Meeting

Ms. Brown asked that clarifying language be added to the motion to approve Resolution 2017-05 indicating that it referred to the food and beverage bank account.

On MOTION by Mr. Worrich seconded by Mr. Michenzi with all in favor the minutes of the March 8, 2017 meeting were approved as amended.

B. Consideration of Unaudited Financial Statement, February 2017

On MOTION by Ms. Brown seconded by Mr. Michenzi with all in favor the unaudited financial statements for February 2017 were approved.

C. Ratification of Operation and Maintenance Expenditures for February 2017

On MOTION by Ms. Brown seconded by Mr. Worrich with all in favor the O&M expenditures for February 2017 in the amount of \$46,012.82 were approved.

FIFTH ORDER OF BUSINESS

Business Items

A. Consideration of Landscape Related Items

Review of Field Inspection Report, March 2017

Mr. Michenzi voiced a concern about the area surrounding the pickle ball area that is loaded with weeds and money was budgeted to replace the grass along Arlington Ridge and would like that project to proceed.

Staff responded that the pickle ball area had Bahia and we talked about cutting it back and they will focus on it a little bit more. Also a refined proposal for the sod will be presented at the next meeting.

B. Consideration of Fitness Services of Florida Upright Cycle

On MOTION by Ms. Brown seconded by Mr. Worrich with all in favor the purchase of a refurbished exercise bike from Florida Upright Cycle in the amount of \$1,550 was approved.

C. Discussion Regarding Restaurant Operations and Management

Ms. Brown stated the CDD took over the operations of the restaurant March 1, we hired a couple managers and things have been going well. The food has improved and service still needs a little time. We are doing the financials ourselves and although not complete we made money for the first time ever in the history of the restaurant.

Mr. Nelson stated Mark has spent a lot of time and effort in this process and we have some new hires and are in the process of hiring a few more.

Mr. Setaro stated GMS has agreed to maintain these statements with their overview so we will have better information going forward.

D. Consideration of Fiscal Year 2015/16 Financial Audit

Mr. Setaro stated this audit is significantly different than in prior years, all the comments regarding defaults are gone. Jennifer has made a number of changes to the original draft.

Ms. Kilinski stated this is the first clean audit we have had since 2008, Dom worked tirelessly on the financials and the notes tell the story of the history between the bankruptcy and foreclosure and because of the sale of the property last fiscal year and the true-up of the bonds and replenishment of the debt service reserve fund as well as the true-up on the bonds outstanding we now have a fully clean audit with no findings.

On MOTION by Ms. Faylor seconded by Ms. Brown with all in favor the Fiscal Year 2016 audit was accepted.

E. Ratification of District Management and Dissemination Agreements

Ms. Kilinski stated at the last meeting you authorized our drafting of a District Management Agreement and Dissemination Agent Agreement with GMS and this is the result of

those efforts. The first agreement is for District Management and includes the scope you provided by way of the onsite food and beverage operations accounting, it is relatively straightforward in terms of scope it is everything you would expect a District Manager to perform. You see the fees that we discussed would be the same or less than you were paying the previous District Management Company and the annual fee is in Exhibit B. The Dissemination Agreement is specifically related to disclosure requirements pursuant to your bond trust indenture and will require them to provide the detailed reports that are required pursuant to that agreement at the same amount you were paying previously.

On MOTION by Ms. Brown seconded by Mr. Worrich with all in favor the agreements with GMS for District Management services and Dissemination Agent were ratified.

F. Consideration of Resolution 2017-06 Re-Designating Officers

Ms. Kilinski stated because we are transitioning District Management firms and we need to have appropriate signatories on various bank accounts and agreements and the like, this resolution would reappoint the officers that you previously had and we are adding the GMS officers so they may carry out their duties and obligations related to District Management services.

Mr. Flint stated Ariel Lovera heads the accounting group in our Central Florida office and Teresa Viscarra will be the point person for the District preparing the financial statements, supervising accounts payable, etc. Typically the District Manager is designated as Secretary so that is what we put in here but if you want to make changes it is fine. Jason Showe is a District Manager and he lives in Lake County and may be attending meetings periodically if for some reason I can't be here. My plan is to be the point person on this District but in the event I have a conflict you may see him at the meetings but it won't be a frequent occurrence.

On MOTION by Ms. Faylor seconded by Mr. Worrich with all in favor Resolution 2017-06 was approved.

G. Discussion of Matters Related to Litigation Filed by Former Pool Contractor

Ms. Kilinski stated each of you received a copy of the complaint that we received that was filed by the former pool-resurfacing contractor. That litigation alleges that the District failed to pay certain amounts that were due under that contract. We had a contractor who failed to perform not only in the timeline that was prescribed by the agreement but also failed to perform in compliance with the warranty representations and workmanship that was part of that agreement. As a result we withheld certain amounts of money that were liquidated damages because of the failure to perform. This Board considered filing it's own piece of litigation to get the job done right, the resurfacing wasn't completed in compliance with the agreement but decided by the time we litigated and got through it, it wouldn't be a good financial position for anybody. That matter has been filed and because of the 20-day response requirement we have a filed a response, the response included that they are not entitled to the money but it also included a counter claim for the full amount of the resurfacing project of about \$100,000. That is a recap and it is all public knowledge.

There are a couple options before you, one is because there is active litigation filed there is a provision in law for a shade session and that means that only members of the Board and staff that would be identified in a publicly advertised notice would attend the session, it would be for purposes of discussing litigation strategy. You would have to have a court reporter present and after the conclusion of litigation everything that was said and done during the session will be released publicly. It is an expensive ordeal to do that, you have to have a court reporter, certain public notices advertised and there is also the compliance afterwards. I'm not necessarily recommending that we do that but that is something that we can consider.

The other option is just authorization for District Counsel to continue to pursue the defense of the claim and proceed to counter claim so long as we are in the litigation. My sense is that we will know in pretty short order we have a telephonic hearing next Tuesday with Counsel on where their minds are on pursuing the claim against the District. It is also worth noting that they didn't file the claim directly against us, a subcontractor who says they were not paid sued them. They added us as a third party defendant saying we didn't pay you in part because the District didn't pay us. We could easily be dropped from that suit without litigating the other party's defense and that is my hope.

On MOTION by Ms. Brown seconded by Ms. Faylor with all in favor staff was authorized to proceed to pursue the District's claim and counter claim in consultation with the Chairman.

SIXTH ORDER OF BUSINESS

Staff Reports

A. District Counsel – Discussion Regarding JLAC Notice

Ms. Kilinski stated in conjunction with the audit every year because we had an audit with certain findings and we were required to respond to JLAC, which is the Joint Legislative Audit Committee, that oversees the auditing, financing reporting requirements for special Districts across the state. We received a notice in November that they had not received a response to their required letter and we received another notice in February that we had not responded. I communicated with JLAC four or five times and they had a hearing on the JLAC level that has found us in non-compliance with our auditing requirements, which has sent us into a Department of Economic Opportunity Technical Assistance Requirement response, which we have now responded to as well. We are now, I believe compliant with our requirements. I wanted to let you know that because it is not a finding that we are non-compliant with our audit but it is an additional significant event that we had to put in the audit. They will have a hearing at the end of April, we should get a clean bill of health afterwards but in the event you saw the communication, you saw the audit finding I wanted to let you know that had transpired since your last meeting but it has now been taken care of.

Mr. Jeancola stated there was a letter in September of last year that was sent to JLAC and unfortunately was lost in transit and they never received that notice.

Mr. Setaro stated Jennifer and I had a conversation and we agreed that Jennifer sent a letter notifying Rizzetta that we plan on recouping our costs for her defense against this action, which includes all of her time and for response.

B. District Engineer

There being none, the next item followed.

C. Amenity Management – Report

Mr. Nelson reviewed the amenity management report, after which the following actions were taken.

On MOTION by Ms. Brown seconded by Ms. Faylor with all in favor the proposal from Sun Kool in the amount of \$46,300 for a new mini-split a/c system for the restaurant was approved.

On MOTION by Ms. Brown seconded by Mr. Worrich with all in favor staff was authorized to replace the tank/boiler in an amount not to exceed \$8,500.

D. District Manager

Mr. Jeancola stated going back to the proposal for the a/c mini-split system District Counsel may want to provide a standard form agreement for that.

Ms. Kilinski stated I will provide that.

Mr. Jeancola stated I want to thank everybody I have had the pleasure of working with, the Board Members and audience members.

Ms. Brown stated I appreciate your professionalism in the transition.

SEVENTH ORDER OF BUSINESS

Supervisor Requests and Audience Comments

Mr. Setaro stated there are a number of people who are here from the back section, there is a business across from the 11th hole called GI Shavings and some time ago you may remember seeing some smoke and burning going on and two of our residents called DEP a number of times and found that GI was doing that without a permit, they were closed down and they are now back operating with a permit. We are trying to figure out what recourse we have. This is not a CDD issue and Robbie on behalf of the Homeowners Association reached out to DEP.

Ms. Kilinski stated unfortunately the District is a special limited purpose form of government and that means we are limited statutorily in what sorts of things the District can get involved in and this is not one of those instances where the District has the power to get involved in trying to object to the permit. I have seen this community come together in other instances and signed petitions and have a voice and have success in fighting these types of things. That would be the best way to move forward, move forward as a community of residents to object to the permit.

Ms. Brown stated the bingo machine we bought in 2011 for \$3,000 was used and manufactured in 1991 and is 26 years old and the CDD paid \$1,500 and the residents who play bingo raised the other \$1,500. I have two proposals from two companies for two different machines, they are both new machines and it is \$7,800 from one company and \$7,900 from the other company plus the other company wants to charge freight where Atlantic Bingo will not. Atlantic Bingo supplies us with all the paper and dobbers and they are local. They will also set and train everybody on the machine and there will be someone here the first night of bingo in case anything goes wrong. The flashboard we have will work with either machine and it is still in good shape and there is no reason to replace it. If you get the flashboard with the new machine it is \$2,900 if you buy it down the road it is \$3,200. I recommend going with Atlantic Bingo and just get the machine and use the old flashboard. If you do buy this machine now it will serve the community at least 25 years. They won't let us trade it in but they will take it away for us.

Mr. Salzman stated whatever machine you get make sure it will work with digital projectors so that if we get a projector and screen in here it can plug right into that, it will show up on giant movie screen and everybody can see the numbers. Most of the newer equipment will support digital projection and you will never have to get another board.

Ms. Brown stated I will ask about that.

On MOTION by Mr. Worrich seconded by Ms. Faylor with all in favor purchase of the bingo machine from Atlantic Bingo in the amount of \$7,800 without the flashboard was approved.

A resident stated I have been a member of the Fairfax Players for the last five years and we need light and sound equipment updated. I don't know where those proposals go, I would like to know how we can get something started. Every time we put on a play or show we do have some lights, we need additional and better lights and a better sound system. We need things to be updated. If you give me an idea of what I need to address this maybe I can move it along but I don't know where to go next. We always talk about it but it goes nowhere.

Mr. Nelson stated I'm actually working with the gentleman who put it all together to figure out exactly what we can do.

Mr. Setaro stated we are hoping all these items will be addressed this year.

A resident stated in the management agreement there is \$1,500 for web services. If I remember we are also paying a fee to host the site. The website is hard to navigate and I know George said his format is a little different but when I click on financials it brings up 2012 financials first then you have to scroll through five pages to get to 2017. I'm wondering what the \$1,500 web service fee includes.

Mr. Flint stated it provides that we will develop a website and maintain the content and we host it on our server. The only thing that is not included in that is the Board Members each have distinct email addresses and there is a small monthly fee for each one of the email addresses, which would be in addition to the \$1,500 so there is a pass through cost for the Board's email addresses. It is not a big number it is fairly small.

A resident stated I heard you have a proposal for expanding the pickle ball courts.

Mr. Worrich stated we have one proposal from a company, we have an estimate for what we need if volunteers did it. We hope to have another proposal from a company that had been here but we have not heard from them. Mike reached out to a company in Jacksonville who does the same type of work in the Villages and they will be here next week to give us another proposal.

A resident asked is the RV lot CDD? Is that full, are all the spaces taken?

Mr. Green stated it is full.

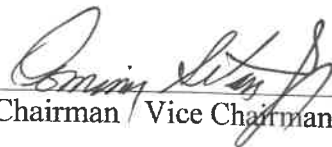
A resident stated you see a lot of RVs in driveways and on the street.

Mr. Setaro stated part of that lately is because the lot was closed because of paving and people were told if they needed to use their RV they need to get it out of there so they have been parking in certain areas. Now that it is completed there should not be that issue.

On MOTION by Ms. Faylor seconded by Ms. Brown with all in favor the meeting adjourned at 2:44 p.m.



Secretary/Assistant Secretary



Chairman / Vice Chairman