

**MINUTES OF MEETING
DAVENPORT ROAD SOUTH
COMMUNITY DEVELOPMENT DISTRICT**

The regular meeting of the Board of Supervisors of the Davenport Road South Community Development District was held Thursday, **March 16, 2023**, at 11:36 a.m. at the Holiday Inn – Winter Haven, 200 Cypress Gardens Blvd., Winter Haven, Florida and by Zoom.

Present and constituting a quorum:

Adam Rhinehart
Lindsey Roden
Bobbie Henley

Chairman
Vice Chairperson
Assistant Secretary

Also present were:

Tricia Adams
Meredith Hammock
Molly Banfield
Marshall Tindall

District Manager, GMS
District Counsel, KVV Law
District Engineer, Dewberry
Field Management Staff, GMS

FIRST ORDER OF BUSINESS

Roll Call

Ms. Adams called the meeting to order and called the roll. There were three Board members in attendance constituting a quorum.

SECOND ORDER OF BUSINESS

Public Comment Period

Ms. Adams stated that there were no members of the public present and no members of the public attending on Zoom.

THIRD ORDER OF BUSINESS

**Approval of Minutes of the February 16,
2023 Board of Supervisors Meeting**

Ms. Adams presented the minutes from the February 16, 2023 Board of Supervisors meeting and asked for any corrections from the Board members.

On MOTION by Ms. Henley, seconded by Ms. Roden, with all in favor, the Minutes of the February 16, 2023 Board of Supervisors Meeting, were approved.

FOURTH ORDER OF BUSINESS

Review and Acceptance of Draft Fiscal Year 2022 Audit Report

Ms. Adams stated this has been reviewed by accounting, by District Management staff, and also by legal counsel. On page 38 of the PDF file is the letter to the Board of Supervisors and letter to management. She stated a clean audit is being presented with no findings. She noted all of the District's accounts are in compliance with accounting standards and there are no conditions which would constitute a financial emergency. She stated she would be happy to answer any questions to the best of her ability.

Mr. Rhinehart noted the audit report states draft and asked when to expect to have the final. Ms. Adams stated the final is due with the State of Florida by June 20, 2023 for this year's deadline so they are in good standing to do that. She stated after the meeting she would notify the accountant that there were not any comments from Board members and the audit will be finalized and filed. That will likely take 10 business days or so. She asked for any other questions on the draft audit, hearing none, she asked for a motion to accept.

On MOTION by Mr. Rhinehart, seconded by Ms. Roden, with all in favor, the Draft Fiscal Year 2022 Audit Report, was approved.

FIFTH ORDER OF BUSINESS

Consideration of Opening State Board of Administration (SBA) Account

A. Consideration of Resolution 2023-01 Adopting Investment Guidelines

Ms. Adams stated the most salient points in this resolution are in the middle of Section 1A, B, C, & D. Florida Statutes require that Florida government invest conservatively. She stated that their investment policies that the Board would be considering are consistent with Florida Statute Chapter 218. She noted the statutes allow for investment of surplus funds in the local government surplus trust fund which will be discussed today, security and exchange commission, money market accounts with the highest credit rating, interest bearing type deposits or savings accounts and qualified public depositories or direct obligations of the US Treasury. She noted before recommending a specific investment for the surplus funds, they did want to establish the

investment guidelines. She stated a lot of time the Board members have seen these presented at an organizational meeting which has a voluminous amount of documents often presented at that time. They have found that with this District, the Board has not yet adopted investment guidelines so they are circling back to do that before the look at the surplus funds in the immediate future.

On MOTION by Mr. Rhinehart, seconded by Ms. Roden, with all in favor, Resolution 2023-01 Adopting Investment Guidelines, was approved.

B. Consideration of Resolution 2023-02 Authorizing Opening of SBA Account

Ms. Adams stated that this resolution ties back to that local government surplus trust fund that they just discussed. Resolution 2023-02 authorizes investment in the State Board of Administration account in accordance with your investment guidelines. She noted that the current interest rate with the SBA account at the end of January was 4.55%. She noted that the SBA account is recommended because it has an attractive interest rate. She stated that three months of operating expenses have been left in the general fund and then will move the rest of the funds to the SBA account to earn interest and then as they are needed to complete the fiscal year or for operating reserve until taxes come in next year, those funds are liquid and available the same day or if the request is made after 2:00 p.m., they are wired the next day. She stated their accounting staff manages the whole process. She stated recently since publication of this agenda there was some financial news out of California that has made the internal discussions at GMS take a more conservative stance in an abundance of caution not because the funds are at risk but because of everyone's trigger reaction with the current situation and they will likely leave in more like six months of operating expenses in the general fund and move the rest out just to be ultra conservative at this time. Ms. Adams asked for a motion to approve Resolution 2023-02 if there are no questions regarding the opening or management of the funds going in and out of the SBA account.

Mr. Rhinehart asked why the SBA account would be used instead of US Treasury bills. Ms. Adams stated the US Treasury does not allow for Florida government or any local government to directly buy so they are actually required to enter into a custody agreement. She stated the best custody agreement that has been negotiated for other Districts is about \$1,500 in fees a year. She stated when she looked at this within the last few days because of the liquidity with the SBA account versus buying treasury notes or bills with terms on a stepped approach. She stated the

other reason is once the fees are factored in with the custody account with the SBA account, interest at end of February was even higher than at the end of January, but the documentation is from January when she prepared this memo. She stated because of fees with the custody account, it would be with US Bank who is the trustee for this District so it's a very trusting relationship with that bank and very close relationship with that bank and the fee is negotiated down for clients in the central Florida area. The money market account interest rates are going up on that as well. She stated when they are noting on the resolution for investment guidelines about public depository accounts, they are actually guaranteed with Florida statutes. She noted if the Board would like to consider a ladder approach to investing, she would recommend that type of approach for Districts that have more surplus funds than what they currently have at DRS. They plan to utilize all of the funds that are in the bank between the end of the operating year and the reserve for the next fiscal year before tax bills come in.

Mr. Rhinehart stated his concern is the actual institution itself, not necessarily putting it in a money market or anything like that. Ms. Adams stated she could send to all Board members or to the Chair information regarding the SBA account and how the leadership is comprised by governor appointment and the holdings. The SBA is very communicative with clients.

Mr. Rhinehart stated that he wanted to make sure they are protecting the funds of the CDD in the best appropriate way. Ms. Adams stated SBA is the account that is being considered for the surplus funds and that is the Florida government investment pool.

Mr. Rhinehart noted he liked the account but not sure that is the proper institution to have the funds in. Ms. Adams stated the funds can be kept in the public depository; it is 100% guaranteed. With the amount of funding that is being talked about, it's not going to be a substantial difference for this District. She asked for a motion to approve Resolution 2023-02.

On MOTION by Mr. Adam Rhinehart, seconded by Ms. Roden, with all in favor, Resolution 2023-02 Authorizing opening of SBA Account, was approved.

SIXTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Hammock stated she had nothing specific but if anybody needs anything to let her know.

B. Engineer

Ms. Banfield stated that she did not have anything to report, unless there were any questions.

C. Field Manager's Report

i. Consideration of Proposal for Pool Furniture

Mr. Tindall stated on page 53 of the agenda is the field report starting with amenity. The facilities have been maintained. He stated the last half of the chairs have been reslung so all of the chairs that are currently there have been repaired and should be basically brand new minus a couple of bumps and bruises on their piping. He noted the facility has a reasonably large capacity but only has 34 chaise lounges and eight chairs there. As the community has shared the amenity with another District, it is recommended that we try to bolster the number of chairs there to provide more seating. He stated on page 59, there is a proposal from the original vendor who supplied the furniture so everything matches to provide some additional chairs. That should fall along with the contingency budget inside the amenity which I believe is \$7,500. He noted the cap year set at \$5,000 as our recommendation and would provide 11 lounge chairs and set up. That total is \$4,697.

Mr. Rhinehart asked if is there a particular number of chairs that he would like to see around this pool. Mr. Tindall stated 11 would help within the budget but looking long term would like to order a few more next year. He stated he would see how this summer goes. The idea is if we were doing this, it would take six to eight weeks to get the furniture so it is ready for the busier part of the year.

Ms. Adams stated that they would like to get the inventory more commensurate with the pool capacity and this is an issue that residents get frustrated with when they go for holiday weekends or nice days and don't have furniture. They are recommending a fairly conservative amount right now to get us in a better position and we are going to evaluate as they get to the end of this fiscal year. If they have any funding available in amenity repairs and maintenance, they could also look at that funding for additional furniture and as they prepare the fiscal year 2024 budget, they will also be considering a line item for pool furniture. She stated this District does have amenity contributions from Highland Meadows West and the contribution is commensurate with a proportion of your amenity expenses so anything that is in that line item, there is a portion of that, that is billed.

Mr. Rhinehart stated he would like to know an optimal number of chairs in Mr. Tindall's opinion. Mr. Tindall stated he is looking at doubling it. It is not a perfect number but they can evaluate at that point to see how much room is left on the deck.

Ms. Adams stated if the Board wanted to consider authorizing a larger number today, there are a few things in the budget on page 69, current unaudited financials through end of January and looking at the amenity expenses section, they mentioned that we felt comfortable at this time with utilizing \$5,000 out of the \$7,500 that has been allocated for contingency. That is the proposal before you but they also have \$13,000 in amenity repairs and maintenance and have only spent a little over \$1,000 there so they do have that funding.

She stated the Board this year did designate a transfer out to establish a capital reserve of about \$36,000 so that transfer will be taking place this year and the Board can always utilize capital reserves for furniture purchase. She recommended the conservative approach but if the Board would like to take a different approach and authorize more furniture, they can certainly work that with the exiting budget to the Board's comfort.

Mr. Tindall noted the capacity is 115 at the pool and with that in mind if they do the 34 that is currently there plus 8 chairs and 11 then we are running about half of that, I think that puts us at 53 with 11 chairs plus the 34 that are there plus the eight chairs at the tables. He stated more tables is something that can be considered next year.

Mr. Rhinehart noted that they are running out of contingency. He noted the repair and maintenance budget has some room in it but half the year is still left. He stated he does agree that they need to get pool furniture out there so it's more equal to the capacity of the pool especially if there are complaints from the home owners.

Ms. Adams stated they are trying to get ahead of that knowing that Mother's Day is coming up and that really seems like it is a kick off for pool season.

Mr. Tindall stated they could do eight chaise lounges and two small tables and would be down to \$4,000 if that is what the Board would like. Large tables are \$437.75 and small tables are \$128.50.

Mr. Rhinehart stated that the busiest part of the year is coming up when it comes to this amenity and pool furniture will definitely be needed for that. He noted it needed to be ordered far enough in advance but with everyone using the pool during the summer he is worried that is when

most of the expenses will occur when it comes to the pool. He stated that they do have the capital reserve needed.

Ms. Adams stated that the furniture expenses can be designated to come out of the capital if that is where the Board is most comfortable. Mr. Rhinehart stated he would rather keep the capital. He stated he did not want to spend the budget before getting into the busiest time of the year. Ms. Adams asked about the Board's thoughts on Marshall's proposal.

Mr. Tindall stated he could make a recommendation toward that not to exceed \$4,000 and do chairs versus chaise lounges. Chairs are \$220.80 versus the \$427 so getting a lot more seating for the volume that you are spending. He stated they could do four chairs and the rest chaise lounge or four chaise lounge and the rest chairs or could do all chairs if the Board would like to maximize seating for the amount of spending.

Ms. Adams asked if the Board was comfortable setting a not to exceed. Mr. Rhinehart stated \$4,000 is good. Ms. Adams asked if the Board is comfortable with setting a not to exceed and then letting Marshall play with the calculations between chaise lounges and tables and chairs. She asked for a motion to approve the purchase of pool furniture not to exceed \$4,000.

On MOTION by Mr. Rhinehart, seconded by Ms. Roden, with all in favor, the Proposal for Pool Furniture not to exceed \$4,000, was approved.
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ii. Consideration of Landscape Service Agreement Extension through September 30, 2023

Mr. Tindall stated landscaping looks good overall. The landscape vendor has done a good job keeping everything neat. They just trimmed all of the trees and are working on the approved landscape refresh. He noted the landscape contract is due for renewal and would like to bring that and synchronize it with the fiscal year. Everything stays the same and would just be continuing existing maintenance through September 30, 2023 and next year may look at adjusting the numbers a little bit which is why we did not push past that to be line to keep residents happy. We have had a couple of complaints on ponds and based on the existing scope, can get a little out of whack during the summer. Next, we may look to increase scope a tad but this year continue as is within the budget. That is what is in front of you so that would be \$1,120 for the amenity a month and \$2,800 monthly for all of the common areas.

Ms. Adams stated this is the amount that is budgeted and they did not have the agreement extended in place and would like to get that extended in place because it has all of the legal provisions and the protections from the District with indemnification from the vendor as well as asserting that they are in compliance with Florida Statute, E-Verify, and other laws the Districts are required to engage their members with. She stated this is to protect the District and we do recommend approval.

On MOTION by Mr. Rhinehart, seconded by Ms. Roden, with all in favor, the Landscape Service Agreement Extension through September 30, 2023, was approved.

D. District Manager's Report

Ms. Adams stated this week happens to be the week that Polk County School Board is on Spring Break so they did schedule additional security services this week at the pool amenity center especially to keep an eye on the restrooms and pool deck.

i. Approval of Check Register

Ms. Adams presented the check register which is on page 62 of the pdf file. The summary of checks ran from January 1, 2023 through January 31, 2023. The total amount is \$449,215.98. Right behind the summary is a detailed run with details on the vendor and date of issuance. Ms. Adams stated she would be happy to answer any questions that Board members may have.

On MOTION by Mr. Rhinehart, seconded by Ms. Henley, with all in favor, the Check Register totaling \$449,215.98, was approved.

ii. Balance Sheet and Income Statement

Ms. Adams stated starting on page 67 of the PDF is the combined balance sheet. She noted when looking at the surplus funds to invest, they will be looking at general fund and unassigned balance and retaining six months of operating expenses. In future months, you will see an SBA account line added to your general fund. Right now, it says operating account and deposits but under assets you will see the other audit in the future. She stated the next few pages is the budget to date relative to your prorated budget and adopted budget. No concerns on where the District is

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as the Board has done a good job of controlling expenses here. She asked for any questions and stated this does not require Board action.

SEVENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS

**Supervisors Requests and Audience
Comments**

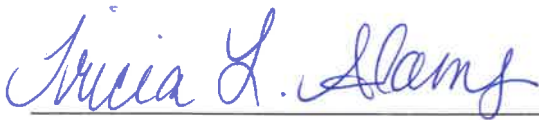
There being none, the next item followed.

NINTH ORDER OF BUSINESS

Adjournment

Ms. Adams adjourned the meeting.

On MOTION by Ms. Roden, seconded by Mr. Rhinehart, with all in favor, the meeting was adjourned at 11:53 a.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman