

**MINUTES OF MEETING
HAMAL
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Hamal Community Development District's Board of Supervisors was held on **Wednesday, April 22, 2015 at 8:30 a.m.**, at the **Briar Bay Clubhouse, 3400 Celebration Blvd., West Palm Beach, Florida 33411.**

Present and constituting a quorum were:

Brian Dowling	Chair
Steven Pincus	Vice Chair
Joseph Petrick	Assistant Secretary
Ione Senior	Assistant Secretary
Robert Simeone	Assistant Secretary

Also present were:

Howard McGaffney	Wrathell, Hunt and Associates, LLC
Roy Van Wyk (<i>via telephone</i>)	District Counsel
Sarah Warren (<i>via telephone</i>)	District Counsel
Wes Finch	Briar Bay Property Manager

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. McGaffney called the meeting to order at 8:34 a.m., and noted, for the record, that Supervisors Dowling, Pincus, Petrick, Simeone and Senior were present, in person.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Approval of February 25, 2015 Regular Meeting Minutes

Mr. McGaffney presented the February 25, 2015 Regular Meeting Minutes and asked for any additions, deletions or corrections.

On MOTION by Ms. Senior and seconded by Mr. Petrick, with all in favor, the February 25, 2015 Regular Meeting Minutes, as presented, were approved.

FOURTH ORDER OF BUSINESS

Administration of Oath of Office to Newly Appointed Qualified Elector, Robert Simeone [Seat 2] (*the following to be provided in separate package*)

Mr. McGaffney, a Notary of the State of Florida and duly authorized, administered the Oath of Office to Mr. Robert Simeone.

Mr. McGaffney indicated that, since Mr. Simeone was an incumbent, he would forego explaining the following disclosure documents:

- A. Guide to Sunshine Amendment and Code of Ethics for Public Officers and Employees**
- B. Membership, Obligations and Responsibilities**
- C. Financial Disclosure Forms**
 - **Form 1: Statement of Financial Interests**
 - **Form 1X: Amendment to Form 1, Statement of Financial Interests**
 - **Form 1F: Final Statement of Financial Interests**
- D. Form 8B, Memorandum of Voting Conflict**

FIFTH ORDER OF BUSINESS

Presentation of Audited Financial Report for Fiscal Year Ended September 30, 2013, Prepared by Grau & Associates

Mr. McGaffney presented the Audited Financial Report for the fiscal year ended September 30, 2014, which was prepared by Grau & Associates (Grau). Mr. McGaffney advised that an annual audit is statutorily required.

Mr. McGaffney read the following statement made by the auditor, on Page 1, "*An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements*"; this means that the auditor's job is to ensure that the District has the appropriate controls in place and the District is doing what it should to follow the required governmental accounting standards. Mr. McGaffney indicated that, in the bottom paragraph, the Auditor states, "*In our opinion, the financial statements referred to above present*

fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America". According to Page 2, the audit was issued on March 17, 2015, under Section 218.415, Florida Statutes.

Mr. McGaffney reviewed the "Financial Highlights", on Page 3, noting the net position balance of \$237,448, due to the changes in the Governmental Accounting Standards Board (GASB) and the depreciation of the physical assets; deducting liabilities, last year, put the District in a positive net position but extra projects in 2014, such as the painting walls and the turn lane project, impacted the net position.

Mr. McGaffney indicated that, with the restatement of the government-wide financial analysis, on Page 5, revenues for 2014 were \$1,366,775. He explained that the School Board of Palm Beach County (School Board) and Sandler West Palm Beach Investment Limited Partnership (Sandler) remit their proportionate share of the costs for the maintenance of the drainage system per the Fair Share Agreement Revenue. The District's portion is \$136,000, the School Board's portion is \$36,000 and Sandler's portion is \$12,000.

Referring to the table on Page 5, Mr. McGaffney pointed out a deficit in "Effect of adoption of GASB 65" of \$529,462, which is a difference of \$237,448 over last year. On Page 6, the depreciation of \$568,488 for "Capital Assets" resulted in a net book value of \$8,611,078. Mr. McGaffney reported that, according to 'Economic factors and next year's budgets and other events', the general operations of the District will remain fairly constant, meaning that the District is not undertaking anything having a major impact.

Mr. McGaffney pointed out that the "Statement of Net Position", on Page 7, shows the interest on the long-term debt and the "Statement of Activities", on Page 8, shows the Operation and Maintenance (O&M) and interest on the long-term debt and the ending net position of \$237,448. He reviewed the "Balance Sheet", on Page 9, noting the total "Fund Balance" of \$857,277 and "Total liabilities and fund balance" of \$883,417.

Mr. McGaffney referred to the actual amounts budgeted and revenues received in the "Schedule of Revenues, Expenditures and Changes in Fund Balance", on Page 20. He noted that the original amount budgeted for "Total Revenues" was \$495,689, which included maintenance assessments of \$447,877, plus Fair Share Agreement Revenue of \$46,302 and interest and other revenues of \$1,500. The final amount budgeted for "Total Revenues" was \$518,933, which

included maintenance assessments of \$453,031, plus Fair Share Agreement Revenue of \$63,272 and interest and other revenues of \$2,630. Actual "Total Expenditures" were \$542,771, which created a total net deficiency of \$23,837, due to the barrier wall and other projects.

Mr. McGaffney noted that, on Page 22, the auditor stated "*Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses*".

Ms. Senior asked if the auditors perform random tests. Mr. McGaffney indicated that the auditors spend several weeks and/or months reviewing account summaries and bank statements.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2015-5, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2014

Mr. McGaffney presented Resolution 2015-5 for the Board's consideration and read the title into the record:

"A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE HAMAL COMMUNITY DEVELOPMENT DISTRICT HEREBY ACCEPTING THE AUDITED FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014"

On MOTION by Mr. Pincus and seconded by Ms. Senior, with all in favor, Resolution 2015-5, Accepting the Audited Financial Report for the Fiscal Year Ended September 30, 2014, was adopted.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2015-6, Approving the District's Proposed Budget for Fiscal Year 2015/2016 and Setting a Public Hearing Thereon Pursuant to Florida Law

Mr. McGaffney provided the proposed budget for Fiscal Year 2016. He explained that he met with Mr. Jeff Pinder, the firm's Controller, to discuss how excess funds can be used to keep the assessment at the same amount, as several line items were under budget.

Mr. McGaffney referred to Page 1 and noted proposed revenues of \$490,945, minus \$19,638 for a 4% discount from residents paying their assessments in November, resulting in a

net "Assessment levy" of \$471,307. He indicated that the "Fair-share agreement" is \$46,302, which the School Board had some unwillingness to pay their share.

Ms. Senior asked why the School Board was reluctant to pay. Mr. McGaffney indicated that there was a new person at the School Board who did not understand the agreement. Mr. Dowling explained that the same person was there; the School Board was trying to get out of their cost share agreements, resulting in litigation with some municipalities. He believed that the District's fair share was legally stronger than other municipalities because the School Board signed an agreement with the District, as they benefit from the stormwater system. Ms. Senior asked if further reluctance could be expected from the School Board. Mr. McGaffney replied no. Mr. Dowling clarified that there could be reluctance, due to the arrival of a new Superintendent, who may not be willing to abide by the agreement. Mr. Dowling questioned if a copy of the Fair-Share Agreement was on file. Mr. Van Wyk replied affirmatively.

Mr. McGaffney reported "Total revenues" of \$519,109 with the Fair-Share Agreement and a small amount of interest accrued. He pointed out that expenditures remain the same, with a slight increase of \$604 for "Management/recording/accounting". Mr. Pincus questioned whether the contract specifies increases. Mr. Dowling recalled amending the contract to not include an automatic increase and Mr. Craig Wrathell promising that there would not be any increases for three years, which was honored. *There was consensus from the Board to accept the increase.* Mr. McGaffney reported a slight CPI increase in "Audit". With those changes, Mr. McGaffney pointed out that "Total professional & administrative" expenditures for the "General Fund" increased from \$86,551 to \$87,344.

Regarding "Field operations", on Page 2, Mr. McGaffney indicated that all contractor and vendor rates remain the same. He pointed out that \$10,000 was budgeted for the "Turn-lane project", which was not spent this year; the project was completed in 2014 and the Board budgeted these funds in case there were overages. Mr. McGaffney reported that the \$10,000 will be removed from the Fiscal Year 2016 budget and used to lower assessments.

With regard to "Capital outlay", Mr. McGaffney explained that \$53,000 is a combination of the "Brian Bay & Jog Road" project, which was a Fiscal Year 2014 project, and the funds remaining from the turn-lane project. Staff recommended continuing to reserve money and increase fund balance, due to uncertainties and unforeseen projects; although, some funds were set aside in fund balance and unassigned. He questioned whether the Board wanted to fund an additional \$53,000 for unassigned "Capital outlay" projects. Mr. Pincus asked if the \$53,000

should be moved to "Contingency". Mr. McGaffney recommended keeping the \$53,000 under "Capital outlay" to utilize strictly for capital projects, as the "Contingency" was for unanticipated items. *There was consensus from the Board to budget \$53,000 under "Capital outlay".*

Mr. McGaffney reported that the entire \$6,000 budgeted for "Holiday landscape lighting" was not spent and the Board discussed increasing this line item to \$9,000 to account for LED lighting, which provides future cost savings. Mr. Dowling favored LED lights because they draw less amperage and are more widely used. Mr. Petrick asked if the LED lights are a one-time use. Mr. Dowling indicated that the decorations are rented but the lights are disposed of after use. It was noted that gluing the decorations damaged the signage. *There was consensus from the Board to increase "Holiday landscape lighting" to \$9,000.*

Regarding "Pump station/equipment insurance", Mr. McGaffney indicated that \$2,000 was budgeted and the actual was \$2,114. He recommended budgeting \$2,000, as he will speak to Mr. Pinder about negotiating this amount; if negotiations fail and the actual amount is \$2,114, excess funds can be used to account for the remaining \$114.

On Page 3, Mr. McGaffney referred to the fund balance and the "Assigned 3 months working capital", which was decreased from \$132,277 to \$130,726 and the "Unassigned" was increased from \$237,762 to \$315,612, due to the \$53,000 budgeted under "Capital outlay". This results in a projected "Fund balance-ending" of \$846,338 for Fiscal Year 2016.

Mr. McGaffney conveyed that the fund balance is increasing, over time, with no increase in assessments, which is the net result of the Board completing projects on time. On Page 7, he pointed out that the debt service on the Series 2006 bonds is the same as the prior year and there is no change in the amortization schedule on Page 8.

Mr. McGaffney indicated that the proposed assessments for Fiscal Year 2016 are reflected on the top table, on Page 9. There is a slight discrepancy but the end result is that there is no assessment for Fiscal Year 2016, based on the product type.

Mr. McGaffney indicated that the proposed budget will be submitted to the state, prior to the deadline of June 15, 2015, the public hearing will be advertised for September 9, 2015 at 8:30 a.m. at this location, at which time, a final budget will be provided to the Board for adoption.

Mr. Pincus asked if the Board is voting today on what will be presented to the Board and, in September, the Board will vote to adopt the budget. Mr. McGaffney replied affirmatively.

Mr. Dowling pointed out that residents are happy with not having an assessment increase and believed that the District will be well funded for Fiscal Year 2016.

Mr. McGaffney presented Resolution 2015-6 for the Board’s consideration and read the title into the record:

“A RESOLUTION OF THE BOARD OF SUPERVISORS OF HAMAL COMMUNITY DEVELOPMENT DISTRICT HEREBY APPROVING PROPOSED BUDGETS FOR FISCAL YEAR 2015/2016 AND SETTING A PUBLIC HEARING THEREON PURSUANT TO FLORIDA LAW AND PROVIDING FOR AN EFFECTIVE DATE”

On MOTION by Mr. Simeone and seconded by Mr. Pincus, with all in favor, Resolution 2015-6, Approving the District’s Proposed Budgets for Fiscal Year 2015/2016 and Setting a Public Hearing Thereon for September 9, 2015, at 8:30 a.m., at this location, was adopted.

EIGHTH ORDER OF BUSINESS

Discussion/Consideration: Responses to RFQ for District Engineering Services

A. Affidavit/Proof of Publication

Mr. McGaffney presented the Affidavit of Publication, noting that the RFQ was properly advertised.

B. RFQ Package

Mr. McGaffney presented the RFQ package, which was sent to the engineering firms and the Board, prior to the meeting.

C. Respondents

- i. Alvarez Engineers, Inc.**
- ii. Giangrande Engineering and Planning**
- iii. Craig A. Smith & Associates, Inc.**

Mr. McGaffney asked the Board to complete the ranking form, one being the best and three being the lowest. The firm receiving the lowest combined ranking will be ranked the number one firm. He pointed out that prices are not discussed, only qualifications.

Mr. Van Wyk advised that, after the ranking, Staff will negotiate with the chosen engineering firm and present a proposed contract at the next meeting.

Mr. Dowling asked if the Board must choose the best ranked firm. Mr. Van Wyk indicated that if negotiations fail with the number one ranked firm, negotiations will commence with the second ranked firm.

Ms. Senior inquired if the current engineering firm submitted a bid. Mr. McGaffney indicated that AECOM Technical Services, Inc. (AECOM) was aware of the RFQ and chose not submit. Mr. Dowling confirmed that a representative from AECOM attended the last meeting and was aware of the Board's decision to request qualifications from interested firms.

Ms. Senior asked if previous experience could be considered. Mr. Van Wyk replied affirmatively.

The forms were completed and the points were tallied.

D. Ranking of Responses

Mr. McGaffney indicated, for the record, that Alvarez Engineers, Inc. (Alvarez) the #3 ranked firm, received a total of 15 points; Giangrande Engineering and Planning (Giangrande), the #2 ranked firm, received a total of 8 points and Craig A. Smith & Associates, Inc. (CAS), the #1 ranked firm, received a total of 7 points.

E. Authorization to Negotiate with Number-One Ranked Firm

Mr. Van Wyk advised that notices must be sent to all three engineering firms and they have a 72-hour period to file a bid protest, followed by a five-day detailed protest. He will commence negotiations with CAS and provide a proposed contract at the next meeting.

Mr. Dowling asked who decides that negotiations were unsuccessful. Mr. McGaffney indicated that the Board will decide. Mr. Dowling pointed out that the Board has nothing to compare the pricing to. Mr. Van Wyk indicated that he will attach CAS' proposed pricing to their contract and present to the Board at the next meeting, with the current AECOM fee structure.

On MOTION by Mr. Simeone and seconded by Mr. Petrick, with all in favor, the rankings, as presented and authorization for District Counsel to enter into negotiations with Craig A. Smith & Associates, Inc., the #1 ranked firm, for consideration at the June Board Meeting, were approved.

A. Pump Station Preventative Maintenance and Inspection – Monthly Generator Maintenance & Inspection: *South Florida Utilities, Inc. d/b/a Lift Station Services*

Mr. McGaffney provided a Continuing Service Agreement from South Florida Utilities, Inc. (South Florida Utilities), for pump station preventative maintenance and inspection and monthly generator maintenance and inspection and noted no changes.

B. Pump Station Preventative Maintenance and Inspection – Quarterly Pump, Wet Well and Discharge Bay Inspection & Maintenance: *South Florida Utilities, Inc. d/b/a Lift Station Services*

Mr. McGaffney provided a Continuing Service Agreement from South Florida Utilities, for pump station preventative maintenance and inspection and quarterly pump, wet well and discharge bay inspection and maintenance and noted no changes.

C. Irrigation Services: *F & S Enterprises, Inc.*

Mr. McGaffney provided a Continuing Service Agreement from F & S Enterprises, Inc. (F & S) for irrigation services and noted no changes.

D. Waterway Management: *Allstate Resource Management, Inc.*

Mr. McGaffney provided a Continuing Service Agreement from *Allstate Resource Management, Inc.* (Allstate) for waterway management and noted no changes.

On MOTION by Mr. Simeone and seconded by Ms. Senior, with all in favor, the Continuing Service Agreements with South Florida Utilities, Inc. d/b/a Lift Station Services, F & S Enterprises, Inc. and Allstate Resource Management, Inc., were approved.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Mr. Van Wyk asked if the District website was operating, as all CDD websites must be operating by October. Mr. McGaffney indicated that the District Office is handling this issue. Mr. Van Wyk will follow up with the District Office.

B. Engineer

Mr. McGaffney reported that the District Engineer did not respond to the Board’s request to attend the meeting by conference call.

- **Attorney**

Discussion of the Attorney's Report resumed.

Mr. Pincus pointed out that he reviewed all emails sent by District Counsel regarding the legislative session, which was held over the last several months and asked if there were any areas of concern. Mr. Van Wyk indicated that this is the last week of the legislative session and there were no critical issues; some issues should be monitored, as there will be significant changes in Chapter 190 next year.

Mr. McGaffney reported that there were changes that reflected the financials, such as training and bonds, which were handled by Management.

C. Manager

i. Approval of Unaudited Financial Statements as of March 31, 2015

Mr. McGaffney presented the Unaudited Financial Statements as of March 31, 2015. He noted that Page 1 reflected "Total assets" of \$1,231,592 in the "General Fund", \$1,056,241 in the "Debt Service Fund", \$2,287,833 in "Total Government Funds" and "Total liabilities and fund balances" of 2,287,833.

On Page 2, under "Revenues", Mr. McGaffney noted 92% collection of "Maintenance assessments", due to delinquencies; he advised that a tax sale may need to occur. Under "Expenditures", Mr. McGaffney pointed out that "Tree pruning" was at 100% of budget and "Insurance: pump station" was over budget.

Mr. McGaffney advised that the "Total fund balance - ending", on Page 3, was \$1,107,868, which is sufficient to cover the principal and interest payments.

Mr. McGaffney highlighted the Debt Service for the Series 2006 bonds, on Page 4, and noted the 92% collection of "Maintenance assessments" and the "Total fund balance - ending" of \$1,056,241.

On MOTION by Mr. Simeone and seconded by Ms. Senior, with all in favor, the Unaudited Financial Statements as of March 31, 2015, were approved.

ii. 2,012 Registered Voters in District as of April 15, 2015

Mr. McGaffney reported that there were 2,012 registered voters residing within the boundaries of the District as of April 15, 2015.

iii. NEXT MEETING: June 24, 2015 at 8:30 A.M.

Mr. McGaffney advised that the next meeting is scheduled for June 24, 2015 at 8:30 a.m., at this location.

ELEVENTH ORDER OF BUSINESS

Supervisors' Requests and Public Comments

Ms. Senior asked who is in charge of lake maintenance, as the fountain in Water's Edge is not working. Mr. Dowling indicated that Water's Edge backs into Lake #6; he believed that this matter was resolved. Ms. Senior pointed out that the fountain turned on but is not spraying. Mr. Dowling will contact Allstate to request a breaker reset.

Ms. Senior reported that the pumps for the irrigation are loose. Mr. Dowling indicated that this is the responsibility of individual homeowners.

Ms. Senior asked if it is lawful to advertise CDD meetings on the bulletin board; homeowners are not aware of meetings. Mr. Simeone believed that residents were aware of meetings as residents attended past meetings.

Mr. Petrick reported that pressure washing is commencing today or tomorrow. He provided the signed contract to Mr. McGaffney. The final cost was \$5,875; \$7,000 was originally budgeted. The decrease was due to the placement of cones along the road, versus a flagman.

TWELFTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned.

On MOTION by Mr. Pincus and seconded by Mr. Petrick, with all in favor, the meeting adjourned at 9:41 a.m.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]



Secretary/Assistant Secretary



Chair/Vice Chair