



Rizzetta & Company

Lucaya Community Development District

Board of Supervisors' Meeting February 20, 2020

District Office:
9530 Marketplace Road, Suite 206
Fort Myers, Florida 33912
(239) 936-0913

www.lucayacdd.org

**LUCAYA
COMMUNITY DEVELOPMENT DISTRICT**

Rizzetta & Company, Inc., 9530 Marketplace Road, Suite 206, Fort Myers, Florida 33912

| | | |
|-----------------------------|---|--|
| Board of Supervisors | David Westbrook Kathleen Gough Marcy Carlson Richard Klavas Tom Smith | Chairman Vice Chairman Assistant Secretary Assistant Secretary Assistant Secretary |
| District Manager | Belinda Blandon | Rizzetta & Company, Inc. |
| District Counsel | Tucker Mackie | Hopping Green & Sams, P.A. |
| District Engineer | Carl Barraco | Barraco and Associates, Inc. |

All cellular phones must be placed on mute while in the meeting room.

The Audience Comment portion of the agenda is where individuals may make comments on matters that concern the District. Individuals are limited to a total of three (3) minutes to make comments during this time.

Pursuant to provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this meeting/hearing/workshop is asked to advise the District Office at least forty-eight (48) hours before the meeting/hearing/workshop by contacting the District Manager at (239) 936-0913. If you are hearing or speech impaired, please contact the Florida Relay Service by dialing 7-1-1, or 1-800-955-8771 (TTY) 1-800-955-8770 (Voice), who can aid you in contacting the District Office.

A person who decides to appeal any decision made at the meeting/hearing/workshop with respect to any matter considered at the meeting/hearing/workshop is advised that person will need a record of the proceedings and that accordingly, the person may need to ensure that a verbatim record of the proceedings is made including the testimony and evidence upon which the appeal is to be based.

LUCAYA COMMUNITY DEVELOPMENT DISTRICT
DISTRICT OFFICE • 9530 MARKETPLACE ROAD, SUITE 206, FORT MYERS, FLORIDA 33912

www.lucayacdd.org

February 12, 2020

Board of Supervisors
**Lucaya Community
Development District**

AGENDA

Dear Board Members:

The regular meeting of the Board of Supervisors of the Lucaya Community Development District will be held on **Thursday, February 20, 2020 at 9:00 a.m.**, at the office of Rizzetta & Company, Inc., 9530 Marketplace Road, Suite 206, Fort Myers, Florida 33912. The following is the agenda for the meeting:

- 1. CALL TO ORDER/ROLL CALL**
- 2. PUBLIC COMMENT**
- 3. BUSINESS ADMINISTRATION**
 - A. Consideration of the Minutes of the Board of Supervisors' Meeting held on November 21, 2019..... Tab 1
 - B. Consideration of the Operation and Maintenance Expenditures for the Months of November and December 2019 and January 2020 Tab 2
- 4. BUSINESS ITEMS**
 - A. Appointment of an Audit Committee and Scheduling the First Meeting of the Audit Committee
 - B. Discussion Regarding Secondary Drainage Installation and Environmental Resource Permit
 - C. Consideration of Resolution 2020-01, Directing the Lee County Supervisor of Elections to Begin Conducting the District's General Elections..... Tab 3
 - D. Consideration of Resolution 2020-02, Adopting Internal Controls Policy Tab 4
- 5. STAFF REPORTS**
 - A. District Counsel
 - B. District Engineer
 - C. District Manager
- 6. SUPERVISOR REQUESTS AND COMMENTS**
- 7. ADJOURNMENT**

We look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to call us at (239) 936-0913.

Very truly yours,

Belinda Blandon

Belinda Blandon
District Manager

cc: Tucker Mackie, Hopping Green & Sams, P.A.

Tab 1

49
50 Ms. Blandon presented the minutes of the Board of Supervisors' meeting held on
51 August 15, 2019. She asked if there were any questions or comments. There were none.
52

53 On a Motion by Mr. Westbrook, seconded by Ms. Carlson, with all in favor, the Board
54 Approved the Minutes of the Board of Supervisors' Meeting held on August 15, 2019, for
55 the Lucaya Community Development District.

56
57 **FOURTH ORDER OF BUSINESS**

**Consideration of the Operations and
Maintenance Expenditures for the
Months of July, August, September,
and October 2019**

58
59
60
61
62 Ms. Blandon presented the Operations and Maintenance Expenditures for the
63 period of July 1-31, 2019 in the amount of \$31,896.46, the period of August 1-31, 2019 in
64 the amount of \$20,561.22, the period of September 1-30, 2019 in the amount of
65 \$23,263.88, and the period of October 1-31, 2019 in the amount of \$38,350.07. She
66 asked if there were any questions regarding any item of expenditure. Ms. Carlson inquired
67 as to various invoices. The Board directed Staff to bid out the mangrove trimming contract.
68

69 On a Motion by Mr. Klavas, seconded by Mr. Westbrook, with all in favor, the Board
70 Approved the Operations and Maintenance Expenditures for the months of July 2019
71 (\$31,896.46), August 2019 (\$20,561.22), September 2019 (\$23,263.88), and October 2019
72 (\$38,350.07), for the Lucaya Community Development District.

73
74 **FIFTH ORDER OF BUSINESS**

**Consideration of Passarella &
Associates Proposal for 2019-2020
Vegetation Trimming and Removal
Observations**

75
76
77
78
79 Ms. Blandon provided an overview of the Passarella & Association proposal for
80 2019-2020 vegetation trimming and removal observations, in the amount of \$2,900.00,
81 she advised that item is included in the budget. Ms. Blandon asked if there were any
82 questions. There were none.
83

84 On a Motion by Mr. Smith, seconded by Mr. Klavas, with all in favor, the Board Approved
85 the Passarella & Associates Proposal for 2019-2020 Vegetation Trimming and Removal
86 Observations, in the Amount of \$2,900.00, Subject to Preparation of an Agreement by
87 Counsel, for the Lucaya Community Development District.

88
89 **FIFTH ORDER OF BUSINESS**

Staff Reports

- 90
91 A. District Counsel
92 Ms. Mackie advised that she had no report but suggested that the Board make
93 a motion related to a workshop in February.
94

95 On a Motion by Mr. Westbrook, seconded by Ms. Carlson, with all in favor, the Board
96 Directed Staff to Proceed with advertising a Workshop to Coincide with the February CDD
97 Meeting, for the Lucaya Community Development District.

98
99 B. District Engineer

100 Mr. Kayne advised that the NPDES report has been submitted, he further
101 advised that an Audit will be held on December 5th and he will be attending on
102 behalf of Lucaya CDD. Mr. Kayne advised that he has reviewed the drainage
103 in Hamilton III and there is a discrepancy between the development order
104 permit and environmental resource permit plans which has been relayed to
105 the developer and their engineer. He advised the Hamilton III ERP application
106 and permit has not been certified by the engineer to the South Florida Water
107 Management District and he recommends that the CDD defer accepting this
108 area for operation and maintenance until the discrepancy is taken care of the
109 permit is certified by the developers engineer. Discussion ensued regarding
110 ownership of the dry detention areas. Ms. Bandon advised that she will
111 recirculate the dry detention ownership map.

112
113 C. District Manager

114 Ms. Bandon advised the next meeting of the Board of Supervisors is
115 scheduled for Thursday, February 20, 2020 at 9:00 a.m.

116
117 Ms. Bandon advised that the ADA compliant website has been completed;
118 she advised that there are changes to the documents posted to the website
119 as only documents required by Florida Statutes Chapter 189 are posted.

120
121 Ms. Bandon advised that she received an email from a member of the
122 Hamilton Board related to the mangroves and that is an area that will be
123 reviewed. Ms. Carlton discussed the extent of the mangrove trimming.

124
125 **SIXTH ORDER OF BUSINESS**

Supervisor Requests and Comments

126
127 Ms. Bandon opened the floor for Supervisor Requests and Comments. There were
128 none.

129
130 **SEVENTH ORDER OF BUSINESS**

Adjournment

131
132 Ms. Bandon advised there is no further business to come before the Board and
133 asked for a motion to adjourn.

134
135 On a Motion by Mr. Westbrook, seconded by Ms. Carlson, with all in favor, the Board
136 adjourned the meeting at 9:32 a.m., for the Lucaya Community Development District.

137
138
139
140 _____
Secretary/Assistant Secretary

_____ Chairman/ Vice Chairman

Tab 2

LUCAYA COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 9530 MARKETPLACE ROAD · SUITE 206 · FT. MYERS, FLORIDA 33912

Operation and Maintenance Expenditures November 2019 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from November 1, 2019 through November 30, 2019. This does not include expenditures previously approved by the Board.

The total items being presented: **\$11,750.46**

Approval of Expenditures:

____ Chairperson

____ Vice Chairperson

____ Assistant Secretary

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

November 1, 2019 Through November 30, 2019

| <u>Vendor Name</u> | <u>Check Number</u> | <u>Invoice Number</u> | <u>Invoice Description</u> | <u>Invoice Amount</u> |
|--|---------------------|-----------------------|--|-----------------------|
| ADA Site Compliance LLC | 003186 | 848 | Website Compliance | \$ 2,799.00 |
| Aquatic Systems, Inc. | 003194 | 0000462084 | Lake and Wetland Maintenance 11/19 | \$ 488.00 |
| Cardno, Inc | 003192 | 283100 | Phase 2020Monthly Water Use Permit-10/19 | \$ 300.00 |
| CenturyLink | 003195 | 444250193 11/19 | Telephone Service 11/19 | \$ 163.49 |
| Department of Economic Opportunity | 003191 | 74201 | Special District Fee FY 19/20 | \$ 175.00 |
| Florida Fire Systems, LLC | 003185 | 36187 | Annual Sprinkler/Alarm/Pump Inspection 10/19 | \$ 435.00 |
| Florida Fire Systems, LLC | 003185 | 36249 | Annual Alarm Monitoring 11/19 | \$ 300.00 |
| Florida Fire Systems, LLC | 003193 | 36359 | Replaced Batteries | \$ 150.00 |
| FPL | 003187 | 01334-29555 10/19 | 14588 Abaco Lakes Dr #LS-3 10/19 | \$ 52.48 |
| FPL | 003187 | 07629-61480 10/19 | 10402 Santiva Way #LS-1 10/19 | \$ 100.20 |
| FPL | 003187 | 37429-98226 10/19 | 14500 Abaco Lakes Dr #LS-2 10/19 | \$ 24.59 |
| FPL | 003187 | 55638-47366 10/19 | 14492 Dolace Vista RD Fire Pump 10/19 | \$ 219.95 |
| Nature's Blueprint of Southwest Florida, LLC | 003196 | 18771 | Landscape Maintenance 11/19 | \$ 1,163.33 |

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

November 1, 2019 Through November 30, 2019

| <u>Vendor Name</u> | <u>Check Number</u> | <u>Invoice Number</u> | <u>Invoice Description</u> | <u>Invoice Amount</u> |
|-----------------------------------|---------------------|-----------------------|--|----------------------------|
| Rizzetta & Company, Inc. | 003188 | INV0000044487 | District Management Fees 11/19 | \$ 4,029.42 |
| Rizzetta Technology Services, LLC | 003189 | INV0000004866 | Website Email & Hosting Services 11/19 | \$ 175.00 |
| Ryan Hammond, Inc | 003190 | 1909-2712-2003 | Fire Pipes | <u>\$ 1,175.00</u> |
| Report Total | | | | <u>\$ 11,750.46</u> |

LUCAYA COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 9530 MARKETPLACE ROAD · SUITE 206 · FT. MYERS, FLORIDA 33912

Operation and Maintenance Expenditures December 2019 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from December 1, 2019 through December 31, 2019. This does not include expenditures previously approved by the Board.

The total items being presented: **\$33,926.04**

Approval of Expenditures:

____ Chairperson

____ Vice Chairperson

____ Assistant Secretary

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

December 1, 2019 Through December 31, 2019

| <u>Vendor Name</u> | <u>Check Number</u> | <u>Invoice Number</u> | <u>Invoice Description</u> | <u>Invoice Amount</u> |
|-------------------------------|---------------------|-----------------------|--|-----------------------|
| Barraco & Associates, Inc. | 003205 | 20247 | Engineering Services 10/19 | \$ 2,648.75 |
| Cardno, Inc | 003212 | 284499 | Phase 2020Monthly Water Use Permit-11/19 | \$ 300.00 |
| CenturyLink | 003214 | 444250193 12/19 | Telephone Service 12/19 | \$ 163.49 |
| FPL | 003207 | 01334-29555 11/19 | 14588 Abaco Lakes Dr #LS-3 11/19 | \$ 45.00 |
| FPL | 003207 | 07629-61480 11/19 | 10402 Santiva Way #LS-1 11/19 | \$ 95.89 |
| FPL | 003207 | 37429-98226 11/19 | 14500 Abaco Lakes Dr #LS-2 11/19 | \$ 24.86 |
| FPL | 003207 | 55638-47366 11/19 | 14492 Dolace Vista RD Fire Pump 11/19 | \$ 204.00 |
| Graley Mechanical Inc. | 003198 | M138-1119 | Pump Station Monthly Maintenance 11/19 | \$ 200.00 |
| Graley Mechanical Inc. | 003208 | M138-1219 | Pump Station Monthly Maintenance 12/19 | \$ 200.00 |
| Grau & Associates | 003199 | 18805 | Audit FYE 09/30/19 | \$ 500.00 |
| Grau & Associates | 003199 | R3474198M061 | Audit Confirmation FYE 09/30/19 | \$ 23.00 |
| Hopping Green & Sams | 003209 | 111204 | Legal Services 10/19 | \$ 282.00 |
| Lee County Property Appraiser | 003200 | 009099 | 2019 Non Ad Valorem Assessment Roll | \$ 301.00 |

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

December 1, 2019 Through December 31, 2019

| <u>Vendor Name</u> | <u>Check Number</u> | <u>Invoice Number</u> | <u>Invoice Description</u> | <u>Invoice Amount</u> |
|-----------------------------------|---------------------|-----------------------|--|----------------------------|
| Lee County Utilities | 003201 | 1113763-5 11/19 | Water/Sewer Billing 11/19 | \$ 12,014.87 |
| Lee County Utilities | 003215 | 1113763-5 12/19 | Water/Sewer Billing 12/19 | \$ 12,124.31 |
| Mary E. Carlson | 003206 | MC112119 | Board of Supervisors Meeting 11/21/19 | \$ 150.00 |
| Office Dynamics | 003202 | 00030118 | 5 Agenda Packages 11/19 | \$ 242.45 |
| Rizzetta & Company, Inc. | 003203 | INV0000045186 | District Management Fees 12/19 | \$ 4,029.42 |
| Rizzetta Technology Services, LLC | 003204 | INV0000004950 | Website Email & Hosting Services 12/19 | \$ 175.00 |
| The Breeze Corporation | 003197 | 115557 | Monthly Legal Ad 11/19 | \$ 52.00 |
| Thomas W. Smith | 003211 | TS112119 | Board of Supervisors Meeting 11/21/19 | <u>\$ 150.00</u> |
| Report Total | | | | <u>\$ 33,926.04</u> |

LUCAYA COMMUNITY DEVELOPMENT DISTRICT

DISTRICT OFFICE · 9530 MARKETPLACE ROAD · SUITE 206 · FT. MYERS, FLORIDA 33912

Operation and Maintenance Expenditures January 2020 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from January 1, 2020 through January 31, 2020. This does not include expenditures previously approved by the Board.

The total items being presented: **\$23,869.99**

Approval of Expenditures:

___ Chairperson

___ Vice Chairperson

___ Assistant Secretary

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

January 1, 2020 Through January 31, 2020

| Vendor Name | Check Number | Invoice Number | Invoice Description | Invoice Amount |
|--|--------------|-------------------|--|----------------|
| Cardno, Inc | 003220 | 286306 | Phase 2020Monthly Water Use Permit-12/19 | \$ 300.00 |
| CenturyLink | 003223 | 444250193 01/2020 | Telephone Service 01/2020 | \$ 161.11 |
| FPL | 003221 | 01334-29555 12/19 | 14588 Abaco Lakes Dr #LS-3 12/19 | \$ 45.75 |
| FPL | 003221 | 07629-61480 12/19 | 10402 Santiva Way #LS-1 12/19 | \$ 101.82 |
| FPL | 003221 | 37429-98226 12/19 | 14500 Abaco Lakes Dr #LS-2 12/19 | \$ 24.77 |
| FPL | 003221 | 55638-47366 12/19 | 14492 Dolace Vista RD Fire Pump 12/19 | \$ 211.36 |
| Hopping Green & Sams | 003216 | 111889 | Legal Services 11/19 | \$ 1,766.75 |
| Lee County Board of County Commissioners | 003224 | 2202 | Annual Regulatory Program and Surveillance Fees 2020 | \$ 560.00 |
| Lee County Utilities | 003226 | 1113763-5 01/2020 | Water/Sewer Billing 01/2020 | \$ 13,191.35 |
| Nature's Blueprint of Southwest Florida, LLC | 003217 | 18954 | Landscape Maintenance 12/19 | \$ 1,163.33 |
| Nature's Blueprint of Southwest Florida, LLC | 003227 | 19154 | Landscape Maintenance 01/20 | \$ 1,163.33 |
| Rizzetta & Company, Inc. | 003218 | INV0000045850 | District Management Fees 01/20 | \$ 4,029.42 |
| Rizzetta Technology Services, LLC | 003225 | INV0000005390 | Website Email & Hosting Services 01/2020 | \$ 175.00 |

Lucaya Community Development District

Paid Operation & Maintenance Expenditures

January 1, 2020 Through January 31, 2020

| <u>Vendor Name</u> | <u>Check Number</u> | <u>Invoice Number</u> | <u>Invoice Description</u> | <u>Invoice Amount</u> |
|--------------------------|---------------------|-----------------------|--------------------------------------|----------------------------|
| Solitude Lake Management | 003219 | PI-A00329647 | Lake and Wetland Maintenance 12/19 | \$ 488.00 |
| Solitude Lake Management | 003228 | PI-A00343944 | Lake and Wetland Maintenance 01/2020 | <u>\$ 488.00</u> |
| Report Total | | | | <u>\$ 23,869.99</u> |

Tab 3

RESOLUTION 2020-01

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE LUCAYA COMMUNITY DEVELOPMENT DISTRICT IMPLEMENTING SECTION 190.006(3), *FLORIDA STATUTES*, AND REQUESTING THAT THE LEE COUNTY SUPERVISOR OF ELECTIONS CONDUCT THE DISTRICT'S GENERAL ELECTIONS; PROVIDING FOR COMPENSATION; SETTING FORTH THE TERMS OF OFFICE; AUTHORIZING NOTICE OF THE QUALIFYING PERIOD; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Lucaya Community Development District (“**District**”) is a local unit of special-purpose government created and existing pursuant to Chapter 190, *Florida Statutes*, being situated entirely within Lee County, Florida; and

WHEREAS, the Board of Supervisors of the District (“**Board**”) seeks to implement Section 190.006(3), *Florida Statutes*, and to instruct the Lee County Supervisor of Election (“**Supervisor**”) to conduct the District’s elections by the qualified electors of the District at the general election (“**General Election**”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE LUCAYA COMMUNITY DEVELOPMENT DISTRICT:

1. **GENERAL ELECTION SEATS.** Seat 1, currently held by Kathleen Gough; and Seat 2, currently held by David Westbrook; are scheduled for the General Election in November 2020. The District Manager is hereby authorized to notify the Supervisor as to what seats are subject to the General Election for the current election year.

2. **QUALIFICATION PROCESS.** For each General Election, all candidates shall qualify for individual seats in accordance with Section 99.061, *Florida Statutes*, and must also be a qualified elector of the District. A qualified elector is any person at least 18 years of age who is a citizen of the United States, a legal resident of the State of Florida and of the District, and who is registered to vote with the Lee County Supervisor of Elections. Campaigns shall be conducted in accordance with Chapter 106, *Florida Statutes*.

3. **COMPENSATION.** Members of the Board receive \$200 per meeting for their attendance and no Board member shall receive more than \$4,800 per year.

4. **TERM OF OFFICE.** The term of office for individuals elected to the Board in the General Election is four years. The newly elected Board members shall assume office on the second Tuesday following the election.

5. **REQUEST TO SUPERVISOR OF ELECTIONS.** The District hereby requests the Supervisor to conduct the District's General Election. The District understands that it will be responsible to pay for its proportionate share of the General Election cost and agrees to pay same within a reasonable time after receipt of an invoice from the Supervisor.

6. **PUBLICATION.** The District Manager is directed to publish a notice of the qualifying period for each General Election, in a form substantially similar to **Exhibit A** attached hereto.

7. **SEVERABILITY.** The invalidity of unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

8. **EFFECTIVE DATE.** This Resolution shall become effective upon its passage.

PASSED AND ADOPTED this 20th day of February, 2020.

**LUCAYA COMMUNITY
DEVELOPMENT DISTRICT**

CHAIRPERSON/VICE CHAIRPERSON

ATTEST:

SECRETARY/ASSISTANT SECRETARY

EXHIBIT A

NOTICE OF QUALIFYING PERIOD FOR CANDIDATES FOR THE BOARD OF SUPERVISORS OF THE LUCAYA COMMUNITY DEVELOPMENT DISTRICT

Notice is hereby given that the qualifying period for candidates for the office of Supervisor of the Lucaya Community Development District will commence at noon on June 8, 2020, and close at noon on June 12, 2020. Candidates must qualify for the office of Supervisor with the Lee County Supervisor of Elections located at 2480 Thompson Street, Third Floor, Fort Myers, Florida 33901; Ph. (239) 533-8683. All candidates shall qualify for individual seats in accordance with Section 99.061, *Florida Statutes*, and must also be a “qualified elector” of the District, as defined in Section 190.003, *Florida Statutes*. A “qualified elector” is any person at least 18 years of age who is a citizen of the United States, a legal resident of the State of Florida and of the District, and who is registered to vote with the Lee County Supervisor of Elections. Campaigns shall be conducted in accordance with Chapter 106, *Florida Statutes*.

The Lucaya Community Development District has three seats up for election, specifically seats 1, 2 and 3. Each seat carries a four-year term of office. Elections are nonpartisan and will be held at the same time as the general election on November 3, 2020, and in the manner prescribed by law for general elections.

For additional information, please contact the Lee County Supervisor of Elections.

Publish on or before May 25, 2020.

Tab 4

RESOLUTION 2020-02

A RESOLUTION BY THE BOARD OF SUPERVISORS OF THE LUCAYA COMMUNITY DEVELOPMENT DISTRICT ADOPTING AN INTERNAL CONTROLS POLICY CONSISTENT WITH SECTION 218.33, FLORIDA STATUTES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Lucaya Community Development District (the “District”) is a local unit of special-purpose government created and existing pursuant to Chapter 190, *Florida Statutes*, being situated entirely within Lee County, Florida; and

WHEREAS, consistent with Section 218.33, *Florida Statutes*, the District is statutorily required to establish and maintain internal controls designed to prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), *Florida Statutes*; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets; and

WHEREAS, to demonstrate compliance with Section 218.33, *Florida Statutes*, the District desires to adopt by resolution the Internal Controls Policy attached hereto as **Exhibit A**.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE LUCAYA COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. The attached Internal Controls Policy attached hereto as **Exhibit A** is hereby adopted pursuant to this Resolution.

SECTION 2. If any provision of this Resolution is held to be illegal or invalid, the other provisions shall remain in full force and effect.

SECTION 3. This Resolution shall become effective upon its passage and shall remain in effect unless rescinded or repealed.

PASSED AND ADOPTED THIS 20TH DAY OF FEBRUARY, 2020.

ATTEST:

LUCAYA COMMUNITY DEVELOPMENT DISTRICT

Secretary / Assistant Secretary

Chairman / Vice Chairman, Board of Supervisors

EXHIBIT "A"

LUCAYA COMMUNITY DEVELOPMENT DISTRICT INTERNAL CONTROLS POLICY

1. Purpose.

- 1.1. The purpose of this internal controls policy is to establish and maintain internal controls for the Lucaya Community Development District.
- 1.2. Consistent with Section 218.33(3), *Florida Statutes*, the internal controls adopted herein are designed to:
 - 1.2.1. Prevent and detect Fraud, Waste, and Abuse (as hereinafter defined).
 - 1.2.2. Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.
 - 1.2.3. Support economical and efficient operations.
 - 1.2.4. Ensure reliability of financial records and reports.
 - 1.2.5. Safeguard Assets (as hereinafter defined).

2. Definitions.

- 2.1. "Abuse" means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.
- 2.2. "Assets" means District assets such as cash or other financial resources, supplies, inventories, equipment and other fixed assets, real property, intellectual property, or data.
- 2.3. "Auditor" means the independent auditor (and its employees) retained by the District to perform the annual audit required by state law.
- 2.4. "Board" means the Board of Supervisors for the District.
- 2.5. "District Management" means (i) the independent contractor (and its employees) retained by the District to provide professional district management services to the District and (ii) any other independent contractor (and its employees) separately retained by the District to provide amenity management services, provided said services include a responsibility to safeguard and protect Assets.

- 2.6. “Fraud” means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity’s assets, bribery, or the use of one’s position for personal enrichment through the deliberate misuse or misapplication of an organization’s resources.
- 2.7. “Internal Controls” means systems and procedures designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.
- 2.8. “Risk” means anything that could negatively impact the District’s ability to meet its goals and objectives. The term includes strategic, financial, regulatory, reputational, and operational risks.
- 2.9. “Waste” means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

3. Control Environment.

3.1. Ethical and Honest Behavior.

- 3.1.1. District Management is responsible for maintaining a work environment that promotes ethical and honest behavior on the part of all employees, contractors, vendors and others.
- 3.1.2. Managers at all levels must behave ethically and communicate to employees and others that they are expected to behave ethically.
- 3.1.3. Managers must demonstrate through words and actions that unethical behavior will not be tolerated.

4. Risk Assessment.

- 4.1. Risk Assessment. District Management is responsible for assessing Risk to the District. District Management’s Risk assessments shall include, but not be limited to:
 - 4.1.1. Identifying potential hazards.
 - 4.1.2. Evaluating the likelihood and extent of harm.
 - 4.1.3. Identifying cost-justified precautions and implementing those precautions.

5. Control Activities.

5.1. Minimum Internal Controls. The District hereby establishes the following minimum Internal Controls to prevent and detect Fraud, Waste, and Abuse:

5.1.1. Preventive controls designed to forestall errors or irregularities and thereby avoid the cost of corrections. Preventive control activities shall include, but not be limited to, the following:

5.1.1.1. Identifying and segregating incompatible duties and/or implementing mitigating controls.

5.1.1.2. Performing accounting functions in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards.

5.1.1.3. Requiring proper authorizations to access and/or modify accounting software.

5.1.1.4. Implementing computerized accounting techniques (e.g. to help identify coding errors, avoid duplicate invoices, etc.).

5.1.1.5. Maintaining a schedule of the District's material fixed Assets.

5.1.1.6. Maintaining physical control over the District's material and vulnerable Assets (e.g. lock and key, computer passwords, network firewalls, etc.).

5.1.1.7. Retaining and restricting access to sensitive documents.

5.1.1.8. Performing regular electronic data backups.

5.1.2. Detective controls designed to measure the effectiveness of preventive controls and to detect errors or irregularities when they occur. Detective control activities shall include, but not be limited to, the following:

5.1.2.1. Preparing financial reports in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards.

5.1.2.2. Reviewing financial statements and investigating any material variances between budgeted expenses and actual expenses.

5.1.2.3. Establishing and implementing periodic reconciliations of bank, trust, and petty cash accounts.

- 5.1.2.4. Establishing an internal protocol for reporting and investigating known or suspected acts of Fraud, Waste, or Abuse.
 - 5.1.2.5. Engaging in periodic physical inventory counts and comparisons with inventory records.
 - 5.1.2.6. Monitoring all ACH (electronic) transactions and the sequencing of checks.
- 5.2. Implementation. District Management shall implement the minimum Internal Controls described herein. District Management may also implement additional Internal Controls that it deems advisable or appropriate for the District. The specific ways District Management implements these minimum Internal Controls shall be consistent with Generally Accepted Accounting Principles (GAAP) and otherwise conform to Governmental Accounting Standards Board (GASB) and American Institute of Certified Public Accountants (AICPA) standards and norms.

6. Information and Communication.

- 6.1. Information and Communication. District Management shall communicate to its employees (needing to know) information relevant to the Internal Controls, including but not limited to any changes to the Internal Controls and/or changes to laws, rules, contracts, grant agreements, and best practices.
- 6.2. Training. District Management shall regularly train its employees (needing the training) in connection with the Internal Controls described herein and promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.

7. Monitoring Activities.

- 7.1. Internal Reviews. District Management shall internally review the District's Internal Controls at least once per year. In connection with this internal review, District Management shall:
 - 7.1.1.1. Review its operational processes.
 - 7.1.1.2. Consider the potential risk of Fraud, Waste, or Abuse inherent in each process.
 - 7.1.1.3. Identify the controls included in the process, or controls that could be included, that would result in a reduction in the inherent risk.
 - 7.1.1.4. Assess whether there are Internal Controls that need to be improved or added to the process under consideration.

7.1.1.5. Implement new controls or improve existing controls that are determined to be the most efficient and effective for decreasing the risk of Fraud, Waste or Abuse.

7.1.1.6. Train its employees on implemented new controls or improvements to existing controls.

7.2. External Audits and Other Reviews. Audits and other reviews may be performed on various components of the District's Internal Controls by the Auditor consistent with Government Auditing Standards (GAS). Audits may identify material deficiencies in the Internal Controls and make recommendations to improve them. District Management shall communicate and cooperate with the Board and the Auditor regarding the potential implementation of Auditor recommendations.

Specific Authority: §§ 190.011(5), 218.33(3), *Florida Statutes*

Effective date: [REDACTED], 2020