



Rizzetta & Company

Somerset Community Development District

**Board of Supervisors' Meeting
October 12, 2023**

**District Office:
120 Richard Jackson Blvd, Suite 220
Panama City Beach, Florida 32407
850-334-9055**

www.somersetcdd.org

SOMERSET COMMUNITY DEVELOPMENT DISTRICT AGENDA

Alys Beach Conference Room, Building 1, located at 85 Elbow Beach Road,
Alys Beach, Florida 32461

Board of Supervisors	Robert Stenhammer John Rosenberg George Hartley Belinda Ballew Tom Dodson	Chairman Vice Chairman Assistant Secretary Assistant Secretary Assistant Secretary
District Manager	Kimberly O'Mera	Rizzetta & Company, Inc.
District Counsel	Tucker Mackie	Kutak Rock, LLP
District Engineer	Jim Martelli	Innerlight Engineering

All Cellular phones and pagers must be turned off while in the meeting room.

The Public Comment portion of the agenda is where individuals may make comments on any 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, and/or workshop by contacting the District Manager at (850) 334-9055. 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.

SOMERSET COMMUNITY DEVELOPMENT DISTRICT

District Office • 120 Richard Jackson Blvd, Suite 220, Panama City Beach, FL 32407

Mailing Address • 3434 Colwell Avenue, Suite 200, Tampa, FL 33614

www.SomersetCDD.org

October 11, 2023

Board of Supervisors
**Somerset Community
Development District**

REVISED AGENDA

Dear Board Members:

The special meeting of the Board of Supervisors of the Somerset Community Development District will be held on **Thursday, October 12, 2023, at 11:00 a.m. (Central Time)** at Alys Beach Conference Room C, Building 2, located at 84 Elbow Beach Road, Alys Beach, FL 32461. The following is the Agenda for this meeting:

1. CALL TO ORDER/ROLL CALL

2. AUDIENCE COMMENTS

3. BUSINESS ADMINISTRATION

- A. Consideration of Minutes of Board of Supervisors' Meeting held on August 21, 2023..... Tab 1
- B. Acceptance of the Minutes of the Audit Committee Meeting held on August 21, 2023 Tab 2
- C. Consideration of the Operations and Maintenance Expenditures for the Month of August 2022 – January 2023 Tab 3
- D. Consideration of the Operations and Maintenance Expenditures for the Month of August 2023 Tab 4

4. BUSINESS ITEMS

- A. Consideration of Investment Options Proposal – Public Trust Advisors..... Tab 5
- B. Presentation of Year-End Audited Financials for FY 2021-2022..... Tab 6
- C. Ratification of Fiscal Year 2023-2024 Insurance Policies..... Tab 7
- D. Maintenance Items..... Tab 8
 - 1. Ratification of Work Authorization 10 – Arboleda Park Streetlight #23 – McHenry Electric
 - 2. Ratification of Work Authorization 11 – Electrical Outage Repairs – McHenry Electric
 - 3. Ratification of T4 Streetlight Pole Approval – Arboleda Park – Alys Beach Resorts
 - 4. Ratification of Work Authorization 12 – S. Central Park Streetlight – McHenry Electric

- E. Discussion/Consideration of Items Related to Wells..... Tab 9
 - 1. Ratification of Water Treatment System Replacements for Caliza Well, McGee Well, and East Well – Aqua Pro Water Systems
 - 2. Consideration of Recurring Maintenance Agreement for Water Treatment Systems
 - F. Discussion/Consideration of Processes for Approvals - Facilities Maintenance Agreement..... Tab 10
- 5. STAFF REPORTS**
- A. District Counsel
 - B. District Engineer
 - C. Facilities Manager
 - D. District Manager
- 6. SUPERVISOR REQUESTS**
- 7. ADJOURNMENT**

I look forward to seeing you at the meeting. In the meantime, if you have any questions, please do not hesitate to call me at 850-334-9055.

Sincerely,

Kimberly O'Mera

Kimberly O'Mera
District Manager

Tab 1

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

SOMERSET
COMMUNITY DEVELOPMENT DISTRICT

The **special** meeting of the Board of Supervisors of the Somerset Community Development District was held on **Monday, August 21, 2023, at 2:00 p.m. Central Time** at the Alys Beach Conference Room located at, located at 84 Elbow Road, Building 1, Alys Beach, FL 32461.

Present and constituting a quorum:

Robert Stenhammer	Board Supervisor, Chairman
John Rosenberg	Board Supervisor, Vice Chairman
Tom Dodson	Board Supervisor, Assistant Secretary
Belinda Ballew	Board Supervisor, Assistant Secretary
George Hartley	Board Supervisor, Assistant Secretary (Via Speakerphone)

Also present were:

Kimberly O'Mera	District Manager, Rizzetta & Company, Inc.
Tucker Mackie	District Counsel, Kutak Rock, LLP (Via Speakerphone)
Scott Buchewicz	Facilities Manager, Alys Beach Resorts, LLC.
Jim Martelli	District Engineer, Innerlight Engineering (Via Speakerphone)
Mike Dombrowski	MRD Associates
Kayla Connell	Manager, District Financial Services, Rizzetta & Company, Inc. (Via Speakerphone)
Matt Tight	Public Trust Advisors, LLC

There were no Audience in attendance.

FIRST ORDER OF BUSINESS

Call to Order

Ms. O'Mera called the meeting to order at 2:10 p.m. and read the roll call.

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SECOND ORDER OF BUSINESS

Audience Comments on Agenda Items

There were no audience members present to comment.

THIRD ORDER OR BUSINESS

Consideration of the Minutes of the Board of Supervisors' Meeting Held on June 6, 2023

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board approved the Minutes of the Special Meeting held on June 6, 2023, for Somerset Community Development District.

FOURTH ORDER OF BUSINESS

Ratification of Operation and Maintenance Expenditures for April 2023 - July 2023

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board ratified the Operation and Maintenance Expenditures for May 2023 in the amount of \$54,269.06, , June 2023 in the amount of \$68,256.45, and July 2023 in the amount of \$40,804.42, for Somerset Community Development District.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2023-08, Re- Designating a Secretary

Ms. O'Mera presented Resolution 2023-08, Re- Re-Designating the Secretary from Bob Schleifer to Scott Brizendine.

On a motion by Mr. Stenhammer, seconded by Mr. Rosenberg, with all in favor, the Board adopted Resolution 2023-08 Re-Designating a Secretary, for Somerset Community Development District.

SIXTH ORDER OF BUSINESS

Discussion of Investment Options

Ms. O'Mera turned the presentation over to Mr. Tight with Public Trust Advisors, LLC. Mr. Tight presented an overview of services to improve the District's return on investments. Following a general discussion with the Board, the Board asked Mr. Tight to prepare a formal proposal for the District for presentation at the next Board meeting.

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SEVENTH ORDER OF BUSINESS **Discussion/Consideration** **of** **Direct**
Maintenance items

1. Acceptance of Change of Vendor for Water Treatment System Replacement from Culligan Water to AQUAPRO Water Systems

Mr. Buchewicz conveyed to the Board his recommendation to proceed with the replacement of the McGee well water treatment system using AquaPro Water Systems instead of Culligan Water, which had been previously approved. This decision was based on Aquapro's system, which offers remote reading capabilities.

On a motion by Mr. Dodson seconded by Mr. Rosenberg, with all in favor, the Board of Supervisors approved the McGee well water treatment system replacement with Aquapro Water Systems in the amount of \$24,250, for Somerset Community Development District.

2. Ratification of Algae Treatment – The Lake Doctors

On a motion by Mr. Dodson seconded by Mr. Rosenberg, with all in favor, the Board ratified the Algae Treatment by The Lake Doctors in the amount of \$560.00, for Somerset Community Development District.

3. Ratification of Bladderwort Pond Treatment – The Lake Doctors

On a motion by Mr. Dodson seconded by Mr. Rosenberg, with all in favor, the Board ratified the Bladderwort Pond Treatment by The Lake Doctors in the amount of \$560.00, for Somerset Community Development District.

4. Ratification of Work Authorization #8 – McGee Well Pump Replacement – Rip's Professional Lawn Care

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board ratified Work Authorization #8 – McGee Well Pump Replacement with Rips Professional Lawn Care in the amount of \$4,850.00, for Somerset Community Development District.

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103 **5. Consideration of Work Authorization #9 – Pressure Tank – Rip’s Professional**
104 **Lawn Care**
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On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board ratified Work Authorization #9 – Pressure Tank with Rip’s Professional Lawn Care in the amount of \$1,600.00, for Somerset Community Development District.

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108 **EIGHTH ORDER OF BUSINESS** **Consideration of Recurring Maintenance**
109 **Service Agreements**
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111 **1. Paver Services – Kilgores Brick Pavers & Hardscapes, LLC**
112 Discussion took place on entering into a recurring maintenance service agreement. Following
113 the discussion, the Board discussed entering into a recurring service agreement with Griffin
114 Traffic Signals.
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On a motion by Mr. Dodson, seconded by Mr. Rosenberg, with all in favor, the Board authorized a recurring Maintenance Service Agreement with Griffin Traffic Signals to be prepared by Counsel, authorizing the Chairman to execute, for Somerset Community Development District.

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118 **2. Tree Trimming – Arbor Tree Care**
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On a motion by Mr. Dodson, seconded by Mr. Rosenberg, with all in favor, the Board authorized a recurring Maintenance Service Agreement with Arbor Tree Care to be prepared by Counsel, authorizing the Chairman to execute, for Somerset Community Development District.

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122 **3. Irrigation Systems – Mills Supply**
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On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board approved authorized a Recurring Maintenance Services Agreement with Mills Supply to be prepared by Counsel, providing authority to the Chairman to execute, for Somerset Community Development District.

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4. Pest Control Services – Arrow Pest Control

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board approved authorized a Recurring Maintenance Services Agreement with Arrow Pest Control to be prepared by Counsel, providing authority to the Chairman to execute , for Somerset Community Development District.

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NINTH ORDER OF BUSINESS

Consideration of 30A Palm Tree Items

1. Palm Treatment Proposal – Arbor Tree Care

On a motion by Mr. Dodson, seconded by Mr. Rosenberg, with all in favor, the Board approved the proposal for 30A palm tree treatment as a one-time authorization with Arbor Tree Care in the amount of \$10,400, for Somerset Community Development District.

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2. Palm Trimming Proposal – Arbor Tree Care

Mr. Buchewicz stated the palms were just trimmed in March, this proposal would address the next trimming needed.

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board approved the proposal for palm tree trimming by Arbor Tree Care in the amount of of \$10,400, for Somerset Community Development District.

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3. Work Authorization #10 – Palm Tree Replacement – Rip’s Professional Lawn Care

On a motion by Mr. Rosenberg, seconded by Ms. Ballew, with all in favor, the Board approved Work Authorization #10 – Palm Tree Replacement with Rip’s Professional Lawn Care in the amount of \$9,8650.00, for Somerset Community Development District.

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157 **TENTH ORDER OF BUSINESS** **Discussion and Consideration of**
158 **Encroachment Agreement and Drainage**
159 **Easement**
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161 Ms. O'Mera turned the presentation over to Ms. Mackie. Ms. Mackie gave a brief overview and
162 stated that she has been working with the Developer and Counsel for the Alys Beach
163 Neighborhood Association, Inc..

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On a motion by Mr. Dodson, seconded by Mr. Rosenberg, with all in favor, the Board approved the Encroachment Agreement in substantial form, subject to additional comments that may come from the Alys Beach Neighborhood Association, subject to the replat, and delegating authority to the Chairman to execute understanding that any substantial change will bring back Encroachment Agreement to the Board for reconsideration, for Somerset Community Development District.

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167 **ELEVENTH ORDER OF BUSINESS** **Consideration of Fiscal Year 2023/2024 Dune**
168 **Maintenance Agreement – Dune Doctors**
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On a motion by Mr. Dodson, seconded by Mr. Hartley, the Board approved the Fiscal Year 2023/2024 Dune Maintenance Agreement with the Dune Doctors in the amount of \$106,744.89, for Somerset Community Development District.

173 **TWELFTH ORDER OF BUSINESS** **Public Hearing on Final Budget**
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On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board opened the Public Hearing on Fiscal Year 2023-2024 Budget, for Somerset Community Development District.

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There being no audience present, there were no comments.

On a motion by Mr. Rosenberg, seconded by Mr. Dodson with all in favor, the Board closed the Public Hearing on Fiscal Year 2023-2024 Budget, for Somerset Community Development District.

SOMERSET COMMUNITY DEVELOPMENT DISTRICT

August 21, 2023 Minutes of Meeting

Page 7

183 **THIRTEENTH ORDER OF BUSINESS** **Presentation of the Proposed Final Budget for**
184 **Fiscal Year 2023/2024**

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186 Ms. O'Mera presented the Fiscal Year 2023/2024 Budget. The Board directed Staff to roll excess
187 Fiscal Year 202022-2024 budget funds to the Reserve Account, contingent on there being no cash
188 flow issues, roll the excess to the Reserve Account.
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On a motion by Mr. Stenhammer, seconded by Mr. Dodson with all in favor the Board directed Staff to move excess Fiscal Year 2022-2023 Budget funds to the Reserve Fund upon closing of the Fiscal Year, contingent on there being no cash flow concerns, for Somerset Community Development District.

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194 **FOURTEENTH ORDER OF BUSINESS** **Consideration of Resolution 2023-09,**
195 **Adopting Fiscal Year 2023/2024 Final Budget**

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197 Ms. O'Mera presented Resolution 2023-09 and asked the Board if they had any questions.
198

On a motion by Mr. Rosenberg, seconded by Ms. Ballew with all in favor the Board adopted Resolution 2023-09, Adopting Fiscal Year 2023/2024 Final Budget, for Somerset Community Development District.

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200 **FIFTEENTH ORDER OF BUSINESS** **Public Hearing to Consider the Imposition of**
201 **Operations and Maintenance Special**
202 **Assessments**

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board opened the Public Hearing to Consider the Imposition of Operations and Maintenance Special Assessments for Fiscal Year 2023-2024, for Somerset Community Development District.

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205 There being no audience present, there were no comments.
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On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board closed the Public Hearing to Consider the Imposition of Operations and Maintenance Special Assessments for Fiscal Year 2023-2024, for Somerset Community Development District.

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SOMERSET COMMUNITY DEVELOPMENT DISTRICT

August 21, 2023 Minutes of Meeting

Page 8

211 **SIXTEENTH ORDER OF BUSINESS** **Consideration of Resolution 2023-10,**
212 **Imposing Special Assessments Roll for**
213 **Fiscal Year 2023/2024**
214

215 Ms. O'Mera presented Resolution 2023-10 to the Board, Which will impose special assessments
216 and certify the tax roll for the 2023-2024 Budget.
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On a motion by Mr. Stenhammer, seconded by Mr. Dodson, with all in favor, the Board adopted Resolution 2023-10 Imposing Special Assessments Roll for Fiscal Year 2023/2024, for Somerset Community Development District.

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219 **SEVENTEENTH ORDER OF BUSINESS** **Consideration of Fiscal Year 2023/2024**
220 **Direct Collection Agreement**
221

On a motion by Mr. Dodson, seconded by Ms. Ballew, with all in favor, the Board approved Fiscal Year 2023-2024 Direct Collection Agreement with EBSCO Gulf Coast Development, Inc, for Somerset Community Development District.

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223 **EIGHTEENTH ORDER OF BUSINESS** **Consideration of Resolution 2023-11, Annual**
224 **Meeting Schedule Fiscal Year 2023/2024**
225

226 Ms. O'Mera presented Resolution 2023-11 which will set the meeting dates for the 2023-2024
227 Fiscal Year. The Board held general discussion and established annual meeting dates.
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On a motion by Mr. Rosenberg, seconded by Ms. Ballew, with all in favor, the Board adopted Resolution 2023-11, Annual Meeting Schedule Fiscal Year 2023-2024, for Somerset Community Development District.

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230 **NINETEENTH ORDER OF BUSINESS** **Acceptance of Addendum to District**
231 **Management Services Agreement**
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On a motion by Mr. Rosenberg, seconded by Ms. Ballew, with all in favor, the Board accepted the Acceptance of Addendum to District Management Services Agreement with Rizzetta & Company, Inc., for Somerset Community Development District.

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235 **TWENTIETH ORDER OF BUSINESS** **Staff Reports**
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237 **A. District Counsel**

238 Ms. Mackie had no specific report.

239 **B. District Engineer**
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241 Mr. Martelli had no specific report.

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243 **C. Facilities Manager**

244 Mr. Buchewicz had no specific report.

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246 **D. District Manager**

247 Ms. O'Mera provided a brief report, highlighting the upcoming meeting needs and Fiscal
248 Year 2023-2024 insurance renewal.

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250 **Consideration of Audit Committee Recommendation**

On a motion by Mr. Stenhammer, seconded by Mr. Rosenberg, with all in favor, the Board approved the Audit Committee recommendation to accept the Request for Proposal for Annual Auditing services with Pricing, , for Somerset Community Development District.

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253 **TWENTY FIRST ORDER OF BUSINESS** **Supervisor** **Request** **and** **Audience**

254 **Comments**

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256 There were no requests or comments.

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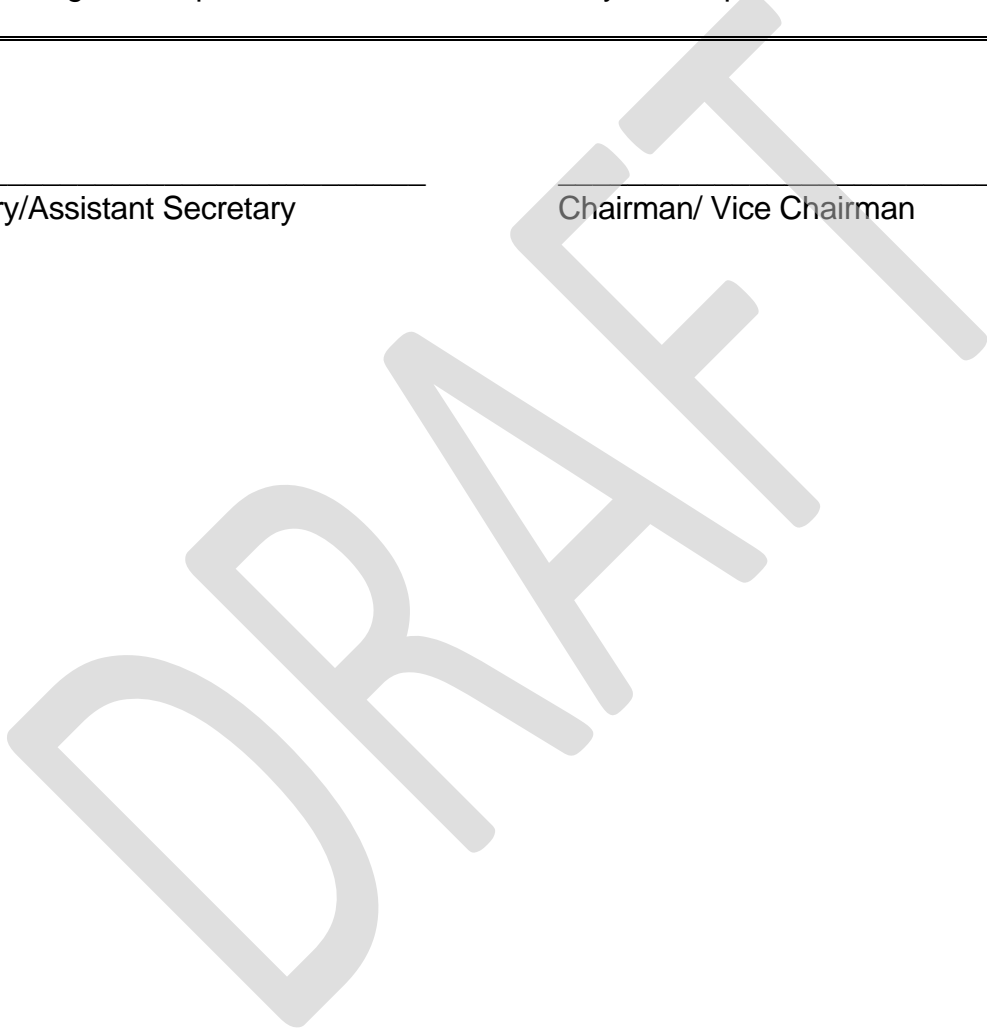
TWENTY SECOND ORDER OF BUSINESS Adjournment

Ms. O'Mera advised there was no further business to come before the Board and asked for a motion to adjourn the meeting.

On a motion by Mr. Rosenberg, seconded by Mr. Dodson, with all in favor, the Board adjourned the meeting at 3:35 p.m., for Somerset Community Development District.

Secretary/Assistant Secretary

Chairman/ Vice Chairman



Tab 2

MINUTES OF MEETING

Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that the person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.

SOMERSET COMMUNITY DEVELOPMENT DISTRICT

The meeting of the Audit Committee of the Somerset Community Development District was held on **Monday, August 21, 2023, at 2:00 p.m. (Central)** at the Alys Beach Conference Room, located at , 84 Elbow Beach Road, Building 1, Alys Beach, FL 32461.

Present and constituting a quorum:

Robert Stenhammer	Committee Member
John Rosenberg	Committee Member
George Hartley	Committee Member (via speakerphone)
Tom Dodson	Committee Member
Belinda Ballew	Committee Member

Also present were:

Kimberly O'Mera	District Manager, Rizzetta & Company, Inc.
Tucker Mackie	District Counsel, Kutak Rock LLP

FIRST ORDER OF BUSINESS

Call to Order

Ms. O'Mera called the meeting to order and conducted roll call.

SECOND ORDER OF BUSINESS

Audience Comments

There were no audience members present.

THIRD ORDER OF BUSINESS

Presentation of the Audit Proposal Instructions and Evaluation Criteria with Price and Without Price

Ms. O'Mera presented the Audit Proposal Instructions and Evaluation Criteria with and without pricing. The Audit Committee Members opted to include pricing.

On a Motion by Mr. Rosenberg, seconded by Ms. Ballew, with all in favor, the Committee accepted Audit Proposal Instructions and Evaluation Criteria documents with Pricing, and further set a meeting for October 12, 2023, at 12:00 p.m. for Somerset Community Development District.

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FOURTH ORDER OF BUSINESS

Adjournment

On a Motion by Mr. Rosenberg, seconded by Ms. Ballew, with all in favor, the Committee Adjourned the Meeting at 2:10 p.m., for Somerset Community Development District

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Tab 3

Somerset Community Development District

Paid Operation & Maintenance Expenditures

August 1, 2022 Through August 31, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Andrew O'Connell	100001	AO080822	Board of Supervisors Meeting 08/08/22	\$ 200.00
Florida Power & Light Company		FPL Summary 07/22	FPL Summary 07/22	\$ 1,503.39
George Hartley	100002	GH080822	Board of Supervisors Meeting 08/08/22	\$ 200.00
John Rosenberg	100003	JR080822	Board of Supervisors Meeting 08/08/22	\$ 200.00
Kutak Rock, LLP	100004	3095213	Legal Services 07/22	\$ 315.00
McHenry Electric, Inc.	10/19/2173	24383	Owner Furnished Streetlight Install 06/22	\$ 3,750.00
McHenry Electric, Inc.	100005	24509	Concrete Pole Base Removal 08/22	\$ 750.00
Rizzetta & Company, Inc.	100000	INV0000070203	District Management Fees 08/22	\$ 4,821.75
The Lake Doctors, Inc.	100009	21532B	Monthly Monitoring/Inspection 08/22	\$ 51.00
The Lake Doctors, Inc.	100009	670001	Monthly Monitoring/Inspection 07/22	\$ 51.00
Thomas M Dodson	100006	TD080822	Board of Supervisors Meeting 08/08/22	\$ 200.00
VGlobal Tech	100008	4147	Website ADA Compliance 08/22	<u>\$ 425.00</u>
Report Total				<u>\$ 12,467.14</u>

Somerset Community Development District

Paid Operation & Maintenance Expenditures

September 1, 2022 Through September 30, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Florida Power & Light Company		FPL Summary 08/22-861	FPL Summary 08/22	\$ 4,054.12
Innerlight Engineering Corporation	100011	6765	Engineering Services 08/22	\$ 9,500.00
McHenry Electric, Inc.	100012	24553	T-4 St.light McGee/Lady Bug 08/22	\$ 1,438.00
McHenry Electric, Inc.	100012	24558	Sea Garden/ Raised Beds 08/22	\$ 9,181.00
McHenry Electric, Inc.	100012	24579	Henry/Alys Shoppe 08/22	\$ 1,470.20
McHenry Electric, Inc.	10/26/2173	24582	Parking Court Lighting Repair 08/22	\$ 3,200.00
McHenry Electric, Inc.	100012	24622	Furnish and Install New Low Voltage Cable 09/22	\$ 5,025.00
Mills Supply	100013	9119	Monthly Pump Station Maintenance 08/22	\$ 225.00
Mills Supply	100013	9157	Monthly Pump Station Maintenance 09/22	\$ 225.00
Mills Supply	100013	9173	Filter Installed 09/22	\$ 23.68
Mills Supply	100013	9178	Service Work 09/22	\$ 569.00
Murdock Investments, LLC	100014	2567	Crosswalk Labor & Material 09/22	\$ 7,000.00
Rip's Professional Lawn Care, Inc.	100015	73385	Monthly Landscape Maintenance 08/22	\$ 8,975.00

Somerset Community Development District

Paid Operation & Maintenance Expenditures

September 1, 2022 Through September 30, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Rizzetta & Company, Inc.	100016	INV0000071180	District Management Fees 09/22	\$ 4,821.75
The Lake Doctors, Inc.	100017	1705288	Aeration Installation 09/22	\$ 1,039.83
The Lake Doctors, Inc.	100017	25762B	Monthly Monitoring/Inspection 09/22	\$ 51.00
The Ledger / News Chief/ CA Florida Holdings, LLC	100018	4770846	Acct #526295 Legal Advertising 07/22	\$ 362.70
The Ledger / News Chief/ CA Florida Holdings, LLC	100018	4847105	Acct #526295 Legal Advertising 08/22	\$ 164.25
Tonya Johnson Pippin	100019	TP080822	Board of Supervisors Meeting 08/08/22	\$ 200.00
VGlobal Tech	100020	4221	Website ADA Compliance 09/22	<u>\$ 425.00</u>
Report Total				<u>\$ 57,950.53</u>

Somerset Community Development District

Paid Operation & Maintenance Expenditures

October 1, 2022 Through October 31, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Dune Doctors, LLC	100027	100522-1	Quarterly Maintenance Phase 4 Aug to Oct 22	\$ 13,769.00
Egis Insurance Advisors, LLC	100021	17169	General/Property/POL Insurance 10/01/22-09/30/23	\$ 21,031.00
Florida Power & Light Company		FPL ACH 09/22	FPL Summary 09/22 ACH	\$ 674.59
Florida Power & Light Company		FPL Summary 09/22	FPL Summary 09/22	\$ 3,773.64
Kutak Rock, LLP	100022	3110996	Legal Services 08/22	\$ 3,265.68
Kutak Rock, LLP	11/7/2173	3124664	Legal Services 09/22	\$ 490.00
Rip's Professional Lawn Care, Inc.	100025	74191	Monthly Landscape Maintenance 09/22	\$ 8,975.00
Rizzetta & Company, Inc.	100023	INV0000071814	District Management Fees 10/22	\$ 5,012.48
The Lake Doctors, Inc.	100028	37362B	Monthly Monitoring/Inspection 10/22	\$ 51.00
VGlobal Tech	100026	4349	Website ADA Compliance 10/22	<u>\$ 425.00</u>
Report Total				<u>\$ 57,467.39</u>

Somerset Community Development District

Paid Operation & Maintenance Expenditures

November 1, 2022 Through November 30, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
ALYS Beach Resort LLC	100029	CL00014787	Monthly Facilities Management 07/22	\$ 4,514.00
ALYS Beach Resort LLC	100029	CL00015551	Monthly Facilities Management 09/22	\$ 4,514.00
Dune Doctors, LLC	100037	102722-1	Dune Management Down Payment	\$ 29,113.50
Florida Department of Economic Opportunity	100030	86829	Special District Fee FY22-23	\$ 175.00
Florida Power & Light Company		FPL Summary 10/22 Revised	FPL Summary 10/22 Revised	\$ 3,080.18
Innerlight Engineering Corporation	100038	6762	NPDES Weekly Inspection 07/22	\$ 1,900.00
Innerlight Engineering Corporation	100039	6763	NPDES Weekly Inspection 08/22	\$ 2,375.00
Innerlight Engineering Corporation	100039	6891	NPDES Weekly Inspection 09/22	\$ 1,900.00
Innerlight Engineering Corporation	100039	6933	NPDES Weekly Inspection 10/22	\$ 2,375.00
Innerlight Engineering Corporation	100039	6939	Engineering Services 10/22	\$ 2,050.00
McHenry Electric, Inc.	100031	24694	Repair Parking Lot Circuit 10/22	\$ 2,600.00
McHenry Electric, Inc.	100040	24736	Install T-4 Streetlight 11/22	\$ 870.00
Mills Supply	100032	9230	Monthly Pump Station Maintenance 10/22	\$ 225.00

Somerset Community Development District

Paid Operation & Maintenance Expenditures

November 1, 2022 Through November 30, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Mills Supply	100041	9236	Service Work 10/22	\$ 785.00
Mills Supply	100044	9251	Monthly Pump Station Maintenance 11/22	\$ 225.00
Rip's Professional Lawn Care, Inc.	11/16/2173	74296	Irrigation Maintenance & Repair 10/22	\$ 590.29
Rip's Professional Lawn Care, Inc.	100033	74299	Monthly Landscape Maintenance 10/22	\$ 8,975.00
Rip's Professional Lawn Care, Inc.	100042	74576	Monthly Landscape Maintenance 11/22	\$ 8,775.00
Rizzetta & Company, Inc.	100034	INV0000071961	Assessment Roll FY 22-23	\$ 5,500.00
Rizzetta & Company, Inc.	100035	INV0000072650	District Management Fees 11/22	\$ 5,012.50
The Lake Doctors, Inc.	100043	45290B	Monthly Monitoring/Inspection 11/22	\$ 51.00
VGlobal Tech	100036	4427	Website ADA Compliance 11/22	\$ 425.00
Report Total				<u>\$ 86,030.47</u>

Somerset Community Development District

Paid Operation & Maintenance Expenditures

December 1, 2022 Through December 31, 2022

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Belinda Ann Ballew	100045	BB111522	Board of Supervisors Meeting 11/15/22	\$ 200.00
Florida Power & Light Company		FPL Summary 11/22 Revised	FPL Summary 11/22 Revised	\$ 969.37
George Hartley	100046	GH111522	Board of Supervisors Meeting 11/15/22	\$ 200.00
John Rosenberg	100047	JR111522	Board of Supervisors Meeting 11/15/22	\$ 200.00
Rip's Professional Lawn Care, Inc.	12/4/2173	74750	Grounds Management 11/22	\$ 8,975.00
Rizzetta & Company, Inc.	100048	INV0000073296	District Management Fees 12/22	\$ 5,012.50
Robert E Stenhammer	100049	RS111522	Board of Supervisors Meeting 11/15/22	\$ 200.00
Thomas M Dodson	100050	TD111522	Board of Supervisors Meeting 11/15/22	<u>\$ 200.00</u>
Report Total				<u>\$ 15,956.87</u>

Somerset Community Development District

Paid Operation & Maintenance Expenditures

January 1, 2023 Through January 31, 2023

Vendor Name	Check Number	Invoice Number	Invoice Description	Invoice Amount
ALYS Beach Resort LLC	12/6/2173	CL00015062	Monthly Facilities Management 08/22	\$ 4,514.00
ALYS Beach Resort LLC	100053	CL00015339	Facility Management 09/22	\$ 8,539.60
ALYS Beach Resort LLC	100053	CL00015677	Facility Management 10/22	\$ 12,685.76
ALYS Beach Resort LLC	100053	CL00015801	Monthly Facility Management 10/22	\$ 4,514.00
ALYS Beach Resort LLC	100053	CL00016061	Facility Management 11/22	\$ 6,678.05
ALYS Beach Resort LLC	100053	CL00016190	Monthly Facility Management 11/22	\$ 4,514.00
ALYS Beach Resort LLC	100067	CL00016599	Monthly Facility Management 12/22	\$ 4,514.00
Florida Power & Light Company		21125-35741 11/22	15 Caliza Ln. Misc. Pole 11/22	\$ 132.65
Florida Power & Light Company		21125-35816 01/23 Autopay	21125-35816 01/23 Autopay	\$ 31.40
Florida Power & Light Company		FPL Summary 11/22	FPL Summary 11/22	\$ 913.70
Innerlight Engineering Corporation	100060	7138	NPDES Weekly Inspection 11/22 - 12/22	\$ 4,275.00
Innerlight Engineering Corporation	100060	7142	Engineering Services 10/31/22-12/20/22	\$ 2,150.00
Kutak Rock, LLP	100054	3140904	Legal Services 10/22	\$ 622.50

Somerset Community Development District

Paid Operation & Maintenance Expenditures

January 1, 2023 Through January 31, 2023

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Kutak Rock, LLP	100061	3155891	Legal Services 11/22	\$ 1,606.05
Kutak Rock, LLP	100071	3170031	Legal Services 12/22	\$ 175.00
McHenry Electric, Inc.	100055	24802	Install T-4 Streetlight 12/22	\$ 1,563.00
McHenry Electric, Inc.	12/25/2173	24893	Install T-4 Streetlight 01/23	\$ 1,003.90
Mills Supply	100056	9281	Monthly Pump Station Maintenance 12/22	\$ 225.00
Mills Supply	100068	9312	Monthly Pump Station Maintenance 01/23	\$ 225.00
Mills Supply	100074	9347	Monthly Pump Station Maintenance 02/23	\$ 225.00
Rip's Professional Lawn Care, Inc.	100062	75162	Monthly Landscape Maintenance 12/22	\$ 8,975.00
Rip's Professional Lawn Care, Inc.	100063	75553	Irrigation Maintenance & Repair 01/23	\$ 2,038.25
Rip's Professional Lawn Care, Inc.	100069	75559	Irrigation Maintenance & Repair - East Well 01/23	\$ 300.00
Rip's Professional Lawn Care, Inc.	100069	75560	Irrigation Maintenance & Repair - McGee Well 01/23	\$ 300.00
Rip's Professional Lawn Care, Inc.	12/22/2173	75561	Irrigation Maintenance & Repair - Hoover Pump 01/23	\$ 600.00
Rip's Professional Lawn Care, Inc.	100073	75593	Monthly Landscape Maintenance 01/23	\$ 8,975.00

Somerset Community Development District

Paid Operation & Maintenance Expenditures

January 1, 2023 Through January 31, 2023

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Rip's Professional Lawn Care, Inc.	100077	73814	Sod Replacement 09/22	\$ 6,380.00
Rip's Professional Lawn Care, Inc.	100077	75141	Monthly Landscape Maintenance 12/22	\$ 6,100.00
Rizzetta & Company, Inc.	100052	INV0000074734	District Management Fees 01/23	\$ 5,012.50
Rizzetta & Company, Inc.	100066	INV0000074916	Annual Dissemination Services 01/23	\$ 1,500.00
Rizzetta & Company, Inc.	12/23/2173	INV0000075369	District Management Fees 02/23	\$ 5,012.50
The Lake Doctors, Inc.	100057	58195B	Monthly Monitoring/Inspection 12/22	\$ 51.00
The Lake Doctors, Inc.	100064	64538B	Monthly Monitoring/Inspection 01/23	\$ 51.00
The Lake Doctors, Inc.	100075	69547B	Monthly Monitoring/Inspection 02/23	\$ 51.00
The Ledger / News Chief/ CA Florida Holdings, LLC	100058	5095717	11/15/22 Meeting	\$ 519.50
VGlobal Tech	100059	4510	Website ADA Compliance 12/22	\$ 425.00
VGlobal Tech	100065	4632	Website ADA Compliance 01/23	\$ 425.00
VGlobal Tech	12/29/2173	4709	Website ADA Compliance 02/23	<u>\$ 425.00</u>
Report Total				<u>\$ 106,248.36</u>

Tab 4

SOMERSET COMMUNITY DEVELOPMENT DISTRICT

District Office · Panama City, Florida · (850) 334-9055
Mailing Address · 3434 Colwell Avenue, Suite 200, Tampa Florida 33614
www.somersetcdd.org

Operations and Maintenance Expenditures August 2023 For Board Approval

Attached please find the check register listing the Operation and Maintenance expenditures paid from August 1, 2023 through August 31, 2023. This does not include expenditures previously approved by the Board.

The total items being presented: **\$65,266.75**

Approval of Expenditures:

_____ Chairperson

_____ Vice Chairperson

_____ Assistant Secretary

Somerset Community Development District

Paid Operation & Maintenance Expenditures

August 1, 2023 Through August 31, 2023

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
ALYS Beach Resort LLC	100150	CL00018596	Facility Management 06/23	\$ 187.34
ALYS Beach Resort LLC	100151	CL00015027	Facility Management 08/22	\$ 11,367.63
ALYS Beach Resort LLC	100152	CL00018565	Facility Management 06/23	\$ 4,966.00
ALYS Beach Resort LLC	100153	CL00017363	Facility Management 02/23	\$ 5,037.00
ALYS Beach Resort LLC	100156	CL00018956	Facility Management 07/23	\$ 595.33
ALYS Beach Resort LLC	100157	CL00018940A	Facility Management 07/23	\$ 36.00
ALYS Beach Resort LLC	100158	CL00018961	Monthly Facility Management 07/23	\$ 4,966.00
ALYS Beach Resort LLC	100159	CL00018542	Facility Management 06/23	\$ 8,126.99
Arrow Pest Service Inc	100160	340290	Pest Control Service 07/23	\$ 2,835.00
Arrow Pest Service Inc	100161	340478	Pest Control Service 07/23	\$ 2,565.00
Arrow Pest Service Inc	100162	341711	Pest Control Service 07/23	\$ 135.00
Florida Power & Light Company	ACH	21046-33165 07/23	9954 E County Highway 30A 07/23	\$ 554.03
Florida Power & Light Company	ACH	21125-35147 06/23	305 Somerset St. 06/23	\$ 2,280.29
Florida Power & Light Company	ACH	21125-35147 07/23	305 Somerset St. 07/23	\$ 2,004.85
Florida Power & Light Company	ACH	21125-35816 07/23	106 Somerset St 07/23	\$ 27.98

Somerset Community Development District

Paid Operation & Maintenance Expenditures

August 1, 2023 Through August 31, 2023

<u>Vendor Name</u>	<u>Check Number</u>	<u>Invoice Number</u>	<u>Invoice Description</u>	<u>Invoice Amount</u>
Florida Power & Light Company	ACH	FPL Summary 07/23 861	FPL Summary 07/23	\$ 387.81
Grau & Associates, P.A.	100155	24292	Auditing Services FY 2021/202	\$ 1,000.00
Kutak Rock, LLP	100148	3252710	Legal Services 06/23	\$ 1,942.00
Kutak Rock, LLP	100166	3266153	Legal Services 07/23	\$ 1,564.00
Mills Supply	100154	9577	Monthly Pump Station Maintenance 07/23	\$ 225.00
Rip's Professional Lawn Care, Inc.	100149	78812	Monthly Landscape Maintenance 07/23	\$ 8,975.00
Rizzetta & Company, Inc.	100147	INV0000082283	District Management Fees 08/23	\$ 5,012.50
The Lake Doctors, Inc.	100163	112981B	Monthly Monitoring/Inspection 08/23	\$ 51.00
VGlobal Tech	100164	5298	Website ADA Compliance 08/23	\$ <u>425.00</u>
Report Total				\$ <u>65,266.75</u>

Tab 5



Get to know FLCLASS

FLCLASS (Florida Cooperative Liquid Asset Securities System) is an intergovernmental investment pool authorized under Section 218.415, Florida Statutes, and was created by an interlocal agreement by and among State public agencies - (the "Interlocal") as described in Section 163.01, Florida Statutes.

FLCLASS' objective is safety, liquidity and competitive yields which is offered to ALL public agencies in Florida:

- Maximize Safety: FLCLASS is rated 'AAAm' by Standard and Poor's.
- Competitive Yield: **FLCLASS Daily: 5.52%**
- Same Day Liquidity: Convenience of a checking account without the transaction fees.
- Transparent Governance by a Board of your peers
- Interest Paid Daily

Board of Trustees



Ken Burke
Clerk of Court and Comptroller
Pinellas County



Karen Rushing
Clerk of Court and Comptroller
Sarasota County



Jim Cooke
City Treasurer/ Clerk
City of Tallahassee



Cindy Valentine
Chief Financial Officer
Orange County Tax Collector



Louis J. Boglioli III
Financial Services Director
City of Stuart



Dario Guerra
Executive Director, Treasury
Miami-Dade Public Schools

If you would like to speak to an FLCLASS representative, please contact Matt Tight at matt.tight@flclass.com or call (407) 588-9667.

*As of September 30, 2023, Past performance is not an indicator of future performance or results. Any financial and/or investment decision may incur losses. Any financial and/or investment decision should be made only after considerable research, consideration and involvement with an experienced professional engaged for the specific purpose. Daily yield is the dividend factor multiplied by the number of days in the year. Yields can vary over time. **Standard & Poor's Ratings in no way guarantee favorable performance results and should not be construed as safety in an investment.** You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no fees charged from FLCLASS for such transactions.
FLCLASS is administrated by PUBLIC TRUST ADVISORS.



Invest with FLCLASS!

Investing with FLCLASS could mean more for your local community;
Use the FLCLASS investment calculator to see just how much you could have earned.

Amount Invested
\$25,000,000

Start Date
August 1, 2023

End Date
August 31, 2023

You would have earned
\$115,553.96
 on your investment if you started on
August 1, 2023

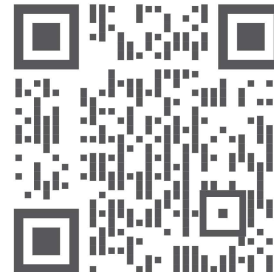
FLCLASS Investment Income Earned				
As of Date	Time	\$10M	\$25M	\$50M
Aug 1 - Aug 31	1 month	\$46,222	\$115,554	\$231,108
Jun 1 - Aug 31	3 months	\$134,824	\$337,060	\$674,119
Mar 1 - Aug 31	6 months	\$262,873	\$657,182	\$1,314,365

Months listed are in the year 2023

FLCLASS Daily Yields as of Month-End

Month	Year	Month-End Yield
August	2023	5.4509%
July	2023	5.4128%
June	2023	5.2573%
May	2023	5.1804%
April	2023	5.0231%
March	2023	4.9499%
February	2023	4.7712%
January	2023	4.5825%
December	2022	4.5071%
November	2022	4.0354%
October	2022	3.3101%
September	2022	2.9962%

For more information on both historical yields and annualized performance, visit www.flclass.com/rates or scan the below QR code:



Source: Public Trust Advisors® Data unaudited. Values presented may not add up precisely to absolute figures due to rounding. Performance results for FLCLASS are shown net of all fees and expenses and reflect the reinvestment of interest and other earnings. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. FLCLASS is not a bank. An investment in FLCLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the FLCLASS prime-style local government investment pool seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Please review the FLCLASS Information Statement before investing. **Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses.** Please visit www.flclass.com/rates-disclaimer for more information.



FLCLASS Overview

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an independent local government investment pool designed to meet the cash management and short-term investment needs of Florida governmental entities. FLCLASS is open to all political subdivisions, instrumentalities of political subdivisions, and state agencies in the state of Florida including counties, cities, towns, villages, school districts, special districts, and other public entities. The fund seeks to preserve capital, provide daily liquidity, and generate competitive returns for its Participants. S&P Global Ratings has assigned its 'AAAm' principal stability fund rating to FLCLASS, the highest rating assigned to principal stability funds.

Who oversees and manages FLCLASS?

FLCLASS is overseen by a Board of Trustees comprised of eligible Participants of the FLCLASS program. The Board of Trustees supervises FLCLASS and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of FLCLASS and enters into contracts and agreements on behalf of the Program. It also selects the Program Administrator, Investment Advisor, and the Custodian, subject to the terms of the Interlocal Agreement.

How can you participate in FLCLASS?

Under Florida Statutes Section 218.415, Florida governmental entities have the power to invest in any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The Instrument of Adoption must be signed by the finance director, treasurer, chief financial officer, or other local official who is properly authorized to invest public funds of your entity. To obtain account forms and fund documents, visit www.flclass.com/join-flclass.

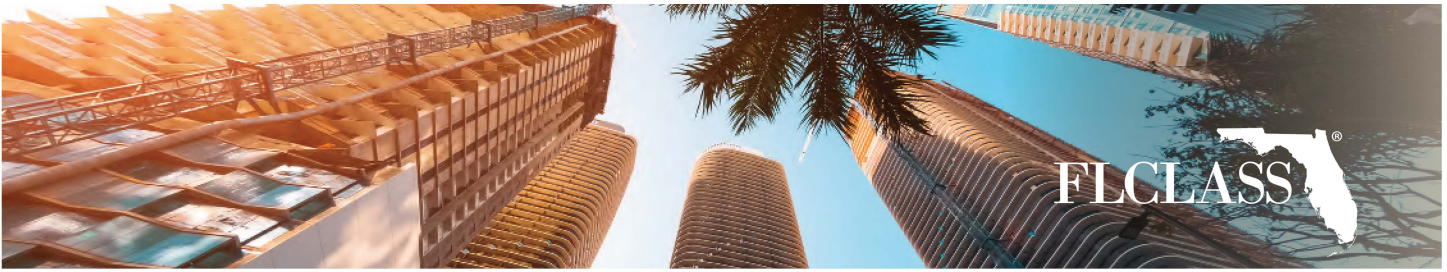
FLCLASS FEATURES

As an FLCLASS Participant, you have access to many convenient features:

- Same-day cash liquidity in Prime fund (3:00 p.m. ET cut-off)
- Contributions by wire or ACH
- Secure online access for transactions and account statements
- Professionally managed since 2014
- Competitive daily yields
- Unlimited subaccounts
- No minimum investment requirements
- Dividends accrue daily
- No transaction fees*
- Audited annually by an independent auditing firm**
- Direct investment of state and federal payments
- Dedicated client service representatives available via email, phone or fax on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from FLCLASS for such transactions.

**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.



What are the objectives of FLCLASS?

Safety

FLCLASS was created with the objective of offering a safe, efficient, and liquid investment alternative while seeking to provide competitive investment returns to meet the liquidity needs of its Participants. FLCLASS aims to minimize risks by managing the portfolio in a manner that prioritizes the preservation of principal and maintenance of a stable net asset value. The FLCLASS prime-style fund is rated 'AAAm' by S&P Global Ratings. FLCLASS Enhanced Cash is rated 'AAAf'/'S1' by Fitch. The custodian for FLCLASS is Fifth Third Bank, N.A.

Liquidity

When you invest with FLCLASS, you have access to your funds on any business day. You must notify FLCLASS of your funds transaction requests by 3:00 p.m. ET. By offering daily liquidity, we provide you with the flexibility you need to meet your daily cash needs. FLCLASS Enhanced Cash is a variable NAV fund that provides next-day liquidity.

Convenience

To make cash management simple and efficient, FLCLASS includes many features that make it easy to access account information and simplify record keeping. Transactions are conducted via the FLCLASS Online Transaction Portal at www.flclass.com and may be entered at any time - up to 365 days in advance.

Our dedicated Client Service team is available to assist with any matters related to the administration of your

account and can be reached by email at clientservices@flclass.com, by phone at (844) 220-7600, by fax at (844) 220-7900, or via the FLCLASS Online Transaction Portal at www.flclass.com.

Flexibility

Participants may establish multiple FLCLASS subaccounts to track and parallel their own internal fund accounting structures. You will receive an email notification when your comprehensive monthly statement is available online; statements show your transaction activity, dividend postings, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your investment records.

Competitive Returns

The goal of FLCLASS is to provide competitive yields for its Participants while adhering to the primary objectives of safety and liquidity. The FLCLASS investment policies and guidelines establish policies, procedures, and strategies to prioritize these objectives. FLCLASS maintains a low management fee structure to help facilitate a competitive yield on the investment portfolio. To see how much you could have earned, check out the [FLCLASS investment calculator](#) today!

Legality

FLCLASS invests only in investments legally permitted under Florida State Law.

Have Questions? Contact us or visit www.flclass.com for more information.



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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the FLCLASS Information Statement before investing. FLCLASS is not a bank. An investment in FLCLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the FLCLASS prime-style local government investment pool seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For more information on rating methodologies, visit www.spglobal.com. The FLCLASS Enhanced Cash Fund is rated by 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

Tab 6

**SOMERSET
COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA**

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Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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www.graucpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Somerset Community Development District
Walton County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Community Development District, Walton County, Florida ("District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Somerset Community Development District, Walton County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$4,236,257).
- The change in the District's total net position in comparison with the prior fiscal year was \$596,018, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2022, the District's governmental funds reported combined ending fund balances of \$1,789,872, a decrease of (\$236,589) in comparison with the prior fiscal year. The total fund balance is restricted for debt service, assigned to capital reserves, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), maintenance and operations and culture and recreation functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: the governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2022	2021
Current and other assets	\$ 1,861,439	\$ 2,073,740
Capital assets, net of depreciation	4,949,220	5,385,822
Total assets	<u>6,810,659</u>	<u>7,459,562</u>
Current liabilities	265,423	311,837
Long-term liabilities	10,781,493	11,980,000
Total liabilities	<u>11,046,916</u>	<u>12,291,837</u>
Net position		
Net investment in capital assets	(5,832,273)	(6,594,178)
Restricted	393,066	1,282,488
Unrestricted	1,202,950	479,415
Total net position	<u>\$ (4,236,257)</u>	<u>\$ (4,832,275)</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2022	2021
Revenues:		
Program revenues		
Charges for services	\$ 2,593,440	\$ 1,744,110
Operating grants and contributions	2,228	360
General revenues		
Unrestricted investment earnings	1,812	79
Total revenues	<u>2,597,480</u>	<u>1,744,549</u>
Expenses:		
General government	135,351	146,100
Maintenance and operations	957,808	671,365
Culture and recreation	1,350	267,048
Interest on long-term debt	600,428	649,315
Bond issue costs	306,525	-
Total expenses	<u>2,001,462</u>	<u>1,733,828</u>
Change in net position	596,018	10,721
Net position - beginning	<u>(4,832,275)</u>	<u>(4,842,996)</u>
Net position - ending	<u>\$ (4,236,257)</u>	<u>\$ (4,832,275)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2022 was \$2,001,462. The costs of the District's activities were primarily funded by program revenues. Program revenues were comprised primarily of assessments during the current and prior fiscal years. The majority of the increase in program revenue is the result of an increase in assessments as a result of more platted lots in the District. In total, expenses, including depreciation, increased from the prior fiscal year. Majority of the increase was the result of an increase in maintenance and repairs costs, as well as costs associated with issuing Series 2022 Capital Improvement Revenue Refunding Bonds.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the District had \$10,915,038 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$5,965,818 has been taken, which resulted in a net book value of \$4,949,220. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2022, the District had \$10,745,000 Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Somerset Community Development District's Accounting Department at 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614.

FINANCIAL STATEMENTS

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash	\$ 1,274,543
Restricted assets:	
Investments	586,896
Capital assets:	
Depreciable, net	4,949,220
Total assets	6,810,659
 LIABILITIES	
Accounts payable and accrued expenses	71,567
Accrued interest payable	193,856
Non-current liabilities:	
Due within one year	535,000
Due in more than one year	10,246,493
Total liabilities	11,046,916
 NET POSITION	
Net investment in capital assets	(5,832,273)
Restricted for debt service	393,066
Unrestricted	1,202,950
Total net position	\$ (4,236,257)

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 135,351	\$ 135,351	\$ -	\$ -
Maintenance and operations	957,808	1,244,279	-	286,471
Culture and recreation	1,350	-	-	(1,350)
Interest on long-term debt	600,428	1,213,810	2,228	615,610
Bond issue costs	306,525	-	-	(306,525)
Total governmental activities	2,001,462	2,593,440	2,228	594,206
General revenues:				
Unrestricted investment earnings				1,812
Total general revenues				1,812
Change in net position				596,018
Net position - beginning				(4,832,275)
Net position - ending				\$ (4,236,257)

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Major Funds		Total Governmental Funds
	General	Debt Service	
ASSETS			
Cash	\$ 1,274,517	\$ 26	\$ 1,274,543
Investments	-	586,896	586,896
Total assets	\$ 1,274,517	\$ 586,922	\$ 1,861,439
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 71,567	\$ -	\$ 71,567
Total liabilities	71,567	-	71,567
Fund balances:			
Restricted for:			
Debt service	-	586,922	586,922
Assigned to:			
Capital reserves	944,227	-	944,227
Unassigned	258,723	-	258,723
Total fund balances	1,202,950	586,922	1,789,872
Total liabilities and fund balances	\$ 1,274,517	\$ 586,922	\$ 1,861,439

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balance - governmental funds \$ 1,789,872

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	10,915,038	
Accumulated depreciation	<u>(5,965,818)</u>	4,949,220

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(193,856)	
Original issue (premium)/discount	(36,493)	
Bonds payable	<u>(10,745,000)</u>	<u>(10,975,349)</u>
Net position of governmental activities		<u>\$ (4,236,257)</u>

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Major Funds		Total Governmental Funds
	General	Debt Service	
REVENUES			
Assessments	\$ 1,379,630	\$ 1,213,810	\$ 2,593,440
Interest income	1,812	2,228	4,040
Total revenues	<u>1,381,442</u>	<u>1,216,038</u>	<u>2,597,480</u>
EXPENDITURES			
Current:			
General government	135,351	-	135,351
Maintenance and operations	521,206	-	521,206
Culture and recreation	1,350	-	1,350
Debt service:			
Principal	-	11,980,000	11,980,000
Interest	-	671,130	671,130
Bond issuance costs	-	306,525	306,525
Total expenditures	<u>657,907</u>	<u>12,957,655</u>	<u>13,615,562</u>
Excess (deficiency) of revenues over (under) expenditures	723,535	(11,741,617)	(11,018,082)
OTHER FINANCING SOURCES (USES)			
Bond issuance	-	10,745,000	10,745,000
Bond premium	-	36,493	36,493
Total other financing sources (uses)	<u>-</u>	<u>10,781,493</u>	<u>10,781,493</u>
Net change in fund balances	723,535	(960,124)	(236,589)
Fund balances - beginning	<u>479,415</u>	<u>1,547,046</u>	<u>2,026,461</u>
Fund balances - ending	<u>\$ 1,202,950</u>	<u>\$ 586,922</u>	<u>\$ 1,789,872</u>

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$ (236,589)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report the face amount of Bonds issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.</p>	(10,745,000)
<p>In connection with the issuance of the Bonds, the original issue premium is reported as a financing source when debt is first issued, whereas this amount is eliminated in the statement of activities and offsets long-term liabilities in the statement of net position.</p>	(36,493)
<p>Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.</p>	11,980,000
<p>Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.</p>	(436,602)
<p>The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.</p>	70,702
Change in net position of governmental activities	\$ 596,018

See notes to the financial statements

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Somerset Community Development District (the "District") was established by Walton County Ordinance No. 05-04 enacted on April 1, 2005 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on an at large basis by landowners of the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2022, one Board member is affiliated with EBSCO Gulf Coast Development, Inc. ("Developer").

The Board has the responsibility for:

1. Allocating and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments

Assessments are non-ad valorem assessments imposed on assessable lands located within the District. Assessments may be levied on property to pay for the operations and maintenance of the District. The fiscal year for which annual assessments may be levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. For debt service assessments, amounts collected as advance payments are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments

The District's cash on hand and demand deposits are considered to be cash and cash equivalents.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Erosion control structures	25
Surface water treatment	25

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year, the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) A public hearing is conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate Bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2022:

	Amortized Cost	Credit Risk	Maturities
First American Treasury Obligations			Weighted average of the fund
Fund Class Y	\$ 586,896	S&PAAA	portfolio: 9 days
Total Investments	<u>\$ 586,896</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental activities</u>				
Capital assets, being depreciated				
Erosion control structures	\$ 933,321	\$ -	\$ -	\$ 933,321
Surface water treatment	9,981,717	-	-	9,981,717
Total capital assets, being depreciated	10,915,038	-	-	10,915,038
Less accumulated depreciation for:				
Erosion control structures	(522,662)	(37,333)	-	(559,995)
Surface water treatment	(5,006,554)	(399,269)	-	(5,405,823)
Total accumulated depreciation	(5,529,216)	(436,602)	-	(5,965,818)
Total capital assets, being depreciated, net	5,385,822	(436,602)	-	4,949,220
Governmental activities capital assets, net	\$ 5,385,822	\$ (436,602)	\$ -	\$ 4,949,220

Depreciation expense was charged to the maintenance and operations function.

NOTE 6 – LONG-TERM LIABILITIES

Series 2005

On July 12, 2005, the District issued \$21,045,000 of Capital Improvement Revenue Bonds, Series 2005 consisting of \$2,875,000 Term Bonds due on May 1, 2015 with a fixed interest rate of 5% and \$18,170,000 Term Bonds due on May 1, 2037 with a fixed interest rate of 5.3%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2008 through May 1, 2037.

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. The Series 2005 Bonds were refunded in current fiscal year with Series 2022 Bonds.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Series 2022

On April 5, 2022, the District issued \$10,745,000 of Capital Improvement Revenue Refunding Bonds, Series 2022 consisting of various Term Bonds due May 1, 2037 with fixed interest rate ranging from 3.00% to 4.20%. The Bonds were issued to refund a portion of the District’s outstanding Capital Improvements Revenue Bonds, Series 2005 (the “Refunded Bonds”) and pay certain costs associated with the issuance of the Bonds. Interest is to be paid semiannually on each May 1 and November 1, commencing November 1, 2022. Principal on the Bonds is to be paid serially commencing May 1, 2023 through May 1, 2037.

The Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District was in compliance with the requirements at September 30, 2022.

Refunded Bonds

The District currently refunded the Series 2005 Capital Improvement Revenue Bonds, which had an outstanding balance of \$11,980,000 at the time of the refunding with the proceeds from the Series 2022 Bonds. The refunding was a current refunding and resulted in a difference in cash flows required to pay the respective debt service of \$1,258,213. The refunding resulted in an economic gain of \$658,507. The refunded Bonds have been paid off as of September 30, 2022.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2005	\$ 11,980,000	\$ -	\$ (11,980,000)	\$ -	\$ -
Series 2022	-	10,745,000	-	10,745,000	535,000
Plus: original issue premium	-	36,493	-	36,493	-
Total	<u>\$ 11,980,000</u>	<u>\$ 10,781,493</u>	<u>\$ (11,980,000)</u>	<u>\$ 10,781,493</u>	<u>\$ 535,000</u>

At September 30, 2022, the scheduled debt service requirements on the long-term debt were as follows:

Year ending, September 30:	Governmental Activities		
	Principal	Interest	Total
2023	\$ 535,000	\$ 451,857	\$ 986,857
2024	550,000	417,060	967,060
2025	575,000	395,060	970,060
2026	600,000	372,060	972,060
2027	625,000	348,060	973,060
2028-2032	3,530,000	1,344,500	4,874,500
2033-2037	4,330,000	561,330	4,891,330
Total	<u>\$ 10,745,000</u>	<u>\$ 3,889,927</u>	<u>\$ 14,634,927</u>

NOTE 7 – DEVELOPER TRANSACTIONS

The Developer owns a portion of the land within the District; therefore, assessment revenues in the general and debt service funds include the assessments levied on those lots owned by the Developer.

NOTE 8 – CONCENTRATION

The District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

NOTE 9 – COST SHARE AGREEMENT

The District entered into a cost share agreement with the ALYS Beach Neighborhood Association ("Association"), whereby the Association would contract a vendor for landscaping and related services and be reimbursed by the District. Pursuant to the agreement, the District reimbursed the Association \$49,852 for current year services.

NOTE 10 – MANAGEMENT COMPANY

The District has contracted with a management company to perform management services, which include financial and accounting services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 1,411,265	\$ 1,379,630	\$ (31,635)
Interest Income	-	1,812	1,812
Total revenues	1,411,265	1,381,442	(29,823)
EXPENDITURES			
Current:			
General government	120,536	135,351	(14,815)
Maintenance and operations	592,173	521,206	70,967
Culture and recreation	698,556	1,350	697,206
Total expenditures	1,411,265	657,907	753,358
Excess (deficiency) of revenues over (under) expenditures	\$ -	723,535	\$ 723,535
Fund balance - beginning		479,415	
Fund balance - ending		\$ 1,202,950	

See notes to required supplementary information

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
WALTON COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2022.

**SOMERSET COMMUNITY DEVELOPMENT DISTRICT
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2022	0
Number of independent contractors compensated in September 2022	9
Employee compensation for FYE 9/30/2022 (paid/accrued)	0
Independent contractor compensation for FYE 9/30/2022	\$25,015
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See page 21
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2022	Operations and maintenance \$1,309.31- \$1,745.75 Debt service \$1,217.02 - \$1,622.69
Special assessments collected FYE 9/30/2022	\$2,593,440
Outstanding Bonds:	
Series 2005, due May 1, 2037,	see Note 6 page 18 for details



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
Somerset Community Development District
Walton County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Somerset Community Development District, Walton County, Florida ("District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated September 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 12, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Somerset Community Development District
Walton County, Florida

We have examined Somerset Community Development District, Walton County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Somerset Community Development District, Walton County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

September 12, 2023



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Somerset Community Development District
Walton County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Somerset Community Development District, Walton County, Florida ("District") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated September 12, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 12, 2023, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Supervisors of Somerset Community Development District, Walton County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Somerset Community Development District, Walton County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

September 12, 2023

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2022.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2022. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 23.

Tab 7



Egis Insurance & Risk Advisors

Is pleased to provide a

Proposal of Insurance Coverage for:

Somerset Community Development District

Please review the proposed insurance coverage terms and conditions carefully.

Written request to bind must be received prior to the effective date of coverage.

The brief description of coverage contained in this document is being provided as an accommodation only and is not intended to cover or describe all Coverage Agreement terms. For more complete and detailed information relating to the scope and limits of coverage, please refer directly to the Coverage Agreement documents. Specimen forms are available upon request.

About FIA

Florida Insurance Alliance (“FIA”), authorized and regulated by the Florida Office of Insurance Regulation, is a non-assessable, governmental insurance Trust. FIA was created in September 2011 at a time when a large number of Special Taxing Districts were having difficulty obtaining insurance.

Primarily, this was due to financial stability concerns and a perception that these small to mid-sized Districts had a disproportionate exposure to claims. Even districts that were claims free for years could not obtain coverage. FIA was created to fill this void with the goal of providing affordable insurance coverage to Special Taxing Districts. Today, FIA proudly serves and protects nearly 1,000 public entity members.

Competitive Advantage

FIA allows qualifying Public Entities to achieve broad, tailored coverages with a cost-effective insurance program. Additional program benefits include:

- Insure-to-value property limits with no coinsurance penalties
- First dollar coverage for “alleged” public official ethics violations
- Proactive in-house claims management and loss control department
- Risk management services including on-site loss control, property schedule verification and contract reviews
- Complimentary Property Appraisals
- Online Risk Management Education & Training portal
- Online HR & Benefits Support portal
- HR Hotline
- Safety Partners Matching Grant Program

How are FIA Members Protected?

FIA employs a conservative approach to risk management. Liability risk retained by FIA is fully funded prior to the policy term through member premiums. The remainder of the risk is transferred to reinsurers. FIA’s primary reinsurers, Lloyds of London and Hudson Insurance Company, both have AM Best A XV (Excellent) ratings and surplus of \$2Billion or greater.

In the event of catastrophic property losses due to a Named Storm (i.e., hurricane), the program bears no risk as all losses are passed on to the reinsurers.

What Are Members Responsible For?

As a non-assessable Trust, our members are only responsible for two items:

- Annual Premiums
- Individual Member Deductibles

FIA Bylaws prohibit any assessments or other fees.

Additional information regarding FIA and our member services can be found at www.fia360.org.

Quotation being provided for:

**Somerset Community Development District
c/o Rizzetta & Company
3434 Colwell Ave, Suite 200
Tampa, FL 33614**

Term: October 1, 2023 to October 1, 2024

Quote Number: 100123653

PROPERTY COVERAGE

SCHEDULE OF COVERAGES AND LIMITS OF COVERAGE

COVERED PROPERTY	
Total Insured Values –Building and Contents – Per Schedule on file totalling	\$528,000
Loss of Business Income	\$1,000,000
Additional Expense	\$1,000,000
Inland Marine	
Scheduled Inland Marine	\$1,064,592

It is agreed to include automatically under this Insurance the interest of mortgagees and loss payees where applicable without advice.

	Valuation	Coinsurance
Property	Replacement Cost	None
Inland Marine	Actual Cash Value	None

DEDUCTIBLES:		
	\$2,500	Per Occurrence, All other Perils, Building & Contents and Extensions of Coverage.
	5 %	Total Insured Values per building, including vehicle values, for “Named Storm” at each affected location throughout Florida subject to a minimum of \$10,000 per occurrence, per Named Insured.
	Per Attached Schedule	Inland Marine

Special Property Coverages		
Coverage	Deductibles	Limit
Earth Movement	\$2,500	Included
Flood	\$2,500 *	Included
Boiler & Machinery	\$2,500	Included
TRIA		Included

*Except for Zones A & V see page 8 (Terms and Conditions) excess of NFIP, whether purchased or not

TOTAL PROPERTY PREMIUM

\$20,494

Extensions of Coverage

If marked with an "X" we will cover the following EXTENSIONS OF COVERAGE under this Agreement, These limits of liability do not increase any other applicable limit of liability.

(X)	Code	Extension of Coverage	Limit of Liability
X	A	Accounts Receivable	\$500,000 in any one occurrence
X	B	Animals	\$1,000 any one Animal \$5,000 Annual Aggregate in any one agreement period
X	C	Buildings Under Construction	As declared on Property Schedule, except new buildings being erected at sites other than a covered location which is limited to \$250,000 estimated final contract value any one construction project.
X	D	Debris Removal Expense	\$250,000 per insured or 25% of loss, whichever is greater
X	E	Demolition Cost, Operation of Building Laws and Increased Cost of Construction	\$500,000 in any one occurrence
X	F	Duty to Defend	\$100,000 any one occurrence
X	G	Errors and Omissions	\$250,000 in any one occurrence
X	H	Expediting Expenses	\$250,000 in any one occurrence
X	I	Fire Department Charges	\$50,000 in any one occurrence
X	J	Fungus Cleanup Expense	\$50,000 in the annual aggregate in any one occurrence
X	K	Lawns, Plants, Trees and Shrubs	\$50,000 in any one occurrence
X	L	Leasehold Interest	Included
X	M	Air Conditioning Systems	Included
X	N	New locations of current Insureds	\$1,000,000 in any one occurrence for up to 90 days, except 60 days for Dade, Broward, Palm Beach from the date such new location(s) is first purchased, rented or occupied whichever is earlier. Monroe County on prior submit basis only
X	O	Personal property of Employees	\$500,000 in any one occurrence
X	P	Pollution Cleanup Expense	\$50,000 in any one occurrence
X	Q	Professional Fees	\$50,000 in any one occurrence
X	R	Recertification of Equipment	Included
X	S	Service Interruption Coverage	\$500,000 in any one occurrence
X	T	Transit	\$1,000,000 in any one occurrence
X	U	Vehicles as Scheduled Property	Included
X	V	Preservation of Property	\$250,000 in any one occurrence
X	W	Property at Miscellaneous Unnamed Locations	\$250,000 in any one occurrence
X	X	Piers, docs and wharves as Scheduled Property	Included on a prior submit basis only

X	Y	Glass and Sanitary Fittings Extension	\$25,000 any one occurrence
X	Z	Ingress / Egress	45 Consecutive Days
X	AA	Lock and Key Replacement	\$2,500 any one occurrence
X	BB	Awnings, Gutters and Downspouts	Included
X	CC	Civil or Military Authority	45 Consecutive days and one mile

CRIME COVERAGE

<u>Description</u>	<u>Limit</u>	<u>Deductible</u>
Forgery and Alteration	Not Included	Not Included
Theft, Disappearance or Destruction	Not Included	Not Included
Computer Fraud including Funds Transfer Fraud	Not Included	Not Included
Employee Dishonesty, including faithful performance, per loss	Not Included	Not Included

Deadly Weapon Protection Coverage

Coverage	Limit	Deductible
Third Party Liability	\$1,000,000	\$0
Property Damage	\$1,000,000	\$0
Crisis Management Services	\$250,000	\$0

AUTOMOBILE COVERAGE

Coverages	Covered Autos	Limit	Premium
Covered Autos Liability	8,9	\$1,000,000	Included
Personal Injury Protection	N/A		Not Included
Auto Medical Payments	N/A		Not Included
Uninsured Motorists including Underinsured Motorists	N/A		Not Included
Physical Damage Comprehensive Coverage	N/A	Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Applicable Deductible (See Attached Schedule) For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire or Lightning. See item Four for Hired or Borrowed Autos.	Not Included
Physical Damage Specified Causes of Loss Coverage	N/A	Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Applicable Deductible (See Attached Schedule) For Each Covered Auto For Loss Caused By Mischief Or Vandalism See item Four for Hired or Borrowed Autos.	Not Included
Physical Damage Collision Coverage	N/A	Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Applicable Deductible (See Attached Schedule) For Each Covered Auto See item Four for Hired or Borrowed Autos.	Not Included
Physical Damage Towing And Labor	N/A	\$0 For Each Disablement Of A Private Passenger Auto	Not Included

GENERAL LIABILITY COVERAGE (Occurrence Basis)

Bodily Injury and Property Damage Limit	\$1,000,000
Personal Injury and Advertising Injury	Included
Products & Completed Operations Aggregate Limit	Included
Employee Benefits Liability Limit, per person	\$1,000,000
Herbicide & Pesticide Aggregate Limit	\$1,000,000
Medical Payments Limit	\$5,000
Fire Damage Limit	Included
No fault Sewer Backup Limit	\$25,000/\$250,000
General Liability Deductible	\$0

PUBLIC OFFICIALS AND EMPLOYMENT PRACTICES LIABILITY (Claims Made)

Public Officials and Employment Practices Liability Limit	Per Claim	\$1,000,000
	Aggregate	\$2,000,000
Public Officials and Employment Practices Liability Deductible		\$0

Supplemental Payments: Pre-termination \$2,500 per employee - \$5,000 annual aggregate.
Non-Monetary \$100,000 aggregate.

Cyber Liability sublimit included under POL/EPLI

Media Content Services Liability
Network Security Liability
Privacy Liability
First Party Extortion Threat
First Party Crisis Management
First Party Business Interruption
Limit: \$100,000 each claim/annual aggregate



PREMIUM SUMMARY

**Somerset Community Development District
c/o Rizzetta & Company
3434 Colwell Ave, Suite 200
Tampa, FL 33614**

Term: October 1, 2023 to October 1, 2024

Quote Number: 100123653

PREMIUM BREAKDOWN

Property (Including Scheduled Inland Marine)	\$20,494
Crime	Not Included
Automobile Liability	Not Included
Hired Non-Owned Auto	Included
Auto Physical Damage	Not Included
General Liability	\$4,086
Public Officials and Employment Practices Liability	\$3,458
Deadly Weapon Protection Coverage	Included
TOTAL PREMIUM DUE	\$28,038

IMPORTANT NOTE

Defense Cost - Outside of Limit, Does Not Erode the Limit for General Liability, Public Officials Liability, and Employment related Practices Liability.

Deductible does not apply to defense cost. Self-Insured Retention does apply to defense cost.

Additional Notes:

(None)



PARTICIPATION AGREEMENT
Application for Membership in the Florida Insurance Alliance

The undersigned local governmental entity, certifying itself to be a public agency of the State of Florida as defined in Section 163.01, Florida Statutes, hereby formally makes application with the Florida Insurance Alliance ("FIA") for continuing liability and/or casualty coverage through membership in FIA, to become effective 12:01 a.m., 10/01/2023, and if accepted by the FIA's duly authorized representative, does hereby agree as follows:

- (a) That, by this reference, the terms and provisions of the Interlocal Agreement creating the Florida Insurance Alliance are hereby adopted, approved and ratified by the undersigned local governmental entity. The undersigned local governmental entity certifies that it has received a copy of the aforementioned Interlocal Agreement and further agrees to be bound by the provisions and obligations of the Interlocal Agreement as provided therein;
- (b) To pay all premiums on or before the date the same shall become due and, in the event Applicant fails to do so, to pay any reasonable late penalties and charges arising therefrom, and all costs of collection thereof, including reasonable attorneys' fees;
- (c) To abide by the rules and regulations adopted by the Board of Directors;
- (d) That should either the Applicant or the Fund desire to cancel coverage; it will give not less than thirty (30) days prior written notice of cancellation;
- (e) That all information contained in the underwriting application provided to FIA as a condition precedent to participation in FIA is true, correct and accurate in all respects.

Somerset Community Development District

(Name of Local Governmental Entity)
By: _____
Signature

ROBERT STEPHANSON

Print Name

Witness By: _____
Signature

Claire D. Wright

Print Name

IS HEREBY APPROVED FOR MEMBERSHIP IN THIS FUND, AND COVERAGE IS EFFECTIVE October 1, 2023

By: _____
Administrator



PROPERTY VALUATION AUTHORIZATION

Somerset Community Development District
c/o Rizzetta & Company
3434 Colwell Ave, Suite 200
Tampa, FL 33614

QUOTATIONS TERMS & CONDITIONS

- 1. Please review the quote carefully for coverage terms, conditions, and limits.
2. The coverage is subject to 25% minimum earned premium as of the first day of the "Coverage Period".
3. Total premium is late if not paid in full within 30 days of inception, unless otherwise stated.
4. Property designated as being within Flood Zone A or V (and any prefixes or suffixes thereof) by the Federal Emergency Management Agency (FEMA), or within a 100 Year Flood Plain as designated by the United States Army Corps of Engineers, will have a Special Flood Deductible equal to all flood insurance available for such property under the National Flood Insurance Program, whether purchased or not or 5% of the Total Insured Value at each affected location whichever the greater.
5. The Florida Insurance Alliance is a shared limit. The limits purchased are a per occurrence limit and in the event an occurrence exhaust the limit purchased by the Alliance on behalf of the members, payment to you for a covered loss will be reduced pro-rata based on the amounts of covered loss by all members affected by the occurrence. Property designated as being within.
6. Coverage is not bound until confirmation is received from a representative of Egis Insurance & Risk Advisors.

I give my authorization to bind coverage for property through the Florida Insurance Alliance as per limits and terms listed below.

- Building and Content TIV \$528,000 As per schedule attached
Inland Marine \$1,064,592 As per schedule attached
Auto Physical Damage Not Included

Signature: [Handwritten Signature] Date: 9/21/23

Name: ROBERT STEINHAMMER

Title: CDD - CHAIRPERSON



Somerset Community Development District

Policy No.: 100123653
 Agent: Egis Insurance Advisors LLC (Boca Raton, FL)

Unit #	Description Address		Year Built Const Type	Eff. Date	Building Value		Total Insured Value
				Term Date	Contents Value		
	Roof Shape	Roof Pitch		Roof Covering	Covering Replaced	Roof Yr Blt	
1	Irrigation Equipment incl. Waterpumps & Controllers		2005	10/01/2023	\$172,000		\$172,000
	County Rd 30A & County Rd 395 Alys Beach FL 32461		Pump / lift station	10/01/2024			
2	East Well		2008	10/01/2023	\$35,000		\$35,000
	County Rd 30A & County Rd 395 Alys Beach FL 32461		Pump / lift station	10/01/2024			
3	Caliza Well		2023	10/01/2023	\$35,000		\$35,000
	County Rd 30A & County Rd 395 Alys Beach FL 32461		Pump / lift station	10/01/2024			
4	McGee Well		2008	10/01/2023	\$35,000		\$35,000
	County Rd 30A & County Rd 395 Alys Beach FL 32461		Pump / lift station	10/01/2024			
6	Irrigation Pump Station & Filtration System (Hoover)		2019	10/01/2023	\$227,000		\$227,000
	Lake Marilyn Alys Beach FL 32461		Pump / lift station	10/01/2024			
7	Water Filtration System for the Well		2023	10/01/2023	\$24,000		\$24,000
	County Rd 30A & County Rd 395 Alys Beach FL 32461		Pump / lift station	10/01/2024			
Total:			Building Value	Contents Value	Insured Value		
			\$528,000	\$0	\$528,000		

Sign:

Print Name: ROBERT STEPHANSON

Date: 9/21/23



**FLORIDA
INSURANCE
ALLIANCE**

Schedule Items Effective As of: 10/01/2023

Inland Marine Schedule

Somerset Community Development District

Policy No.: 100123653
Agent: Egis Insurance Advisors LLC (Boca Raton, FL)

Item #	Department Description	Serial Number	Classification Code	Eff. Date		Value	Deductible
				Term	Date		
1	8 Pedestrian Traffic Signals (\$7,900 each)		Other inland marine	10/01/2023		\$63,200	
				10/01/2024			
2	T3 Style Street Lights (34 @ \$7,883)		Other inland marine	10/01/2023		\$268,022	
				10/01/2024			
3	T4 Style Street Lights (110 @ \$6,667)		Other inland marine	10/01/2023		\$733,370	
				10/01/2024			
Total						\$1,064,592	

Sign:

Print Name:

ROZAN STEVHANN

Date:

9/21/23

Tab 8

Proposal #: 23-116REV
Amount: \$ 920.00

WORK AUTHORIZATION #10 FOR MAINTENANCE SERVICES

This Work Authorization (the “Work Authorization”), dated August 22, 2023, authorizes certain work in accordance with that certain *AGREEMENT BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT AND MCHENRY ELECTRIC, INC., FOR GENERAL MAINTENANCE SERVICES* (the “Agreement”), dated April 6, 2022, by and between:

SOMERSET COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, *Florida Statutes*, being situated in Walton County, Florida, and whose mailing address is 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614 (the “District”); and

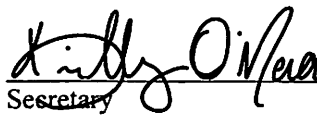
MCHENRY ELECTRIC, INC., a Florida for profit corporation, with a mailing address of 50 Hatchew Road, Miramar Beach, Florida 32550 (hereinafter “Contractor”, together with District the “Parties”).

Section 1. Scope of Services. Contractor shall provide repair and maintenance services, as set forth in the attached **Exhibit A**, which is incorporated herein by reference, all in accordance with the terms of the Agreement (collectively, the “Services”).

Section 2. Compensation and Term. It is understood and agreed that the payment of compensation for the Services under this Work Authorization shall be in the amount and for the term set forth in the attached **Exhibit A**, and in the manner set forth in the Agreement.

Section 3. Acceptance. Acceptance of this Work Authorization will authorize the Contractor to complete the Services as outlined above and is indicated by the signature of the authorized representative of the District and the Contractor in the spaces provided below. Contractor shall commence the aforesaid Services as provided herein and shall perform the same in accordance with the terms and conditions of the Agreement, which, except to the extent expressly altered or changed in this Work Authorization, remain in full force and effect.


IN WITNESS WHEREOF, the Parties hereto have caused this Work Authorization to be executed the day and year first above written.


Secretary

SOMERSET COMMUNITY DEVELOPMENT DISTRICT


Robert Stenhammer (Aug 23, 2023 07:55 CDT)

By: Robert Stenhammer
Its: Chairman


Niki Carr (Aug 23, 2023 07:06 CDT)
Witness

MCHENRY ELECTRIC, INC.


Michael Gailey (Aug 23, 2023 07:42 CDT)

By: Michael Gailey
Its: Project Manager

Exhibit A: Proposal/Scope of Services

Proposal

No. 23-116REV

McHENRY ELECTRIC, INC.
"Proudly Serving The Emerald Coast Since 1984"
50 Hatchew Road
MIRAMAR BEACH, FL 32550
(850) 837-9003 / 837-5443 Fax
ER 0009321

PROPOSAL SUBMITTED TO Alys Beach Town Operations, Inc.		PHONE 850-213-5600	DATE August 22, 2023
STREET 9581 County Highway 30-A East		JOB NAME Streetlight	
CITY, STATE and ZIP CODE Alys Beach, FL 32461		JOB LOCATION S. end Arboleda Park	
ARCHITECT N/A	DATE OF PLANS N/A	Alys Beach, FL 32461	

We propose hereby to furnish material and labor - complete in accordance with specifications below, for the sum of:

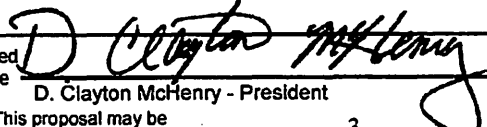
Nine hundred twenty dollars and 00/100 ----- dollars (\$ 920.00)

Payments to be made as follows:

Net 10 days. A finance charge of 1.5% per month (18% per annum) will be charged on all unpaid balances.

100% due upon completion.

All work to be completed in a workmanlike manner according to standard practices. Any alterations or deviations from specifications below involving extra costs will be executed upon written or oral orders and will become an extra charge over the above estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized Signature 
D. Clayton McHenry - President
 Note: This proposal may be withdrawn by us if not accepted within 3 days.

We hereby submit specifications and estimates for Furnish and install (1) T-4 pole.

Includes the following:

A) Install (1) owner furnished T-4 pole.

B) Install (1) owner furnished street light fixture and bulb.

C) Furnish and install electrical wiring for pole.

D) Furnish and install (1) ground sleeve and gravel.

Does not include any warranty, liability, responsibility for any existing electrical wiring, fixtures, Decora, LED lamps, lamps, plug strips, exterior light package, emergency lights, lightning protection, landscape lights, receptacles, sod, streetlight, pole, plants, painting, or patching. All to be supplied by others.

Acceptance of proposal- The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorize to do the work as specified. Payment will be made as outlined above.
Note: The above price is based on current material prices. IF any material price increases over 5% the above price will have to be adjusted. The above price is only valid for 3 days from the date above. If the job is not completed within 3 days, it might be necessary to adjust the contract price. Prevailing party is due any legal fees arising from this contract. We reserve the right to cease work due to nonpayment of invoices.

Signature- _____
Date of Acceptance- _____

Proposal #: Invoice#25349
Amount: \$ 2,390.00

WORK AUTHORIZATION #11 FOR MAINTENANCE SERVICES

This Work Authorization (the “Work Authorization”), dated September 14, 2023, authorizes certain work in accordance with that certain *AGREEMENT BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT AND MCHENRY ELECTRIC, INC., FOR GENERAL MAINTENANCE SERVICES* (the “Agreement”), dated April 6, 2022, by and between:

SOMERSET COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, *Florida Statutes*, being situated in Walton County, Florida, and whose mailing address is 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614 (the “District”); and

MCHENRY ELECTRIC, INC., a Florida for profit corporation, with a mailing address of 50 Hatchew Road, Miramar Beach, Florida 32550 (hereinafter “Contractor”, together with District the “Parties”).

Section 1. Scope of Services. Contractor shall provide repair and maintenance services, as set forth in the attached **Exhibit A**, which is incorporated herein by reference, all in accordance with the terms of the Agreement (collectively, the “Services”).

Section 2. Compensation and Term. It is understood and agreed that the payment of compensation for the Services under this Work Authorization shall be in the amount and for the term set forth in the attached **Exhibit A**, and in the manner set forth in the Agreement.

Section 3. Acceptance. Acceptance of this Work Authorization will authorize the Contractor to complete the Services as outlined above and is indicated by the signature of the authorized representative of the District and the Contractor in the spaces provided below. Contractor shall commence the aforesaid Services as provided herein and shall perform the same in accordance with the terms and conditions of the Agreement, which, except to the extent expressly altered or changed in this Work Authorization, remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Work Authorization to be executed the day and year first above written.


Assistant Secretary

SOMERSET COMMUNITY DEVELOPMENT DISTRICT


Robert Stenhammer - Sep 14, 2023 14:47 CDT

By: Robert Stenhammer
Its: Chairperson

MCHENRY ELECTRIC, INC.


Michael Gailey - Sep 14, 2023 14:51 CDT

By: Michael Gailey
Its: Project Manager



Nikki Carr - Sep 14, 2023 14:47 CDT
Witness

Exhibit A: Proposal/Scope of Services

McHenry Electric, Inc.

50 Hatchew Road
Miramar Beach, FL 32550 US
(850) 837-9003
customerservice@mchenryelectric.com
mchenryelectric.com



INVOICE

BILL TO Somerset Community Development District
Alys Beach Town Operations
9501 County Highway 30A East
Building A
Alys Beach, FL 32401

INVOICE 25349
DATE 09/07/2023
TERMS Net 10
DUE DATE 09/17/2023

P.O. NUMBER
SW Buttery / WO #140671

DESCRIPTION	QTY	RATE	AMOUNT
A) Troubleshoot and traced power to palm tree lights.			
B) Replaced and repaired (1) j-box to XX-14.			
C) Replaced and repaired (1) j-box to PP-12.			
D) Capped off circuit going to Charles street.			
WO #140671			
Circuit Tracer usage (Outside)	1	80.00	80.00
Total Labor and Material	1	2,310.00	2,310.00

ACH payment is accepted for no additional fee. Credit card payment is an option for an additional 3.5% processing fee. Please email or call our office if you would like to pay with a credit card and we can get that option enabled for your invoice. Net 10 Days. A finance charge of 1.5% per month (18% per annum) will be charged on unpaid balances.

BALANCE DUE **\$2,390.00**

Thank you for your business!



Town Operations

DATE: 8-22-23
NAME: Somerset CDD
LOCATION: Nonesuch Way in front of Arboleda Park
PROJECT: T4 Streetlight pole
ESTIMATED START DATE:
ESTIMATED COMPLETION DATE:

DESCRIPTION:
Replace T4 Streetlight pole

MATERIALS:	
T4 Streetlight pole	2513.52
LABOR:	
SUBTOTAL:	2513.52
TAX:	
TOTAL:	2513.52

NAME: Robert Stenhammer	DATE: Aug 24, 2023
SIGNATURE: <u>Robert Stenhammer</u> <small>Robert Stenhammer (Aug 24, 2023 09:31 CDT)</small>	
ABM NAME: Doug Lang	DATE: 7-14-23
ABM SIGNATURE: <u>Douglas Lang</u> <small>Douglas Lang (Aug 24, 2023 09:31 CDT)</small>	

Proposal #: 23-107
Amount: \$ 8,433.00

WORK AUTHORIZATION FOR MAINTENANCE SERVICES

This Work Authorization (the “Work Authorization”), dated October 5, 2023, authorizes certain work in accordance with that certain *AGREEMENT BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT AND MCHENRY ELECTRIC, INC., FOR GENERAL MAINTENANCE SERVICES* (the “Agreement”), dated April 6, 2022, by and between:

SOMERSET COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, *Florida Statutes*, being situated in Walton County, Florida, and whose mailing address is 3434 Colwell Avenue, Suite 200, Tampa, Florida 33614 (the “District”); and

MCHENRY ELECTRIC, INC., a Florida for profit corporation, with a mailing address of 50 Hatchew Road, Miramar Beach, Florida 32550 (hereinafter “Contractor”, together with District the “Parties”).

Section 1. Scope of Services. Contractor shall provide repair and maintenance services, as set forth in the attached **Exhibit A**, which is incorporated herein by reference, all in accordance with the terms of the Agreement (collectively, the “Services”).

Section 2. Compensation and Term. It is understood and agreed that the payment of compensation for the Services under this Work Authorization shall be in the amount and for the term set forth in the attached **Exhibit A**, and in the manner set forth in the Agreement.

Section 3. Acceptance. Acceptance of this Work Authorization will authorize the Contractor to complete the Services as outlined above and is indicated by the signature of the authorized representative of the District and the Contractor in the spaces provided below. Contractor shall commence the aforesaid Services as provided herein and shall perform the same in accordance with the terms and conditions of the Agreement, which, except to the extent expressly altered or changed in this Work Authorization, remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have caused this Work Authorization to be executed the day and year first above written.


Secretary

SOMERSET COMMUNITY DEVELOPMENT DISTRICT


Robert Stenhammer (Oct 5, 2023 16:56:57)

By: Robert Stenhammer
Its: CDD Chairperson

Niki Carr
Niki Carr (Oct 5, 2023 16:00:07)
Witness

MCHENRY ELECTRIC, INC.


Michael Gailey (Oct 3, 2023 07:50:03)

By: Michael Gailey
Its: Project Manager

Exhibit A: Proposal/Scope of Services

Proposal

No. 23-107

McHENRY ELECTRIC, INC.
"Proudly Serving The Emerald Coast Since 1984"
50 Hatchew Road
MIRAMAR BEACH, FL 32550
(850) 837-9003 / 837-5443 Fax
ER 0009321

PROPOSAL SUBMITTED TO Somerset Community Development District c/o Rizzetta & Company		PHONE 850-334-9055	DATE August 7, 2023
STREET 3434 Colwell Ave, Suite 200		JOB NAME T-3 streetlight	
CITY, STATE and ZIP CODE Tampa, FL 33614		JOB LOCATION South Central Park	
ARCHITECT N/A	DATE OF PLANS N/A	Alys Beach, FL 32461	

We propose hereby to furnish material and labor - complete in accordance with specifications below, for the sum of:

Eight thousand four hundred thirty three dollars and 00/100 ----- dollars \$ 8,433.00

Payments to be made as follows:

Net 10 days. A finance charge of 1.5% per month (18% per annum) will be charged on all unpaid balances.

100% due upon completion.

All work to be completed in a workmanlike manner according to standard practices. Any alterations or deviations from specifications below involving extra costs will be executed upon written or oral orders and will become an extra charge over the above estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized
Signature


D. Clayton McHenry - President

Note: This proposal may be withdrawn by us if not accepted within 3 days.

We hereby submit specifications and estimates for Furnish and install (1) T-3 streetlight.

Includes the following:

A) Remove (1) defective T-3 pole and light.

B) Furnish and install (1) T-3 pole and light.

C) Furnish and install (1) LED bulb.

D) Furnish and install (1) ground sleeve and gravel.

E) Removal of concrete base (Pat Shea).

Does not include any warranty, liability, responsibility for any existing electrical wiring, fixtures, dimmers, Decora devices, LED lamps, T-3 pole, T-3 fixture, lamps, plug strips, exterior light package, emergency lights, lightning protection, landscape lights, switches, receptacles, sod, plants, painting, patching. All to be supplied by others.

Acceptance of proposal- The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.
Note: The above price is based on current material prices. IF any material price increases over 5% the above price will have to be adjusted. The above price is only valid for 3 days from the date above. If the job is not completed within 3 days, it might be necessary to adjust the contract price. Prevailing party is due any legal fees arising from this contract. We reserve the right to cease work due to nonpayment of invoices.

Signature- _____
Date of Acceptance- _____

Tab 9

**ADDENDUM TO PROPOSAL BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT
 (“DISTRICT”) AND AQUA PRO WATER SYSTEMS (“CONTRACTOR”)
 FOR WATER TREATMENT SYSTEM REPLACEMENT
 (CALIZA WELL)**

District:	Somerset Community Development District	Contractor:	Jottis, LLC d/b/a Aqua Pro Water Systems
Mailing Address:	3434 Colwell Avenue, Suite 200 Tampa, Florida 33614	Mailing Address:	1314 Thomas Drive Panama City, Florida 32408
Phone:	(850) 344-9055	Phone:	(850) 295-8088

The following provisions govern the proposal, dated June 15, 2023, submitted by the Contractor, and attached hereto as **Exhibit A** (hereinafter referred to as the “Proposal,” and as modified by this Addendum, the “Agreement”) for the following water treatment system replacement services (Caliza Well):

1. The Agreement shall be deemed effective as of the date of the full execution of the Agreement and this Addendum.
2. District agrees to compensate Contractor for the services identified in the Proposal at an amount of **Twenty-Two Thousand One Hundred Fifty Dollars (\$22,150.00)**, due upon completion of the services identified in Exhibit A.
3. Contractor shall use reasonable care in performing the services and shall be responsible for any harm of any kind to persons or property resulting from Contractor’s actions or inactions. Contractor shall defend, indemnify and hold harmless the District, and the District’s officers, staff, representatives, and agents, from any and all liabilities, damages, claims, losses, costs, or harm of any kind, including, but not limited to, reasonable attorney’s fees, to the extent caused by any acts or omissions of the indemnifying party and persons employed or utilized by the indemnifying party in the performance of the Agreement. The obligations under this paragraph shall be limited to no more than \$1,000,000.00, which amount Contractor agrees bears a reasonable commercial relationship to this Agreement. Nothing in this Section is intended to waive or alter any other remedies that the District may have as against the Contractor.
4. The Contractor or any subcontractor performing the work described in this Agreement shall maintain throughout the term of this Agreement the following insurance:
 - a. Workers’ Compensation Insurance in accordance with the laws of the State of Florida.
 - b. Commercial General Liability Insurance covering the Contractor’s legal liability for bodily injuries, with limits of not less than \$1,000,000 combined single limit bodily injury and property damage liability, including Independent Contractors Coverage for bodily injury and property damage in connection with subcontractors’ operation.
 - c. Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by the Contractor of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.

The District, its staff, consultants, agents and supervisors shall be named as additional insureds and certificate holders. The Contractor shall furnish the District with the Certificate of Insurance evidencing compliance with this requirement. No certificate shall be acceptable to the District unless it provides that any change or termination within the policy periods of the insurance coverage, as certified, shall not be effective within thirty (30) days of prior written notice to the District. Insurance coverage shall be from a reputable insurance carrier, licensed to conduct business in the State of Florida.

If the Contractor fails to have secured and maintained the required insurance, the District has the right (without any obligation to do so, however), to secure such required insurance in which event, the Contractor shall pay the cost for that required insurance and shall furnish, upon demand, all information that may be required in connection with the District’s obtaining the required insurance.

5. In addition to all manufacturer warranties for materials purchased for purposes of this Agreement, the Contractor agrees all materials furnished under this Agreement shall be new, and that all services and materials shall be of good quality, free from faults and defects, and will conform to the standards and practices for projects of similar design and complexity in an expeditious and economical manner consistent with the best interest of the District. If prior to final acceptance of the work, any of the materials or work are found to be defective, deficient or not in accordance with the Agreement, Contractor shall correct, remove and replace it promptly after receipt of a written notice from the District and correct and pay for any other damage resulting therefrom to District property or the property of landowner's within the District.
6. Contractor further agrees that nothing in the Agreement between the parties shall constitute or be construed as a waiver of the District's limitations on liability contained in Section 768.28, *Florida Statutes*, or other statute.
7. The Agreement may be terminated immediately by the District for cause, or for any or no reason upon 30 days written notice by either party. Contractor shall not be entitled to lost profits or any other damages of any kind resulting from any such termination by the District, provided however that Contractor shall be entitled to payment for any work provided through the effective date of termination, subject to any offsets.
8. Contractor understands and agrees that all documents of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, *Florida Statutes*. Contractor acknowledges that the designated public records custodian for the District is **Kim O'Meara** ("Public Records Custodian"). Among other requirements and to the extent applicable by law, the Contractor shall 1) keep and maintain public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, *Florida Statutes*; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if the Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by the Contractor, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, *FLORIDA STATUTES*, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (850) 334-9055, KOMEARA@RIZZETTA.COM, AND 3434 COLWELL AVENUE, SUITE 200, TAMPA, FLORIDA 33614.

9. The Contractor shall comply with and perform all applicable provisions of Section 448.095, *Florida Statutes*. Accordingly, to the extent required by Florida Statute, Contractor shall register with and use the United States Department of Homeland Security's E-Verify system to verify the work authorization status of all newly hired employees. The District may terminate this Agreement immediately for cause if there is a good faith belief that the Contractor has knowingly violated Section 448.09(1), *Florida Statutes*. By entering into this Agreement, the Contractor represents that no public employer has terminated a contract with the Contractor under Section 448.095(2)(c), *Florida Statutes*, within the year immediately preceding the date of this Agreement.
10. The Contractor agrees to comply with Section 20.055(5), *Florida Statutes*, to cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to such section and to incorporate in all subcontracts the obligation to comply with Section 20.055(5), *Florida Statutes*.

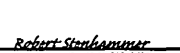
11. Contractor certifies it: (i) is not in violation of Section 287.135, Florida Statutes; (ii) is not on the Scrutinized Companies with Activities in Sudan List; (iii) is not on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; (iv) does not have business operations in Cuba or Syria; (v) is not on the Scrutinized Companies that Boycott Israel List; and (vi) is not participating in a boycott of Israel. If the Contractor is found to have submitted a false statement with regards to the prior sentence, has been placed on the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or the Scrutinized Companies that Boycott Israel List, has engaged in business operations in Cuba or Syria, and/or has engaged in a boycott of Israel, the District may immediately terminate the Contract.
12. To the extent any of the provisions of this Addendum are in conflict with the provisions of the Agreement, this Addendum controls.

**JOTTIS, LLC D/B/A
AQUA PRO WATER SYSTEMS**


Bragg Jones (Oct 1, 2023 09:01 CDT)

By: Bragg Jones
Its: Owner
Date: Oct 1, 2023

**SOMERSET COMMUNITY
DEVELOPMENT DISTRICT**


Robert Stenhammer (Oct 1, 2023 14:27 CDT)

By: Robert Stenhammer
Its: CDD Chairperson
Date: Sep 28, 2023

EXHIBIT A



SALES AGREEMENT

PO Number: _____

Invoice Number: _____

Name: Alys Beach Development
(First) (Initial) (Last)

Address 1: 9581 East County Highway 30A

Address 2: _____

City: Alys Beach State: FL Zip: 32461

Doug/Mike Phone: 850-460-5381 850-714-2995
Person To Contact

Email: mspann@alysbeach.com dlang@alysbeach.com

Payment Method: Finance Cash Check

ACH (Attach Form) CC

Water Source: WELL CITY _____

Water Stats: Hardness 3 Iron 0.8 T.D.S. _____

Chlorine 0 Sulfur 1.5 PH 5 Tannins 0

Rental Sale Residential Commercial

Special Instructions	
Installation Date: _____	AM PM
Alys Beach Installation	
Caliza Well	
- 2 Men, 1 Day Installation	
- Systems are Checked and Salt is Delivered Weekly	
*When we collected our Water Sample, the Iron readings were 0.8. Any Iron Level above 0.5 will stain. Iron levels will fluctuate regularly so the readings can go up and down anytime.	
Salt Delivery Route? <input checked="" type="checkbox"/>	★ Initial

EQUIPMENT PURCHASE			
QTY	SERIAL #	DESCRIPTION	PRICE
1		CP213 90gpm	
1		Water Meter Reporter	
1		Installation of New Equipment	
1		First Full Tanks of Salt	
PLATINUM PRICING FEE <input type="checkbox"/> \$250		INITIAL _____	
INSTALLATION CHARGE			
ADDITIONAL TRENCHING IS \$5 PER FOOT		INITIAL _____	
SALES TAX			
*DEPOSIT		INITIAL _____	
BALANCE DUE			\$22,150 .00

All Deposits are Non-Refundable

VISA / MC _____ Exp _____ CVV _____

Name on Card _____ Zip Code _____

NOTICE any payments made with American Express or Discover will have an automatic 3% processing fee added on to any and all invoices.

Lead Source: Referral Referred By: Mark Hicks Mailout Search Engine

Dealer Website Kinetic Website Event Event Type: _____

Builder Builder Name: _____ Other: _____

Purchase Type: New Customer Existing Customer Add or Replace Existing Kinetic Replace Competitor _____

Warranty information on back.

YOU, THE BUYER, AGREE TO PAY A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL RATE) ON ANY BALANCE THAT IS NOT PAID BY THE INSTALLATION DATE LISTED ON THE INVOICE ABOVE. In the event that either party brings an action at law or any other proceeding against the other party to ensure any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in any such action or proceeding shall be paid all cost, and reasonable attorney's fees by the other party in such amounts as shall be set by the court, at trial and on appeal.

ALL PLUMBING LEAKS ARE COVERED FOR 90 DAYS.

THIS TRANSACTION MAY BE CANCELLED AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DAY OF THIS TRANSACTION.

I AGREE TO THE TERMS AND INVOICE ABOVE.

X _____ Date _____
Customer Signature

X Bjorne Date 6/15/2023
Salesperson

**ADDENDUM TO PROPOSAL BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT
 (“DISTRICT”) AND AQUA PRO WATER SYSTEMS (“CONTRACTOR”)
 FOR WATER TREATMENT SYSTEM REPLACEMENT
 (McGEE WELL)**

District:	Somerset Community Development District	Contractor:	Jottis, LLC d/b/a Aqua Pro Water Systems
Mailing Address:	3434 Colwell Avenue, Suite 200 Tampa, Florida 33614	Mailing Address:	1314 Thomas Drive Panama City, Florida 32408
Phone:	(850) 344-9055	Phone:	(850) 295-8088

The following provisions govern the proposal, dated June 12, 2023, submitted by the Contractor, and attached hereto as **Exhibit A** (hereinafter referred to as the “Proposal,” and as modified by this Addendum, the “Agreement”) for the following water treatment system replacement services (McGee Well):

1. The Agreement shall be deemed effective as of the date of the full execution of the Agreement and this Addendum.
2. District agrees to compensate Contractor for the services identified in the Proposal at an amount of **Twenty-Four Thousand Three Hundred Dollars (\$24,350.00)**, due upon completion of the services identified in Exhibit A.
3. Contractor shall use reasonable care in performing the services and shall be responsible for any harm of any kind to persons or property resulting from Contractor’s actions or inactions. Contractor shall defend, indemnify and hold harmless the District, and the District’s officers, staff, representatives, and agents, from any and all liabilities, damages, claims, losses, costs, or harm of any kind, including, but not limited to, reasonable attorney’s fees, to the extent caused by any acts or omissions of the indemnifying party and persons employed or utilized by the indemnifying party in the performance of the Agreement. The obligations under this paragraph shall be limited to no more than \$1,000,000.00, which amount Contractor agrees bears a reasonable commercial relationship to this Agreement. Nothing in this Section is intended to waive or alter any other remedies that the District may have as against the Contractor.
4. The Contractor or any subcontractor performing the work described in this Agreement shall maintain throughout the term of this Agreement the following insurance:
 - a. Workers’ Compensation Insurance in accordance with the laws of the State of Florida.
 - b. Commercial General Liability Insurance covering the Contractor’s legal liability for bodily injuries, with limits of not less than \$1,000,000 combined single limit bodily injury and property damage liability, including Independent Contractors Coverage for bodily injury and property damage in connection with subcontractors’ operation.
 - c. Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by the Contractor of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.

The District, its staff, consultants, agents and supervisors shall be named as additional insureds and certificate holders. The Contractor shall furnish the District with the Certificate of Insurance evidencing compliance with this requirement. No certificate shall be acceptable to the District unless it provides that any change or termination within the policy periods of the insurance coverage, as certified, shall not be effective within thirty (30) days of prior written notice to the District. Insurance coverage shall be from a reputable insurance carrier, licensed to conduct business in the State of Florida.

If the Contractor fails to have secured and maintained the required insurance, the District has the right (without any obligation to do so, however), to secure such required insurance in which event, the Contractor shall pay the cost for that required insurance and shall furnish, upon demand, all information that may be required in connection with the District’s obtaining the required insurance.


5. In addition to all manufacturer warranties for materials purchased for purposes of this Agreement, the Contractor agrees all materials furnished under this Agreement shall be new, and that all services and materials shall be of good quality, free from faults and defects, and will conform to the standards and practices for projects of similar design and complexity in an expeditious and economical manner consistent with the best interest of the District. If prior to final acceptance of the work, any of the materials or work are found to be defective, deficient or not in accordance with the Agreement, Contractor shall correct, remove and replace it promptly after receipt of a written notice from the District and correct and pay for any other damage resulting therefrom to District property or the property of landowner's within the District.
6. Contractor further agrees that nothing in the Agreement between the parties shall constitute or be construed as a waiver of the District's limitations on liability contained in Section 768.28, *Florida Statutes*, or other statute.
7. The Agreement may be terminated immediately by the District for cause, or for any or no reason upon 30 days written notice by either party. Contractor shall not be entitled to lost profits or any other damages of any kind resulting from any such termination by the District, provided however that Contractor shall be entitled to payment for any work provided through the effective date of termination, subject to any offsets.
8. Contractor understands and agrees that all documents of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, *Florida Statutes*. Contractor acknowledges that the designated public records custodian for the District is **Kim O'Meara** ("Public Records Custodian"). Among other requirements and to the extent applicable by law, the Contractor shall 1) keep and maintain public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, *Florida Statutes*; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if the Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by the Contractor, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, *FLORIDA STATUTES*, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (850) 334-9055, KOMEARA@RIZZETTA.COM, AND 3434 COLWELL AVENUE, SUITE 200, TAMPA, FLORIDA 33614.

9. The Contractor shall comply with and perform all applicable provisions of Section 448.095, *Florida Statutes*. Accordingly, to the extent required by Florida Statute, Contractor shall register with and use the United States Department of Homeland Security's E-Verify system to verify the work authorization status of all newly hired employees. The District may terminate this Agreement immediately for cause if there is a good faith belief that the Contractor has knowingly violated Section 448.09(1), *Florida Statutes*. By entering into this Agreement, the Contractor represents that no public employer has terminated a contract with the Contractor under Section 448.095(2)(c), *Florida Statutes*, within the year immediately preceding the date of this Agreement.
10. The Contractor agrees to comply with Section 20.055(5), *Florida Statutes*, to cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to such section and to incorporate in all subcontracts the obligation to comply with Section 20.055(5), *Florida Statutes*.

11. Contractor certifies it: (i) is not in violation of Section 287.135, Florida Statutes; (ii) is not on the Scrutinized Companies with Activities in Sudan List; (iii) is not on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; (iv) does not have business operations in Cuba or Syria; (v) is not on the Scrutinized Companies that Boycott Israel List; and (vi) is not participating in a boycott of Israel. If the Contractor is found to have submitted a false statement with regards to the prior sentence, has been placed on the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or the Scrutinized Companies that Boycott Israel List, has engaged in business operations in Cuba or Syria, and/or has engaged in a boycott of Israel, the District may immediately terminate the Contract.
12. To the extent any of the provisions of this Addendum are in conflict with the provisions of the Agreement, this Addendum controls.

**JOTTIS, LLC D/B/A
AQUA PRO WATER SYSTEMS**


By: Bragg Jones
Its: Owner
Date: Oct 1, 2023

**SOMERSET COMMUNITY
DEVELOPMENT DISTRICT**

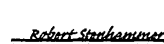

By: Robert Stenhammer
Its: CDD Chairperson
Date: Sep 28, 2023

EXHIBIT A



SALES AGREEMENT

PO Number: _____

Invoice Number: _____

Name: Somerset Community Development District
(First) (Initial) (Last)

Address 1: c/o Rizzetta & Company

Address 2: 3434 Colwell Avenue, Suite 200

City: Tampa State: FL Zip: 33614

Doug/Mike Phone: 850-460-5381 850-714-2995

Person To Contact

Email: mspann@alysbeach.com dlang@alysbeach.com

Payment Method: Finance Cash Check

ACH (Attach Form) CC

Water Source: WELL CITY _____

Water Stats: Hardness 3 Iron 0.8 T.D.S. _____

Chlorine 0 Sulfur 1.5 PH 5 Tannins 0

Rental Sale Residential Commercial

Special Instructions	
Installation Date: _____	AM PM
Alys Beach Installation	
McGee Well	
- 4 Men, 2 Day Installation	
- Systems are Checked and Salt is Delivered Weekly	
*When we collected our Water Sample, the Iron readings were 0.8. Any Iron Level above 0.5 will stain. Iron levels will fluctuate regularly so the readings can go up and down anytime.	
Salt Delivery Route? <input checked="" type="checkbox"/>	★ Initial

EQUIPMENT PURCHASE			
QTY	SERIAL #	DESCRIPTION	PRICE
1		CP213 90gpm	
1		120" x 48" x 4" Concrete Slab	\$1,600 .00
1		Water Meter Reporter	
1		Removal & Installation of New Equipment	
1		First Full Tanks of Salt	
PLATINUM PRICING FEE <input type="checkbox"/> \$250		INITIAL _____	
INSTALLATION CHARGE			
ADDITIONAL TRENCHING IS \$5 PER FOOT		INITIAL _____	
SALES TAX			
*DEPOSIT		INITIAL _____	
BALANCE DUE			\$24,350 .00

All Deposits are Non-Refundable

VISA / MC _____ Exp _____ CVV _____

Name on Card _____ Zip Code _____

NOTICE any payments made with American Express or Discover will have an automatic 3% processing fee added onto any and all invoices.

Lead Source: Referral Referred By: Mark Hicks Mailout Search Engine

Dealer Website Kinetic Website Event Event Type: _____

Builder Builder Name: _____ Other: _____

Purchase Type: New Customer Existing Customer Add or Replace Existing Kinetic Replace Competitor _____

Warranty information on back.

YOU, THE BUYER, AGREE TO PAY A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL RATE) ON ANY BALANCE THAT IS NOT PAID BY THE INSTALLATION DATE LISTED ON THE INVOICE ABOVE. In the event that either party brings an action at law or any other proceeding against the other party to ensure any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in any such action or proceeding shall be paid all cost, and reasonable attorney's fees by the other party in such amounts as shall be set by the court, at trial and on appeal.

ALL PLUMBING LEAKS ARE COVERED FOR 90 DAYS.

THIS TRANSACTION MAY BE CANCELLED AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DAY OF THIS TRANSACTION.

I AGREE TO THE TERMS AND INVOICE ABOVE.

X _____ Date _____
Customer Signature

X _____ Date 6/12/2023
Salesperson

**ADDENDUM TO PROPOSAL BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT DISTRICT
 (“DISTRICT”) AND AQUA PRO WATER SYSTEMS (“CONTRACTOR”)
 FOR WATER TREATMENT SYSTEM REPLACEMENT
 (EAST WELL)**

District:	Somerset Community Development District	Contractor:	Jottis, LLC d/b/a Aqua Pro Water Systems
Mailing Address:	3434 Colwell Avenue, Suite 200 Tampa, Florida 33614	Mailing Address:	1314 Thomas Drive Panama City, Florida 32408
Phone:	(850) 344-9055	Phone:	(850) 295-8088

The following provisions govern the proposal, dated August 30, 2023, submitted by the Contractor, and attached hereto as **Exhibit A** (hereinafter referred to as the “Proposal,” and as modified by this Addendum, the “Agreement”) for the following water treatment system replacement services (East Well):

1. The Agreement shall be deemed effective as of the date of the full execution of the Agreement and this Addendum.
2. District agrees to compensate Contractor for the services identified in the Proposal at an amount of **Twenty-Three Thousand Seven Hundred Fifty Dollars (\$23,750.00)**, due upon completion of the services identified in Exhibit A.
3. Contractor shall use reasonable care in performing the services and shall be responsible for any harm of any kind to persons or property resulting from Contractor’s actions or inactions. Contractor shall defend, indemnify and hold harmless the District, and the District’s officers, staff, representatives, and agents, from any and all liabilities, damages, claims, losses, costs, or harm of any kind, including, but not limited to, reasonable attorney’s fees, to the extent caused by any acts or omissions of the indemnifying party and persons employed or utilized by the indemnifying party in the performance of the Agreement. The obligations under this paragraph shall be limited to no more than \$1,000,000.00, which amount Contractor agrees bears a reasonable commercial relationship to this Agreement. Nothing in this Section is intended to waive or alter any other remedies that the District may have as against the Contractor.
4. The Contractor or any subcontractor performing the work described in this Agreement shall maintain throughout the term of this Agreement the following insurance:
 - a. Workers’ Compensation Insurance in accordance with the laws of the State of Florida.
 - b. Commercial General Liability Insurance covering the Contractor’s legal liability for bodily injuries, with limits of not less than \$1,000,000 combined single limit bodily injury and property damage liability, including Independent Contractors Coverage for bodily injury and property damage in connection with subcontractors’ operation.
 - c. Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by the Contractor of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.

The District, its staff, consultants, agents and supervisors shall be named as additional insureds and certificate holders. The Contractor shall furnish the District with the Certificate of Insurance evidencing compliance with this requirement. No certificate shall be acceptable to the District unless it provides that any change or termination within the policy periods of the insurance coverage, as certified, shall not be effective within thirty (30) days of prior written notice to the District. Insurance coverage shall be from a reputable insurance carrier, licensed to conduct business in the State of Florida.

If the Contractor fails to have secured and maintained the required insurance, the District has the right (without any obligation to do so, however), to secure such required insurance in which event, the Contractor shall pay the cost for that required insurance and shall furnish, upon demand, all information that may be required in connection with the District’s obtaining the required insurance.

5. In addition to all manufacturer warranties for materials purchased for purposes of this Agreement, the Contractor agrees all materials furnished under this Agreement shall be new, and that all services and materials shall be of good quality, free from faults and defects, and will conform to the standards and practices for projects of similar design and complexity in an expeditious and economical manner consistent with the best interest of the District. If prior to final acceptance of the work, any of the materials or work are found to be defective, deficient or not in accordance with the Agreement, Contractor shall correct, remove and replace it promptly after receipt of a written notice from the District and correct and pay for any other damage resulting therefrom to District property or the property of landowner's within the District.
6. Contractor further agrees that nothing in the Agreement between the parties shall constitute or be construed as a waiver of the District's limitations on liability contained in Section 768.28, *Florida Statutes*, or other statute.
7. The Agreement may be terminated immediately by the District for cause, or for any or no reason upon 30 days written notice by either party. Contractor shall not be entitled to lost profits or any other damages of any kind resulting from any such termination by the District, provided however that Contractor shall be entitled to payment for any work provided through the effective date of termination, subject to any offsets.
8. Contractor understands and agrees that all documents of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, *Florida Statutes*. Contractor acknowledges that the designated public records custodian for the District is **Kim O'Meara** ("Public Records Custodian"). Among other requirements and to the extent applicable by law, the Contractor shall 1) keep and maintain public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, *Florida Statutes*; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if the Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by the Contractor, the Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, *FLORIDA STATUTES*, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (850) 334-9055, KOMEARA@RIZZETTA.COM, AND 3434 COLWELL AVENUE, SUITE 200, TAMPA, FLORIDA 33614.

9. The Contractor shall comply with and perform all applicable provisions of Section 448.095, *Florida Statutes*. Accordingly, to the extent required by Florida Statute, Contractor shall register with and use the United States Department of Homeland Security's E-Verify system to verify the work authorization status of all newly hired employees. The District may terminate this Agreement immediately for cause if there is a good faith belief that the Contractor has knowingly violated Section 448.09(1), *Florida Statutes*. By entering into this Agreement, the Contractor represents that no public employer has terminated a contract with the Contractor under Section 448.095(2)(c), *Florida Statutes*, within the year immediately preceding the date of this Agreement.
10. The Contractor agrees to comply with Section 20.055(5), *Florida Statutes*, to cooperate with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to such section and to incorporate in all subcontracts the obligation to comply with Section 20.055(5), *Florida Statutes*.

11. Contractor certifies it: (i) is not in violation of Section 287.135, Florida Statutes; (ii) is not on the Scrutinized Companies with Activities in Sudan List; (iii) is not on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List; (iv) does not have business operations in Cuba or Syria; (v) is not on the Scrutinized Companies that Boycott Israel List; and (vi) is not participating in a boycott of Israel. If the Contractor is found to have submitted a false statement with regards to the prior sentence, has been placed on the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or the Scrutinized Companies that Boycott Israel List, has engaged in business operations in Cuba or Syria, and/or has engaged in a boycott of Israel, the District may immediately terminate the Contract.
12. To the extent any of the provisions of this Addendum are in conflict with the provisions of the Agreement, this Addendum controls.

**JOTTIS, LLC D/B/A
AQUA PRO WATER SYSTEMS**


Bragg Jones (Sep 30, 2023 16:35 CDT)

By: Bragg Jones
Its: DOO
Date: Sep 30, 2023

**SOMERSET COMMUNITY
DEVELOPMENT DISTRICT**


Robert Stenhammer

By: Robert Stenhammer
Its: CDD Chairperson
Date: Oct 2, 2023

EXHIBIT A



SALES AGREEMENT

PO Number: _____

Invoice Number: _____

Name: Alys Beach Development
(First) (Initial) (Last)

Address 1: 9581 East County Highway 30A

Address 2: _____

City: Alys Beach State: FL Zip: 32461

Doug/Mike Phone: 850-460-5381 850-714-2995

Person To Contact

Email: mspann@alysbeach.com dlang@alysbeach.com

Payment Method: Finance Cash Check

ACH (Attach Form) CC

Water Source: WELL CITY

Water Stats: Hardness _____ Iron _____ T.D.S. _____

Chlorine _____ Sulfur _____ PH _____ Tannins _____

Rental Sale Residential Commercial

Special Instructions	
Installation Date: _____	AM PM
Alys Beach Installation	
East Well	
- 2 Men, 2 Day Installation	
- Systems are Checked and Salt is Delivered Weekly	
Salt Delivery Route? <input checked="" type="checkbox"/>	★ Initial

EQUIPMENT PURCHASE			
QTY	SERIAL #	DESCRIPTION	PRICE
1		CP213 90gpm	
1		Water Meter Reporter	
1		Installation of New Equipment	
1		First Full Tanks of Salt	
1		120" x 48" x 4" Concrete Slab	\$1,600 .00
PLATINUM PRICING FEE <input type="checkbox"/> \$250		INITIAL _____	
INSTALLATION CHARGE			
ADDITIONAL TRENCHING IS \$5 PER FOOT		INITIAL _____	
SALES TAX			
*DEPOSIT		INITIAL _____	
BALANCE DUE			\$23,750 .00

All Deposits are Non-Refundable

VISA / MC _____ Exp _____ CVV _____

Name on Card _____ Zip Code _____

NOTICE any payments made with American Express or Discover will have an automatic 3% processing fee added onto any and all invoices.

Lead Source: Referral Referred By: Mark Hicks Mailout Search Engine

Dealer Website Kinetic Website Event Event Type: _____

Builder Builder Name: _____ Other: _____

Purchase Type: New Customer Existing Customer Add or Replace Existing Kinetic Replace Competitor _____

Warranty information on back.

YOU, THE BUYER, AGREE TO PAY A SERVICE CHARGE OF 1.5% PER MONTH (18% ANNUAL RATE) ON ANY BALANCE THAT IS NOT PAID BY THE INSTALLATION DATE LISTED ON THE INVOICE ABOVE. In the event that either party brings an action at law or any other proceeding against the other party to ensure any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in any such action or proceeding shall be paid all cost, and reasonable attorney's fees by the other party in such amounts as shall be set by the court, at trial and on appeal.

ALL PLUMBING LEAKS ARE COVERED FOR 90 DAYS.

THIS TRANSACTION MAY BE CANCELLED AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DAY OF THIS TRANSACTION.

I AGREE TO THE TERMS AND INVOICE ABOVE.

X Customer Signature ★ Date _____
X Salesperson 8/30/2023

Tab 10

**AGREEMENT BETWEEN THE SOMERSET COMMUNITY DEVELOPMENT
DISTRICT AND ALYS BEACH RESORTS, LLC, FOR FACILITY MAINTENANCE
AND REPAIR SERVICES**

THIS AGREEMENT is made and entered into this 1st day of October, 2021, by and between:

SOMERSET COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government located in Walton County, Florida, with a mailing address of 120 Richard Jackson Boulevard, Suite 220, Panama City Beach, Florida 32407 (the “**District**”)

ALYS BEACH RESORTS, LLC, a Florida limited liability corporation, with a mailing address of 9581 E County Hwy 30A, Bldg D, Alys Beach, Florida 32461 (“**Alys Beach**”).

RECITALS

WHEREAS, the District is a local unit of special-purpose government established, pursuant to the Uniform Community Development District Act of 1980, as codified in Chapter 190, *Florida Statutes*, by ordinance of the Board of County Commissioners in and for Walton County, Florida, for the purpose of financing, acquiring, constructing and maintaining public infrastructure improvements; and

WHEREAS, the District desires to retain an independent contractor to operate, maintain and repair certain District improvements (“**District Improvements**”) and otherwise provide the services (“**Services**”) set forth in **Exhibit A** attached hereto; and

WHEREAS, for ease of administration, potential cost savings to property owners and residents, and the benefits of full-time on-site inspection, operation and maintenance personnel, the District desires to contract with Alys Beach to manage and maintain District Improvements; and

WHEREAS, Alys Beach is a Florida limited liability company operating and maintaining various improvements and facilities in close proximity to District Improvements; and

WHEREAS, Alys Beach represents that it is qualified, through its officers, employees, contractors and affiliates, to inspect, maintain and repair District Improvements and desires to contract with the District to do so in accordance with the terms of this Agreement; and

NOW, THEREFORE, in consideration of the recitals, agreements, and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

SECTION 1. RECITALS. The recitals so stated are true and correct and by this reference are incorporated into and form a material part of this Agreement.

SECTION 2. DEFINITIONS.

- A. **“Extraordinary Event”** – The term “Extraordinary Event” refers to any non-routine, non-recurring, or unforeseen event – other than an event that will be addressed through Maintenance and Repairs – that will, or has, resulted in: (1) harm to the District’s Improvements; (2) suspension of any essential service to the District relating to the District’s Improvements; or (3) a violation of federal, state or local law, regulation or ordinance relating to the District’s Improvements.
- B. **“Inspections”** – The term “Inspections” shall refer to those services as set forth in Exhibit A.
- C. **“Maintenance and Repairs”** – The term “Maintenance and Repairs” shall refer to those services as set forth in Exhibit A.

SECTION 3. ALYS BEACH’S MAINTENANCE AND INSPECTION OBLIGATIONS.

- A. *General Duties.* Alys Beach shall be responsible for the inspection and maintenance oversight of District Improvements and the repair of certain District Improvements (as set form in Exhibit A) in an efficient, lawful and satisfactory manner as follows:
 - i. *Inspection Services.* Alys Beach shall provide Inspections for the District Improvements and report any irregularities to the District Manager, or his or her designated representative, and shall correct any irregularities in accordance with the terms of this Agreement. Alys Beach, as part of the District’s annual budget process and in consideration of Alys Beach’s Inspections, shall provide input to assist the District in establishing an appropriate capital improvement reserve fund, which fund is intended to address costs associated with servicing, repairing and replacing the District Improvements other than the costs for Inspections and Maintenance and Repairs for which Alys Beach will also provide input.
 - ii. *Maintenance and Repairs.* Alys Beach shall be responsible for the oversight, coordination and performance of Maintenance and Repairs. All proposals shall be approved by the District Manager prior to commencement of such work by Alys Beach. Any Maintenance and Repair exceeding Two Thousand Dollars (\$2,000.00) shall also be presented to and approved by the District’s Board of Supervisors in advance. Alys Beach may solicit proposals for recommended services or work related to the District Improvements or any of the constituent parts of the District Improvements, as long as the funds associated with such work were included in the annual budget for the operation and maintenance of District Improvements. Alys Beach shall supervise the maintenance of the District Property performed by the third-party service providers in accordance with

standards reasonably acceptable to District. Alys Beach will systematically and promptly direct and review the work of all maintenance service providers contracted by District or Alys Beach for the District Property.

All work shall be performed in a neat and professional manner reasonably acceptable to the District and shall be in accordance with industry standards.

- B. *Investigation and Report of Accidents/Claims.* Alys Beach shall promptly investigate and timely provide a full written report to the District Manager as to all accidents or claims for damage relating to the management, maintenance, and operation of the District Improvements. Such report shall at a minimum include a description of any damage or destruction of property and the estimated cost of repair. Alys Beach shall cooperate and make any and all reports required by any insurance company or the District in connection with any accident or claim. Alys Beach shall not file any claims with the District's insurance company without the prior consent of the District Board of Supervisors.
- C. *Adherence to District Rules, Regulations and Policies.* Alys Beach shall ensure that Alys Beach's officers, employees, contractors and affiliates are familiar with all District policies and procedures and are informed with respect to the rules, regulations and notices as may be promulgated by the District from time to time and Alys Beach shall ensure that said persons conform therewith. Alys Beach assures the District that all third parties will be dealt with at arm's length, and that the District's interest will be best served at all times.
- D. *Care of the District Improvements.* Alys Beach shall use all due care to protect the property of the District, its residents and landowners from damage by Alys Beach or its officers, employees, contractors and affiliates. Alys Beach agrees to repair, at its own cost, any damage resulting from the activities and work of Alys Beach or its officers, employees, contractors and affiliates. The District is not responsible for the cost of repairs from damage resulting from the acts or omissions of Alys Beach or its officers, employees, contractors and affiliates.
- E. *Staffing.* Alys Beach shall be solely responsible for the staffing necessary to perform the management and maintenance responsibilities set forth in this Agreement.
- F. *Designation of District Representative.* The District shall designate in writing a person to act as the District's representative with respect to the services to be performed under this Agreement. The District's representative shall have complete authority to transmit instructions, receive information, interpret and define the District's policies and decisions with respect to materials, equipment, elements and systems pertinent to Alys Beach's services. The District hereby designates the District Manager to act as its representative.

- G. *Invoicing and Billing.* Alys Beach shall maintain records conforming to usual accounting practices. Further, Alys Beach agrees to render monthly detailed invoices to the District, in writing, which shall be delivered or mailed to the District by the fifteenth (15th) day of the next succeeding month. Each monthly invoice shall contain, at a minimum, the invoice date, an invoice number, an itemized listing of all costs billed on the invoice with a description of each sufficient for the District to approve each cost, the time frame within which the services were provided, and the address or bank information to which payment is to be remitted as well as the itemized amounts contained in Section 5 herein. Consistent with Florida's Prompt Payment Act, Section 218.70 et al. of the Florida Statutes, these monthly invoices are due and payable within forty-five (45) days of receipt by the District.

SECTION 4. EXTRAORDINARY AND EMERGENCY REPAIRS.

- A. *Extraordinary Repairs.* If an Extraordinary Event occurs, the following procedure must be followed:
- i. Upon obtaining actual or constructive knowledge of the Extraordinary Event, Alys Beach shall promptly notify the District of the Extraordinary Event, and, within a reasonable time thereafter, provide a full written report to the District Manager as to the Extraordinary Event and its effect on the District Improvements. Such report shall at a minimum include a description of:
 - a. The location of the property;
 - b. Any damage or destruction of property;
 - c. The estimated cost of repair; and
 - d. A proposed time to review the damage.
 - ii. Representatives from the District and Alys Beach shall cooperate with each other in setting a meeting and conducting a field review of the damage for verification and documentation within forty-eight (48) hours or as otherwise agreed to by the District and Alys Beach.
 - iii. Alys Beach shall conduct the repairs to the satisfaction of the District.
 - iv. Extraordinary Repairs may be made in consultation with the District Manager and with prior approval of the District Chairman if the aggregate change in the original appropriation item does not exceed Ten Thousand Dollars (\$10,000.00) or 10% of the original appropriation. If the aggregate change in the original appropriation item exceeds that threshold, the proposed expenditure must be approved in advance by the Board.
- B. *Emergency Repairs.* If an Extraordinary Event occurs that requires an immediate response, and upon obtaining actual or constructive knowledge of the Extraordinary

Event, Alys Beach shall immediately attempt to notify the District of the Extraordinary Event. In the event that Alys Beach is unable after making reasonable efforts to contact the District in time to address the Extraordinary Event and mitigate any harm, Alys Beach shall promptly take all steps necessary to address and mitigate the harm, until the District can be notified.

- C. Except to the extent contrary to the provisions of this Section 4, all of the provisions of Sections 3(B) through 3(G) apply to this Section 4 governing Extraordinary Events as if fully incorporated in Section 4.

SECTION 5. COMPENSATION. The District shall pay Alys Beach the sum of Fifty-Four Thousand One Hundred and Sixty-Eight Dollars (\$54,168.00) per year for the provision of inspection, management and maintenance services pursuant to the terms of this Agreement. Alys Beach will invoice the District monthly one-twelfth (1/12) of the annual management fee, which represents the District's portion of the compensation owed to Alys Beach for management of the District's Improvements under this Agreement. This amount is to be included on the invoice provided for in Section 3(G) herein.

SECTION 6. TERM. The term of this Agreement commences upon execution and continues through September 30, 2022. The term shall be automatically renewed for additional one (1) year periods after September 30, 2022, unless the District provides the other party at least sixty (60) days written notice of its intent not to renew or otherwise terminates this Agreement pursuant to the terms stated herein.

SECTION 7. INSURANCE. Alys Beach shall maintain or cause to be maintained, at its own expense throughout the term of this Agreement, the following insurance with Alys Beach and the District, and their respective staff, consultants, agents and supervisors, all of whom shall be named as additional insureds:

- A. Worker's Compensation Insurance in accordance with the laws of the State of Florida.
- B. Commercial General Liability Insurance covering Alys Beach's legal liability for bodily injuries, with limits of not less than \$1,000,000 combined single limit bodily injury and property damage liability.
- C. Employer's Liability Coverage with limits of at least \$1,000,000 (one million dollars) per accident or disease.
- D. Automobile Liability Insurance for bodily injuries in limits of not less than \$1,000,000 combined single limit bodily injury and for property damage, providing coverage for any accident arising out of or resulting from the operation, maintenance, or use by Alys Beach of any owned, non-owned, or hired automobiles, trailers, or other equipment required to be licensed.

No certificate shall be acceptable to the District unless it provides that any change or termination within the policy periods of the insurance coverage, as certified, shall not be effective within thirty (30) days of prior written notice to the District. Insurance coverage shall be from a reputable insurance carrier, licensed to conduct business in the State of Florida, and such carrier shall have a Best's Insurance Reports rating of at least A-VII. If Alys Beach fails to have secured and maintained the required insurance, the District has the right (without any obligation to do so, however) to secure such required insurance in which event, Alys Beach shall pay the cost for that required insurance and shall furnish, upon demand, all information that may be required in connection with the District's obtaining the required insurance.

In the event that Alys Beach does not directly provide the insurance required by this Section 7 by obtaining a policy in Alys Beach's name but instead causes another entity ("Third Party Insurer") to provide such insurance through a policy issued to the Third Party Insurer that additionally affords the coverage required herein, Alys Beach shall require by written agreement with the Third Party Insurer that the Third Party Insurer shall comply with the terms of this Section 7; that the District shall have third party rights to pursue all available legal remedies against the Third Party Insurer in the event the Third Party Insurer fails to provide such insurance without first complying with the notice provisions stated in this Section 7; and that the Third Party Insurer, as a contractor, shall indemnify the District pursuant to Section 8. Alys Beach shall provide proof of insurance upon request by the District.

SECTION 8. INDEMNIFICATION. Alys Beach agrees to indemnify, defend and hold harmless the District and its officers, agents and employees from any and all liability, claims, actions, suits or demands by any person, corporation or other entity for injuries, death, property damage or of any nature, arising out of, or in connection with, the acts or omissions of Alys Beach, or its officers, employees, and representatives, including litigation or any appellate proceedings with respect thereto. Alys Beach agrees to require by written contract any contractor and subcontractors hired in connection with this Agreement to indemnify, defend and hold harmless the District and its officers, agents and employees from any and all liability, claims, actions, suits or demands by any person, corporation or other entity for injuries, death, property damage or of any nature, arising out of, or in connection with, the acts or omissions of such contractors and subcontractors, including litigation or any appellate proceedings with respect thereto. Obligations under this section shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, arbitration and/or mediation costs, litigation expenses, attorney fees, and paralegal fees (incurred in court, out of court, on appeal, or in bankruptcy proceedings) as ordered.

SECTION 9. LIMITATIONS ON GOVERNMENTAL LIABILITY. Nothing in this Agreement shall be deemed as a waiver of immunity or limits of liability of the District beyond any statutory limited waiver of immunity or limits of liability which may have been adopted by the Florida Legislature in Section 768.28, Florida Statutes or other statute, and nothing in this Agreement shall inure to the benefit of any third party for the purpose of allowing any claim which would otherwise be barred under the Doctrine of Sovereign Immunity or by operation of law.

SECTION 10. COMPLIANCE WITH GOVERNMENTAL REGULATION. Alys Beach shall keep, observe, and perform all requirements of applicable local, State, and Federal laws, rules, regulations, or ordinances.

SECTION 11. LIENS AND CLAIMS. Alys Beach shall promptly and properly pay for all labor employed, materials purchased, and equipment hired by it to perform under this Agreement. Alys Beach shall keep the District's property free from any materialmen's or mechanic's liens and claims or notices in respect to such liens and claims, which arise by reason of Alys Beach's performance under this Agreement, and Alys Beach shall immediately discharge any such claim or lien.

SECTION 12. DEFAULT AND PROTECTION AGAINST THIRD PARTY INTERFERENCE. A default by either Party under this Agreement shall entitle the other to all remedies available at law or in equity, which may include, but not be limited to, the right of damages, injunctive relief, and/or specific performance. Nothing contained in this Agreement shall limit or impair the District's right to protect its rights from interference by a third party to this Agreement.

SECTION 13. CUSTOM AND USAGE. It is hereby agreed, any law, custom, or usage to the contrary notwithstanding, that the District shall have the right at all times to enforce the conditions and agreements contained in this Agreement in strict accordance with the terms of this Agreement, notwithstanding any conduct or custom on the part of the District in refraining from so doing; and further, that the failure of the District at any time or times to strictly enforce its rights under this Agreement shall not be construed as having created a custom in any way or manner contrary to the specific conditions and agreements of this Agreement, or as having in any way modified or waived the same.

SECTION 14. SUCCESSORS. This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the Parties to this Agreement, except as expressly limited in this Agreement.

SECTION 15. TERMINATION.

- A. The District shall have the right to terminate this Agreement effective immediately at any time due to Alys Beach's failure to perform in accordance with the terms of this Agreement. In the event of termination by the District for cause, Alys Beach shall be required to provide the District with sufficient funds to provide for the services contemplated by this Agreement through the end of the District's fiscal year which ends on September 30.
- B. The District shall have the right to terminate this Agreement upon thirty (30) days written notice without a showing of cause. In the event of termination without cause, Alys Beach shall have no further financial obligation to the District.

SECTION 16. PERMITS AND LICENSES. All permits and licenses required by any governmental agency directly for the District shall be obtained and paid for by the District. All other permits or licenses necessary for Alys Beach to perform under this Agreement shall be obtained and paid for by Alys Beach.

SECTION 17. ASSIGNMENT. Neither party may assign this Agreement without the prior written approval of the other. Any purported assignment without such written consent shall be void.

SECTION 18. INDEPENDENT CONTRACTOR STATUS. In all matters relating to this Agreement, Alys Beach shall be acting as an independent contractor. Neither Alys Beach nor employees of Alys Beach, if there are any, are employees of the District under the meaning or application of any Federal or State Unemployment or Insurance Laws or Old Age Laws or otherwise. Alys Beach agrees to assume all liabilities or obligations imposed by any one or more of such laws with respect to employees of Alys Beach, if there are any, in the performance of this Agreement. Alys Beach shall not have any authority to assume or create any obligation, express or implied, on behalf of the District and Alys Beach shall have no authority to represent the District as an agent, employee, or in any other capacity.

SECTION 19. HEADINGS FOR CONVENIENCE ONLY. The descriptive headings in this Agreement are for convenience only and shall neither control nor affect the meaning or construction of any of the provisions of this Agreement.

SECTION 20. ENFORCEMENT OF AGREEMENT. In the event that either the District or Alys Beach is required to enforce this Agreement by court proceedings or otherwise, then the prevailing party shall be entitled to recover all fees and costs incurred, including reasonable attorneys' fees and costs for trial, alternative dispute resolution, or appellate proceedings.

SECTION 21. AGREEMENT. This instrument shall constitute the final and complete expression of this Agreement between the District and Alys Beach relating to the subject matter of this Agreement.

SECTION 22. AMENDMENTS. Amendments to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing which is executed by both the District and Alys Beach.

SECTION 23. AUTHORIZATION. The execution of this Agreement has been duly authorized by the appropriate body or official of the District and Alys Beach, both the District and Alys Beach have complied with all the requirements of law, and both the District and Alys Beach have full power and authority to comply with the terms and provisions of this instrument.

SECTION 24. NOTICES. All notices, requests, consents and other communications under this Agreement ("Notices") shall be in writing and shall be delivered, mailed by First Class Mail, postage prepaid, or overnight delivery service, to the parties, as follows:

A. If to District: Somerset Community Development District
120 Richard Jackson Boulevard, Suite 220
Panama City Beach, Florida 32407
Attn: District Manager

With a copy to:

Hopping Green & Sams, P.A.
119 S. Monroe Street, Suite 300
Tallahassee, Florida 32301
Attn: Tucker F. Mackie

B. If to Alys Beach:

Alys Beach Resorts, LLC
9581 E County Hwy 30A, Bldg D
Alys Beach, Florida 32461
Attn: Scott Buchewicz

Except as otherwise provided in this Agreement, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for the District and counsel for Alys Beach may deliver Notice on behalf of the District and Alys Beach, respectively. Any party or other person to whom Notices are to be sent or copied may notify the other parties and addressees of any change in name or address to which Notices shall be sent by providing the same on five (5) days written notice to the parties and addressees set forth herein.

SECTION 25. THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the District and Alys Beach and no right or cause of action shall accrue upon or by reason, to or for the benefit of any third party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the District and Alys Beach any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon the District and Alys Beach and their respective representatives, successors and assigns.

SECTION 26. APPLICABLE LAW AND VENUE. This Agreement and the provisions contained herein shall be construed, interpreted and controlled according to the laws of the State of Florida. Venue for any dispute shall be in a court of appropriate jurisdiction in Walton County, Florida.

SECTION 27. PUBLIC RECORDS. Alys Beach understands and agrees that all documents of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Alys Beach agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to Section 119.0701, Florida Statutes. Alys Beach acknowledges that the designated public records custodian for the District is Todd Wodraska ("Public Records Custodian"). Among other requirements and to the extent applicable by law, Alys Beach shall 1) keep and maintain public records required by the District to perform the service; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a

cost that does not exceed the cost provided in Chapter 119, Florida Statutes; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if Alys Beach does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Alys Beach's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by Alys Beach, Alys Beach shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF ALYS BEACH HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO ALYS BEACH'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT RIZZETTA & COMPANY, 120 RICHARD JACKSON BOULEVARD, SUITE 220 PANAMA CITY BEACH, FLORIDA 32407, 850-629-0153; komera@rizzetta.com

SECTION 28. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

SECTION 29. ARM'S LENGTH TRANSACTION. This Agreement has been negotiated fully between the District and Alys Beach as an arm's length transaction. The District and Alys Beach participated fully in the preparation of this Agreement with the assistance of their respective counsel. In the case of a dispute concerning the interpretation of any provision of this Agreement, the parties are each deemed to have drafted, chosen, and selected the language, and any doubtful language will not be interpreted or construed against any party.

SECTION 30. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original; however, all such counterparts together shall constitute, but one and the same instrument.

[remainder of page left intentionally blank]

EXHIBIT A

Scope of Service – Somerset CDD

Please Note: Unless indicated otherwise, all costs outlined in this Scope of Service include labor, transportation, supervision, preparation of paperwork, and scheduling.

Management Fee----- \$ 1,100/month.

- First point of contact and after hours' liaison.
- Attend District meetings in person or via phone to review maintenance inspections and provide updates as needed.
- Provide input for preparation of the District's annual budget related to maintenance and forecasted expenditures.
- Attend site visits with District staff and vendors as needed, including District's insurance carrier.
- Provide vendor access for routine services with approval (if applicable)
- Ensure oversight of the District's vendors. Notify District's vendors about deficiencies in routine service or need for additional service or repairs.
- Following all inspections, contact District Manager with list of items needing repair and assist with obtaining proposals from the District's vendors for the same. If a third-party contractor, other than Rip's, Culligan, McHenry, PLC, Dune Doctors, Griffin, Lake Doctors, Gulf Power and Regional Utilities is required to complete maintenance or repair work, additional charges will apply to generate proposals and supervise work, as described at the end of this exhibit.

30A Weekly Inspection-----\$644/month

- Weekly Visual inspection of lights, landscaping, grounds, irrigation, signage, and crosswalks.
- Incidental removal of roadside debris and trash (also responsibility of landscape contractor).
- Complete formal inspection checklist. Retain records and provide to the District.
- Following all inspections, contact District Manager with list of items needing repair and assist with obtaining proposal from the District's vendor for the same. If a third-party contractor, other than Rip's, Culligan, McHenry, PLC, Dune Doctors, Griffin, Lake Doctors, Gulf Power and Regional Utilities maintenance or repair work, additional charges will apply to generate proposals and supervise work, as described at the end of this exhibit.

Daily Irrigation Well Inspection-----\$1,506.00/month

- Visual inspection of 4 irrigation wells and lake Marilyn daily.
- Ensure compliance with Northwest Florida Water Management District guidelines for water use permit.
 - Record daily well readings in accordance with Northwest Florida Water Management Guidelines.
 - Prepare timely annual report and submit to the Northwest Florida Water Management District.
 - Prepare corrective action plan based on annual report.
 - Follow proper records retention guidelines required by The Northwest Florida Water Management District.
- Incidental removal of debris and trash from lake and areas around wells (also responsibility of landscaping contractor)

- Provide oversight of Culligan re: irrigation treatment program.
- Complete formal inspection checklist. Retain records and provide to the District
- Following all inspections, contact District Manager with list of items needing repair and assist with obtaining proposal from the District’s vendor for the same. If a third-party contractor, other than Rip’s, Culligan, McHenry, PLC, Dune Doctors, Griffin, Lake Doctors, Gulf Power and Regional Utilities or Lake Doctors, is required to complete maintenance or repair work, additional charges will apply to generate proposals and supervise work, as described at the end of this exhibit.

Lighting Inspections-----\$1,716.00/month

- Visual inspection of all District streetlights
- Visual inspection of all District Up Light and Scout Light – Ped Paths and Parking Courts
- Complete formal inspection checklist. Retain records and provide to the District
- Following all inspections, contact District Manager with list of items needing repair and assist with obtaining proposal from the District’s vendor for the same. If a third-party contractor, other than Culligan, McHenry, PLC, Dune Doctors, Griffin, Lake Doctors, Gulf Power and Regional Utilities is required to complete maintenance or repair work, additional charges will apply to generate proposals and supervise work, as described at the end of this exhibit.

Total monthly cost for services listed above ----- \$4,966.00/month

Total yearly cost for services listed above ----- \$59,592.00/year

Maintenance & Repairs for Lighting Improvements: Labor & Materials

- Perform necessary repairs, as applicable pursuant to the terms of this Agreement.
 - Labor is charged @ (½ hr. min.) - \$45.00/hr.
 - After hours Labor is charged @ (3hr min.) - \$45.00/hr.
- Materials, when repairs are made by Alys Beach, are charged at cost +20% OH markup.

Other Charges

- Prepare and provide incident reports as necessary for damage identified to District property. Report incidents to the District Manager, in writing, immediately. (\$45/hr labor rate would apply)
- Procuring proposals and providing oversight of third-party vendors, other than Rip’s, Culligan, McHenry, PLC, Dune Doctors, Griffin, Lake Doctors, Gulf Power and Regional Utilities is charged at a 20% markup based on third-party vendor’s final invoice. When invoices exceed \$3,333.33, a flat \$500 will be charged. When repair projects exceed \$20K, a proposal for the project will be prepared and a separate project management fee may apply. If services are not approved by the District, a \$500 fee will be charged to cover the time required to procure and evaluate proposals.