

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT  
BOARD OF SUPERVISORS  
REGULAR MEETING  
Friday, April 12, 2019  
MINUTES**

The Regular meeting of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Friday, April 12, 2019, at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.

The meeting was called to order at 9:00 a.m. by President Branson.

**SUPERVISORS PRESENT:**

Mr. Joseph Branson, President  
Mr. William Stegall, Vice-President  
Mr. Michael Gilpin  
Mr. Raymond Brooks  
Mr. Neal Hotelling

The General Manager, Tanya Cannady; Board Secretary, Chrissy Hardman; Omar DeJesus, Finance Director; Ariel Starling, Community Services Director; Michael Hurley, Facilities & Security Director; Cliff Easum, Billy Casper Golf and District Attorney, David Schumacher were present; there were approximately 39 people in attendance.

1. Call to order-9:00 a.m.
2. Pledge of Allegiance
3. Announcements:
  - a. Next regular meeting is scheduled for Friday, April 26, 2019, at 9:00 a.m. at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.
  - b. Please silence or turn off your cell phones.

#### 4. Consent Agenda

Minutes of the Board of Supervisors' Regular meeting held Friday, March 8, 2019;  
Treasurer's Report and Golf Financials, February 28, 2019.

Supervisor Gilpin moved to approve, Supervisor Stegall provided the second.

With no board or public comment, the motion was put to board vote.

Roll Call: Supervisor Stegall- Y; Supervisor Brooks- Y; Supervisor Gilpin-  
Y; Supervisor Hotelling- Y; President Branson- Y

**With a vote of 5-0, the motion to approve the Consent Agenda passes.**

#### 5. Action Agenda

a. Audit Presentation-McDermitt Davis & Co.

Matthew Lee, Auditor and the representative from McDermitt Davis & Company, announced he would review the results from the 2018 Financial Statement audit. He affirmed the District had another successful year complimenting the stability of the Finance department. The audit opinion for the 2018 Fiscal year is "unmodified" which is the highest opinion assigned. They identified a decrease in the General fund but categorized it as minimal (decreasing to \$2.43 million). They still consider reserves "healthy" because the figure, "represents 130% of the 2018 expenditures" and a majority of governmental entities stay at 25% to 50% of their expenditure range (assigned for reserves). The District completed the Maintenance Facility this Fiscal year which represents the largest (and most impactful) project to Capital assets; additionally, a decrease in the Utility fund was found because of funding transfers out for the project. He affirmed the "Management comment" was replicated in relation to the unpaid 2008 note. He explained how Accounting standards for governments require "for Special assessment debt" information be included in the financial statements. That said, in most cases listing it would not be required on the financial report; however, there is an exception.

“If the government entity has a responsibility to do something other than just collect and remit payment” then it must be included. They considered the note “temporary financing” which meant the District was “technically” required to refinance and gain permanent financing (most likely in the form of a bond) which was not possible in 2009. The Phase V bonds are not listed on the statement because standards considered them to be permanent financing which requires the District to collect and remit assessments. He announced that McDirmit & Davis Company, LLC has performed financial audits that dealt with special assessment debt; however, there is no other special government with this unique problem. The complications include: temporary financing that couldn’t be refinanced, the bank involved is inexperienced and now there are escheatment’s causing liens to fall off. In his opinion, this is “unchartered” waters which will require time to resolve. The bank continues to “lose out” on revenue each day that passes. To reach a resolution there must be a compromise with the bank, a court order or a restructuring of the debt; unfortunately, the financial institution is not willing to concede. He asked if there were questions to which Supervisor Hotelling inquired what the District should do to resolve the debt. Mr. Lee replied that at this time, they are doing all they can do. The District is collecting and remitting what is possible, properties are undergoing foreclosure and the county is escheating properties. In his opinion, “the bank is not doing their part” which means they can do nothing more. He referenced the statute of limitations on special assessment debt which may present the only resolution. There are few special districts whose assessment debt has reached “maturation” which is why there are a lot of unknowns about this situation. Supervisor Hotelling asked if the bank is obligated to “write off” the debt to which Mr. Lee responded there are conditions in the note. They divided the debt amongst each party and the note is only as good as the “properties that are liens”. As each lien falls off, the bank is losing their claim which is something the institution refuses to admit. The bank’s argument is that the District owes for the financing, besides principal and interest accrued.

The bank holds the District liable for more than what was originally financed. Mr. Lee attributed this to the bank's automated systems and the institution's lack of knowledge in how to manage this debt. Supervisor Hotelling noted that the bank is doing nothing to reach a solution, then asked what the District's next course of action should be to which Mr. Lee answered the District is doing everything possible to resolve the issue. He was confident that time is an ally and unfortunately, waiting is the only thing that can be done. Mr. Lee affirmed he provided recommendations for legal counsel to staff to which Supervisor Stegall pointed out how the note specifies the District is, "not obligated to make the payments". He agreed to which Supervisor Stegall continued, stating the obligation only applies to liens secured for the properties which benefited from the improvement. Mr. Lee added the District is doing everything (legally) required and there is no risk for liability. Supervisor Stegall elaborated the note was for "lending only" and the bank had reassured the District that they could get a "permanent takeout bond on issuer". He agreed that he could not identify a better way to resolve the situation, other than spending money to hire an attorney to sue. He was not confident that is necessary because "the District's position is not deteriorating". Mr. Lee pointed out the major drawback is the problem affects the District's ability to borrow money and "utilize debt effectively for extension". Supervisor Brooks inquired if he was correct in his understanding that the District is doing everything possible which is, "nothing" to which Mr. Lee confirmed. Supervisor Brooks asked if it impairs the District's ability to take out loans to which Supervisor Stegall replied only in that they must provide an explanation. He believed the District might sue Fifth Third bank because of contractual clauses reassuring the District that the bank has the knowledge to manage the debt appropriately. The concept of "lender liability" is a potential way to reduce the balance; however, they must spend money to move forward. He did not see a reason to take these actions to which Supervisor Hotelling noted Mr. Lee and Supervisor Stegall seemed in agreement; however, the District is not obligated to repay \$10 million.

He did not understand why the debt continues to sit on the District's financial statements (as a payable) to which Mr. Lee clarified that "governmental accounting standards" require it. The reason it remains on the records is that the District has, "one obligation... collecting and remitting the assessment because the note was temporary (but was to become permanent somehow)". Since that financing did not occur, they placed an added obligation on the District to find permanent financing. More specifically, "since there is some obligation other than collecting or remitting" it must remain on record. Supervisor Hotelling asked to clarify the District's actual obligation to remit payment to which Mr. Lee replied that is a source of contention because the District is not obligated to remit payment; yet, there was a "performance obligation to refinance the debt". Supervisor Brooks inquired if it will ever fall off or will it remain (until litigation stipulates otherwise) to which Mr. Lee replied it shall remain until "some type of event happens" as mentioned. Mr. DeJesus said the District was in a different position during the original issuance of the note, there were 887 properties assessed that were benefitting but now this has decreased to 338 because of escheatment or payoffs; none of which the bank is "recognizing". The concern is when this debt decreases to zero, the institution will continue to deny any reduction, thus, keeping the note on record. The District uses bank statements for accounting and there has been some communication with Fifth Third Bank. Representatives agreed to meet; however, the concern is if the District should get involved with a potential liability for the alleged outstanding balance. The board could agree to file a lawsuit, Mr. Schumacher has contemplated moving for "declaratory judgement against the bank". The question is if the District wants to take this action? Supervisor Brooks requested management's recommendation to which Mr. DeJesus cited the statute of limitations, "we can only collect and remit 5 years (after the last assessment)". The note was 20 years which will come due in 8; after which, 5 years will pass and the District will no longer have the ability to charge (or collect). There would be no further obligation to remit payment at that point to which Supervisor Brooks elaborated but the debt will still be on the books.

Mr. DeJesus agreed, stating therefore the auditing team feels it is “uncharted territory”. Supervisor Brooks asked if management’s recommendation is to continue to allow a debt to remain on the books that for all intents and purposes is “not real” to which he answered staff is continuing to weigh the options on the feasibility and liability of negotiation. There may be some benefit to “buying them out” and refinancing the debt to remove the imbalance on what the District owes (and the property values). He postulated if that takes place, they could restructure the properties to a point where there may be a benefit to keep the land. That said it would be a lengthy process to which Supervisor Brooks asked Mr. Lee his opinion. He replied it is a decision the board must make because he is an “independent third party” hired to evaluate the District’s financial situation. He concurred with Mr. DeJesus’ assessment of the situation further noting a lot of investors around the state for “community development districts” have walked away from their investments. Mr. Lee recounted situations where a district is “partially developed” and the “bond holders” will collaborate because it would be better to collect some money owed (instead of none). Supervisor Gilpin apprised the audience that this is his fourth audit and agreed the situation is difficult to which Supervisor Stegall asserted the District is doing all possible with the situation. He announced the position of the District improves as the number of properties decrease. They should get a “declaratory judgement” when the amount of liens have dropped to zero. He affirmed his belief the bank has already written the debt off because it is not workable to continue to account for the balance as an asset. He voiced his willingness to meet with Fifth Third Bank representatives; however, the issue is determining how much the property is worth. Supervisor Hotelling agreed there is no simple answer; however, he is not comfortable allowing the debt to continue on record. He would prefer to see action taken to remove the debt “sooner rather than later”. Mr. Lee presented a 5-year comparison of the District’s funds and notated a “slight downward trend” for the General fund while reiterating the health of the reserves.

He affirmed the decrease is of no concern and that the District has money to spend while also prepared for “disaster, emergency and unforeseen circumstances”. The “revenue and expense trend” showed the budget as “mostly” balanced for the past 5 years with a surplus in 2014. He affirmed the District has good control over finances and presented an analysis of the Water and Sewer fund reflecting a surplus for the past two years. The decrease was a direct result of using reserve funding to subsidize the Maintenance facility to which President Branson called for public comment.

**Bill Norcross-** Reviewed discussions which have come up before, and voiced his concern with the affect this debt has on the District’s ability to get loans. He suggested having it “cleaned up” as soon as possible.

**Tom Kosty-** Asked when the debt became categorized as a bond because the note was supposed to be for a single year period (with an extension of another year). He is alarmed to hear that it has now become a 20-year bond issue to which Mr. DeJesus clarified it is a 2008 series note. The term “bond” was added to the discussions because of Unit 16, area “A” and “C”. Mr. Kosty questioned if the District acquired additional responsibilities as a result of escheatment to which Mr. DeJesus answered that is not the case. The only requirement is for the District to act on foreclosure when instructed by the bank which means they have to do so at their own expense. As of yet, no instruction has been received to which Mr. Kosty affirmed his impression the District was instructed to market properties and aid in their disposition. Mr. DeJesus explained these properties have \$40,000 in bond and District assessments with property values between (approximately) \$5,000 and \$25,000.

- b. Resolution No. 2019-04/12-13: A resolution of the Sun ‘n Lake of Sebring Improvement District requesting that the Board of County Commissioners, Highlands County, Florida, amend Chapter 9, Article V, Section 9-107 regarding filling of vacancies.

Supervisor Stegall moved to approve, Supervisor Gilpin provided the second. Supervisor Brooks reviewed an email sent to the Board of Supervisors from Ms. Cannady which affirmed the Board of County Commissioners appoints replacements to which Ms. Cannady clarified they follow the state statute. Supervisor Brooks acknowledged the information, adding Avon Park, Lake Placid and the City of Sebring handle vacancies via board appointment to which she confirmed.

With no further board or public comment, the motion was put to board vote.

Roll Call: Supervisor Brooks- Y; Supervisor Gilpin- Y; Supervisor Hotelling- Y; Supervisor Stegall- Y; President Branson- Y

**With a vote of 5-0, the motion to approve the resolution passes.**

- c. Resolution No. 2019-04/12-14: A resolution of the Sun ‘n Lake of Sebring Improvement District to reject all bids on the Unit 4 Waste Water Treatment Plant Tank Sealing project.

Supervisor Gilpin moved to approve, Supervisor Stegall provided the second. Ms. Cannady reviewed how they received one bid with pricing for two options: Option 1-\$153,000 and Option 2-\$198,000. Management’s recommendation is to reject the bid and place it out for “re-bid to allow for more competitive pricing”. Management will put in a concerted effort to inform vendors of the opportunity to bid. She is confident that by extending the submittal period for the bid by another 2 to 3 weeks, lower pricing can be gained.

With no further board or public comment, the motion was put to board vote.

Roll Call: Supervisor Gilpin- Y; Supervisor Hotelling- Y; Supervisor Stegall- Y; Supervisor Brooks- Y; President Branson- Y

**With a vote of 5-0, the motion to approve the resolution passes.**

- d. Resolution No. 2019-04/12-15: A resolution of the Sun ‘n Lake of Sebring Improvement District to approve the second addendum to the road, drainage and utility service agreement with Tanglewood.

Supervisor Gilpin moved to approve, Supervisor Stegall provided the second. Supervisor Stegall asked if the only revision involved changing the name from Juniper Bay Investors Unlimited to “Tanglewood” to which Mr. Schumacher confirmed, elaborating the District is “verifying that the new entity’s name is the one that is the successor”. Supervisor Stegall noted the District’s consultant informed management Tanglewood is being charged “properly” to which Mr. Schumacher concurred. He reviewed a timeline of the discussions: August 31, 2018- during the “General Counsel Report”, Ms. Cannady and he agreed to meet with Tanglewood representatives; September 14<sup>th</sup>- they reached out to the new manager to schedule a conference for mid to late October (for submittal of a proposal by the following meeting); September 28<sup>th</sup>- he confirmed speaking with the General Manager of Tanglewood who agreed to coordinate with the Regional General Manager (in October) for negotiations; November 9<sup>th</sup>- he affirmed speaking with the Chief Financial Officer who in return requested additional information prior to scheduling a meeting; January 11<sup>th</sup>- he agreed to create an addendum to revise the name for the agreement; January 25<sup>th</sup>- Supervisor Brooks requested an update and was advised there were no changes since the teleconference but agreed to reach out to Tanglewood (by the week of January 28<sup>th</sup>); February 22<sup>nd</sup>- Supervisor Brooks requested a briefing which Mr. Schumacher affirmed he made contact that it would correct the “ownership name”; March 8<sup>th</sup>- he confirmed the addendum would be submitted on the following agenda.

Supervisor Stegall elaborated how the District, “is in essence in a contract that has no end” to which Mr. Schumacher agreed. Supervisor Stegall continued, the addendum will change the name and if the District were to revise any conditions of the agreement to which Mr. Schumacher interjected it would be considered a breach of contract because the change must be agreed upon by both parties. Supervisor Brooks stated he had brought copies of the previous meeting minutes and reviewed specific details: he had asked, “Do you think you can get any more money out of Tanglewood” and was told by Mr. Schumacher (and Operations) that it would be investigated with information brought back to the board. He supposed these discussions to include financial negotiations but the only change was the name. He asked what will happen if Tanglewood purchases additional parcels, would the District still have to honor the “1996 agreement”. Supervisor Brooks referenced Mr. Halbig’s previous correspondences which asserted certain terms of the contract should be re-evaluated (and/or renegotiated). He voiced his unfamiliarity of the existence of “perpetual contracts” and how he could not understand why the District did not negotiate a 5-year term or another time frame. He asked if Tanglewood was in breach of contract because of the change to which Mr. Schumacher answered that was not the case. Supervisor Brooks expressed a willingness to spend money and hire additional counsel to receive a second opinion, voicing his belief the District only has this opportunity to negotiate. In his opinion, the submitted addendum is insufficient to which Supervisor Hotelling asked for clarification if Juniper Bay Investors Unlimited was sold to Tanglewood, or if it was a reorganization of the company? Mr. Schumacher replied that from his understanding, it was a reorganization. Tanglewood was a “sister company” of Juniper Bay Investors Unlimited, and the owner of this “limited partnership” is the sole proprietor of Tanglewood. Supervisor Hotelling noted that “legally it is a new entity” and now would be the best time to assert the contract was with Juniper Bay Investors Unlimited (not Tanglewood); thus, renegotiations should be permitted with new terms placing limitations on the duration of the contract.

He asked how that would be considered a breach to which Mr. Schumacher replied the mentioned negotiations already took place in 2008 when the transfer happened. Supervisor Hotelling inquired if the District has been working with the new organization since then to which Mr. Schumacher elaborated the terms of the contract state, “to successors assigned”. If the District were to be “absorbed” by another entity, then Tanglewood would be bound by the same conditions. He reassured Supervisor Hotelling they could renegotiate terms; however, both sides have to agree, or else the District breaches the terms of the contract. Supervisor Brooks asked what the ramifications would be to which Mr. Schumacher replied they could sue. Supervisor Brooks voiced his disagreement with the situation to which Supervisor Stegall noted the District is, “legally and ethically bound by the contract (which is a legally valid contract)”. Supervisor Brooks was of the opinion no effort has been made by Operations to change the terms. He read verbatim from the November 9<sup>th</sup> minutes which recounted how Mr. Schumacher had told him he about an email from Steven Braun, Chief Operating Officer for Tanglewood requesting information that once submitted, would lead to the scheduling of a meeting. Supervisor Brooks asked what the information was and if it concerned the name change to which Mr. Schumacher answered he forwarded the “1996 agreement and first addendum”. He postulated Mr. Braun’s legal team came to the same conclusion, this is a “perpetual contract” of which it legally binds both parties. So long as Tanglewood continues to keep their end of the agreement (maintain drainage), they do not have to pay anything additional. Supervisor Brooks reiterated his desire to hire a consultant for a second opinion to which Mr. Schumacher pointed out the Attorney General had already made a ruling on the subject, “unless the laws are applied retroactively, which this law is not... this contract predates the 5-13”. Supervisor Stegall mentioned the only way to negotiate is if additional land is purchased by Tanglewood to which Mr. Schumacher agreed. Supervisor Brooks voiced his disagreement with the way they managed all the changes to which Mr. Schumacher considered how it makes no sense for Tanglewood representatives to come to the table if it presents no benefit to them.

Supervisor Hotelling and Supervisor Stegall concurred it was an accurate assessment to which Supervisor Brooks asked if Tanglewood representatives will consider an update of the terms? Supervisor Hotelling remarked that it does not benefit them to do so to which Supervisor Stegall reprised his previous statement concerning the District's consultant. Supervisor Gilpin announced Tanglewood pays (approximately) \$250,000 annually to which Supervisor Brooks asserted his disagreement with that figure, affirming it should be more. President Branson called for public comment.

**David Halbig-** Declared the District never had a contract with Tanglewood MHC, LLC only with Juniper Bay Investors Unlimited. The only notable change in the addendum was the inclusion of the word, "perpetual". Mr. Halbig disagreed with counsel's determination and recounted that John Greytek sold the business to Hometown America for \$53 million. He contended that there should have been a "written reassignment" from Juniper Bay Investors Unlimited to Tanglewood. Mr. Halbig further attested that under the new law they would have to pay \$411,000 (annually), alleging the opinion was supported by former Florida Attorney General, Pam Bondi.

**Bill Norcross-** Noted Tanglewood has always been a subject of contention because of past utility delinquencies of which he was unaware of how it was resolved. He voiced his agreement with Mr. Halbig's point.

Supervisor Hotelling moved to table the resolution until the District receives an outside opinion, Supervisor Brooks provided the second. Ms. Cannady asked for direction if the 2<sup>nd</sup> opinion would be on the entire contract, or strictly Tanglewood rates to which he answered "the entire contract". President Branson called for public comment.

**Tom Kosty-** Asked who the mentioned District “consultant” was that determined the District is doing what it is supposed to be doing to which Ms. Cannady replied the statement was made during the GAI Consultants Inc. rate study presentation. Mr. Kosty was of the impression, the consultant had advised a new category could be added to the assessment method for Tanglewood to which Supervisor Gilpin asked if the billing structure would have to be reorganized were the rate to change. Supervisor Brooks interjected the conversation did not center on assessments.

Ms. Cannady answered Supervisor Gilpin, if the District moved away from the “unimproved per acre rate charge, then that would change the structure” for how Tanglewood is billed. Supervisor Stegall reiterated Supervisor Brooks’ request to get a second legal opinion from an attorney who has expertise in this law. Supervisor Hotelling added he opposes “perpetual agreements”, if there is an opportunity to negotiate, they should consider it. Supervisor Stegall was of the opinion, this is a misuse of funding to which Supervisor Hotelling reassured him it should not be too exorbitant and they could place a limitation on the expenditure. Mr. Schumacher was confident they can keep the expense under the \$25,000 bidding threshold.

With no further board or public comment, the motion to table the resolution was put to board vote.

Roll Call: Supervisor Hotelling- Y; Supervisor Stegall- Y; Supervisor Brooks- Y; Supervisor Gilpin- Y; President Branson- Y

**With a vote of 5-0, the motion to table the resolution passes.**

Mr. Schumacher agreed to work with operations for pricing options.

e. Discussion: WDM Creative Work Plan Document

Ms. Cannady announced World Design Marketing had submitted a “Work Plan” concluding Phase I of the marketing initiative. With the board’s agreement the second phase (Creative Development) would start during which World Design Marketing will create the District’s branding, marketing design and materials. Following this aim, they will develop a “website landing page” which she estimated will take a few months. Supervisor Gilpin referenced a previous conversation with Ms. Cannady, adding he read over the material (again) and though he can accept it, a majority of the information he questions. He felt the District is a, “golf... and recreational community” with a strong residential fellowship. Furthermore, it is a “retirement community” and he wants staff to focus on these key features. He disagreed with the direction of marketing to “younger” families. In his opinion, the focus should remain “55 and over” or recreation because this attracted him to the District. Supervisor Hotelling agreed his point was valid and asked if he would have still decided on the District if the community was only 55 and over? He attributed his question to comments given during the focus group, “it was nice having multi-generational, being able to have your kids live with you when they’re in transition” to which Supervisor Gilpin replied he could not say but, he believed the community was a 55 and over development. He presumed a majority of younger residents (20s and 30s) are tenants. Supervisor Gilpin admitted he came for the golf courses and the operation (as a whole) to which Supervisor Hotelling elaborated on World Design Marketing’s point that varying age groups is good for promotion; however, marketing to younger people who can purchase now, or retire part time might need to be considered. Supervisor Stegall was of the opinion, the document satisfied his expectations to which Supervisor Brooks contended the information was not anything new. Supervisor Hotelling was of the opinion that is a “good thing” to which Supervisor Brooks argued the information was the same as Global Golf Advisors. President Branson concurred with his point to which Supervisor Brooks acknowledged there is a benefit to using the plan; however, it will not be the cure all for the financial needs of the District.

Supervisor Gilpin agreed, adding membership pricing for families is worth more than what they charge. He believed 100 new members would bring in a sizeable amount of revenue, “every resident is worth more” than their assessment to which Supervisor Brooks concurred. He said he only wanted to make sure the board realizes that this plan will not solve all the financial problems faced by the District to which Supervisor Hotelling referenced one of the focus groups’ comment which involved membership. The response came from a resident who thought the ideal figure for member totals is 500. He asked if that is realistic to which Supervisor Stegall said that figure is subjective because should the number of members increase, then outside play rounds will decrease. Supervisor Brooks said members play 36,000 rounds (annually) and that they could decide an ideal figure to which Supervisor Hotelling added, “The difference is the member rounds will be less revenue than the outside rounds”. Supervisor Stegall said it is not uniform because they play a majority of member rounds in the summer (when outside play is more cost effective). He believed they have always accepted that more members would increase revenue; however, that is not entirely true. In his opinion, it all depends on what the Club charges for “outside play”; subsequently, the courses need to be maintained to a certain standard so they can charge more.

**Susan Wyatt-** Found the terminology, “resort style living” disagreeable because it does not line up with the District’s plan to enclose the lanai. In order for the District to fit this description, there needs to be the ability to sit outside and enjoy drinks, dinner or lunch. Enclosing the lanai will degrade the resort style because it removes “outside dining” to which Supervisor Gilpin reassured her there will be seating available outside. She did not believe residents who come to the District from the north are looking to dine under an umbrella; they prefer the comfort of sitting in a screened-in space.

Supervisor Brooks asked when a decision was made to purchase tables and umbrellas for outside to which Mr. Easum reassured him it was only an idea mentioned during a walk through. Supervisor Brooks voiced his disagreement with not being apprised of the information and with how other board members were not made aware to which Supervisor Hotelling said the idea (although he did not know) does not relate to what has already been approved by the board, as far as the project's scope (or construction). It is an operational decision of which he did not see an issue. He mentioned the practicality of the suggestion remains to be seen to which Ms. Cannady reiterated it was a proposition. Supervisor Brooks asked why the concept had not been shared with all board members to which Supervisor Gilpin explained how it had only been mentioned during the walk-through he attended. The intention was not to keep him out of the loop to which Supervisor Brooks requested that all supervisors be notified of these developments. Supervisor Stegall asserted Mr. Easum had not decided; in effect, it was only a discussion (originally) brought up when the pergola was a budgetary consideration.

**Sally Sunderland-** Introduced herself as a 20 year resident who moved to the District because of the community, not because it was age restricted. Ms. Sunderland believed younger families are good for the area. She referenced the kitchen and lanai project, recounting how a community survey was conducted but they considered none of the member's suggestions. Ms. Sunderland enjoys the lanai as it is and disagrees with placing tables outside because it offers no protection for patrons. She felt they would use the porch more, if the tables and chairs were not dilapidated (and have been for 3 years now).

**Helena Dougman-** Complimented the board for their work; however, she felt the responsibility of the board is to oversee the operations (not decide on tables or decorations). She felt this decision is the General Manager's and recommended he be permitted to make it.

**f. Discussion: Billy Casper Golf operation and contract**

Supervisor Stegall agreed with Ms. Dougman's comments, adding the board must give Billy Casper Golf directives for the Golf operation. He felt there has been a lot of attention paid on leasing out the Club, specifically to "outside groups". He was of the opinion, the priority should be to the citizens of the District. Saturday evenings is a big night for members (and residents); therefore, the essential objective should be the service to members and residents (i.e. ensure they are not turned away). The fewer occurrences of closing the better; coincidentally, this is the reason behind the lanai enclosure (creating 100 additional seats). He speculated Mr. Easum's priority has always been revenue driven which is appropriate; however, it should be citizen oriented (first), then revenue. If people are being turned away, they will not return deciding instead to eat at other venues (such as Chicanes). The dining experience at the Club should be of highest quality which is why he supported the kitchen/lanai project. Another issue is the frequency of "outside events". He was of the opinion, it sends a message the Club will shut down the courses and restaurant for outside patrons (groups) at the expense of citizens and members. He agreed with hosting "outside events" but in the off season to which Supervisor Hotelling affirmed he did not disagree; however, the District has more residents than "active golfers". He felt they should focus the priority on "breaking even" since the District must subsidize the operation to which Supervisor Stegall concurred. Supervisor Stegall pointed out how none of the District's amenities generate a profit to which Supervisor Hotelling replied he was not confident the amenities do not make revenue (either) because of membership fees. Supervisor Stegall said although that may be the case the revenue is "a big negative". Supervisor Hotelling continued, the priority should be to give Billy Casper Golf "clear direction" on what the board wants. To reach a balance, the board must dictate what the ideal direction is. From what he has heard, the operation is functioning well; however, the question is the priorities and helping Mr. Easum have a clear directive rather than being pulled in multiple directions.

Supervisor Stegall asserted the Club needs more revenue in order for the operation to be financially workable to which Supervisor Hotelling agreed, adding that is why Mr. Easum has focused on banquet revenue. Supervisor Stegall contended a la carte dining is where the resident demographic predominantly exists; subsequently, tax payer funding is used for the remodeling to which Supervisor Hotelling interjected a portion of banquet revenue comes from citizens. Supervisor Stegall said that is a separate issue from his concerns, he agrees residents, members and realtors should be accommodated but the point is, 5 to 10 years ago the goal was cutting as much from the subsidy to the golf course as possible. It does not work, and he disagrees with having, “outside events any more than we have to” during the January through March time period. The idea should be to generate as much revenue during the times the membership is not here to which Supervisor Hotelling voiced his understanding. It is important to sell a product that draws in consumers and “reasons to reinforce it’s a good product”. When he moved to the District, the Latino American tournament was an event he took great pride in. Now, the Latino American and Canadian tours are no longer hosted here, and third party endorsements help increase the “perceived value” of the Club. Supervisor Stegall recounted how the Latino American tour was considered a break-even event and the idea was to continue to host the Canadian Tour but not the latter to which Supervisor Hotelling asked if that could have been negotiated? Supervisor Gilpin responded the board attempted it to which President Branson elaborated how the position of the PGA was the District must host each tour (or nothing at all). Supervisor Gilpin added the tour in January damaged and closed the course too much which was not fair to the membership. President Branson posed the question, what the endorsement gets the Club because the PGA would not allow for the District to use their logo on any of the Club’s marketing material or signage. He did not know of anyone who came to the Club because of the PGA tours and felt the benefit was more for Billy Casper than the District. Supervisor Brooks said the conversation concerning the tours is ineffectual because there is little chance they will return.

Supervisor Gilpin said for the past 8 (out of 9) weeks, staff booked Saturday evenings up to where the Couples group he plays with could not gain entrance to the Clubhouse. The only week the group could, players were scattered throughout because they had rented half the facility. Supervisor Gilpin asked that Mr. Easum work on this issue because he does not want to go through another winter like this. He suggested that if they cannot accommodate groups, then they should be told the Club cannot host them to which Mr. Easum said he needs clear direction and will take appropriate action when advised. He explained that they expect him to generate a certain amount of revenue, while also taking care of specific people. The lanai enclosure will increase seating capacity so more people can be sat (together). He affirmed if the direction of the board is to host no events between January and March, then he will accommodate. Supervisor Gilpin was of the opinion, when there is a meeting with Billy Casper they can discuss it. Supervisor Stegall agreed with Mr. Easum's previous comment to which Supervisor Gilpin requested that he consider scheduling all outings at 8:00 a.m. because it disrupts afternoon golf groups. President Branson affirmed he would not be against discussing the Billy Casper contract and an incentive, but he does not feel confident the existing agreement has, "clear documented lines of communication". He felt Mr. Easum is receiving the communication from several directions, they place him in a difficult position. He did not disagree; however, he was unsure if the board determined how revenue would come from banquet activities. He agrees Mr. Easum has done well in marketing the facility but they did it at the expense of the Club's availability to residents (and members). Supervisor Brooks voiced his agreement with reviewing the contract. He recommended changing the fee to \$120,000, or reduce it to \$80,000 (or \$90,000), then build in clauses to increase the figure to \$150,000. The increase would depend on revenue and reviews (twice a year). In his opinion, taking this direction places responsibility back on Billy Casper for their management's decisions. He was against instituting a "perpetual" agreement to which Supervisor Stegall pointed out the current contract does not have a "termination date".

Supervisor Brooks affirmed questions he has involve meeting with Billy Casper management (annually) so there can be conversations such as: irrigation was a priority a year ago but now it can be pushed back; why the beverage cart became a necessity; why certain holes on Deer Run must be redesigned; how can there be profit in the restaurant when expenses are \$73,000 monthly or (approximately) 53% to 58% of the food and beverage operation's total revenue. He noted the guideline states it should sit between 30% and 35%. Until the board makes a firm decision on the direction of the Club, there will be no improvement. This is a conversation that needs to take place amongst board members after which, a meeting with Billy Casper management can take place. Supervisor Stegall concurred with the statistics; however, the Club's figures are even worse because the financials do not represent depreciation. The success of the operation depends on volume, the decision must be how to get more patrons to the restaurant. In his opinion, banquet operations are Billy Casper's attempt to increase revenue. He agreed the board needs to decide; however, there's no sure way of knowing until the lanai enclosure is complete. Supervisor Brooks pointed out the Club was closed 16 times in 2018, and in 2019 it closed in January, February and March (earning \$95,000). Supervisor Stegall mentioned that with the new kitchen, the Club should be able to accommodate a la carte and banquet dining at the same time. Supervisor Brooks asked if the board is considering residents or members because he did not believe the conversations centered on the former to which Supervisor Stegall replied his belief is that the discussion involved residents because most members are residents. Supervisor Brooks disagreed, asserting that a majority of District citizens do not come to the restaurant to which Supervisor Stegall contended it is because they are not able to get in. Supervisor Brooks asserted that a guideline needs to be given to Mr. Easum from the board (which is adjustable) to which Supervisor Hotelling said it all relates to a "balancing act". Supervisor Stegall felt it would be better to have Mr. Easum submit what he thinks is an appropriate banquet schedule, then the board decides. Doing so allows him to provide realistic estimations on revenue impacts.

At this time, he is unable to make a determination on how these decisions will affect the financials. Supervisor Brooks affirmed the goal should be to “break even” to which Supervisor Stegall replied with that comes the requirement of having a goal figure and date. Supervisor Hotelling agreed with Supervisor Stegall, adding the board is the financier that supervises (not runs) the operation. The message must be “clear... as the underwriter of the operation this is our goal for it; help us understand what you need to get there”. This will allow the Club from an operational standpoint to understand how this new plan will work with the budget and what is ideal to reduce the deficit. There needs to be an understanding for the impact these decisions will have on revenue. Budget discussions will begin at the May 10<sup>th</sup> meeting to which Supervisor Brooks pointed out the new budget will not become active until October. He asked if that means they will take no action until then to which Supervisor Hotelling stressed how important getting an “operational plan” is. They should present one between May and October during the off season. Supervisor Hotelling referenced the “reporting structure” used by Billy Casper Golf; effectually, clear regulation should be provided to personnel so they understand boundaries to which Supervisor Gilpin concurred. Supervisor Brooks asked for the consensus of the board to which Ms. Cannady inquired if the agreement is for Mr. Easum to create an “operational plan”? Supervisor Brooks confirmed three board members will consider renegotiating the contract which would require a meeting with Billy Casper representatives. He asked if the board agrees with moving forward to which Supervisor Gilpin agreed, adding he does not want past issues involving the incentive to come up. Supervisor Brooks affirmed the board would have to meet with Mr. Schumacher but they would agree on all the terms. Supervisor Gilpin reviewed why the original incentive was cancelled to which Supervisor Hotelling said he did not believe a “financial incentive” program will accomplish much, the board just needs to give direction. Concerning Supervisor Brooks’ previous questions for Billy Casper, he attributed the new direction of the operation to Mr. Easum and his perspective.

The current operations' feedback is the District requires a "longer-term plan" before taking specific actions, i.e. the golf cart was a short-term fix; however, irrigation (in comparison) will require more time. He felt it was the right decision to which Supervisor Stegall concurred. President Branson called for public comment.

**Jan Benson-** Introduced herself and asked if operations has ensured inventory is secure? She recounted an experience her son (a restaurant owner) spoke of alleging product may leave "through the back door". Ms. Benson mentioned staff must be better trained because they give too much alcohol in their portions, asking if there is a profit for liquor.

**David Halbig-** Suggested the board hold a workshop to compile a plan of action that (both) the board and Mr. Easum must be responsible for. He did not disagree with an incentive; however, the last time it was included in the contract it failed. He recommended any incentive be based on revenue as a "rebate"-structure.

**Cecile Wood-** Voiced her surprise with how supervisors were unaware of the expense totals for the bar and banquets (including income and loss). She concurred with Ms. Benson's previous points and complimented the Saturday evening buffet. Ms. Wood suggested running the buffet with three staff members and admitted that her group is responsible for some Saturday closures. Her recommendation is if there is a banquet closure, then there must be a profit. She asserted the operation cannot continue to lose money each year.

**Gary Lilly-** Introduced himself as the President of the Magnolia Place Homeowner's Association and referenced the kitchen expansion. Mr. Lilly recommended installing a pizza oven and serving more options of American cuisine i.e. onion rings and chicken wings. He admitted he too is a part of the Saturday group, besides four others, and voiced his concern for over seeding. Mr. Easum told him that they will only over seed on Turtle Run.

His suggestion is to provide more funding for Mr. Easum so he can continue his work. Mr. Lilly referenced younger families moving to the community and expressed his support for them. He said he wants to see Mr. Easum and Ron Wonderling socialize more with the membership.

**Skye Wannamaker-** Stated she supports the kitchen expansion and agreed the Island View does well with banquets and large groups; however, the service her guests and she receives on Saturdays is “embarrassing”. They are greeted but are often forced to seek their own server. She suggested that along with the expansion that training for staff be a focus, besides technology i.e. tablets to take orders rather than entering it from a single point of sale portal.

**Bill Norcross-** Reviewed the design of the Island View and described it as inappropriate. Mr. Norcross talked about competitors in Sebring and how the Club should be able to provide better service. He disagreed with the bar design and provided an account of how the Latino American and Canadian tours were cancelled. He recommended signage posted out front showing different specials offered by the restaurant.

6. Add-on item

7. Petitions and Communications (3)

a. **Sunrise Drive Speed table Petition:**

b. **Cortez Boulevard Speed table Petition:**

Supervisor Stegall voiced his impression that no petition was to be accepted until they had completed a traffic survey to which Ms. Cannady concurred, adding she wanted the board to know of the pending petitions.

She announced Mr. Martin wished to speak on the subject to which he introduced himself as a Sunrise Drive resident.

He reviewed how the petition encompassed residents of the road and straight a-way's in multiple directions. He declared there are commercial and non-commercial vehicles going speeds in excess of 50 miles per hour and expressed his concern that someone is going to get hurt. Mr. Martin said he knows of the impending evaluation and hoped that it takes place soon. Supervisor Brooks was not sure what the study would accomplish, asserting the only way to stop the problem is to hire a police officer or install a speed bump. Supervisor Hotelling replied the purpose of the study was to determine the locations for speed tables. It is better to install the speed tables in an organized fashion, rather than in a per case basis. Supervisor Stegall did not agree with the speed bumps being installed because he considers them dangerous; instead, he would prefer to see a police officer issuing citations. He expressed his shock at the speed vehicles were clocked at during the initial assessment on Sun 'n Lake Boulevard. He felt strongly that the speed tables the District has installed present a potential liability if an emergency vehicle were to be damaged. Mr. Hurley responded he has recorded complaints through the Security Department and believes, the only way to stop the problem is through the mentioned options (Supervisor Brooks presented earlier). He complimented the Sheriff's Department for their response to District requests and reiterated their inability to send an officer because of the amount of mileage they patrol. He spoke for the petitioners of Cortez Boulevard, asserting dogs have been killed and announced (as the President of the Preserve) there will be another petition submitted. Supervisor Stegall asserted they must address the issue but not with speed bumps that are "10 miles per hour" to which Mr. Hurley voiced his understanding. Supervisor Stegall affirmed he would prefer to hire a police officer to which Supervisor Brooks asked if they could sue the District for damage to emergency vehicles. Mr. Schumacher replied that is a possibility, they could sue for anything that happens within the District's borders.

Supervisor Hotelling voiced his disagreement with Supervisor Brooks' statement concerning the information of an assessment. He felt confident the study will identify problem areas and solutions. Ms. Cannady asserted an idea is to focus on populated areas, speed limits and stop signs within the District to which Supervisor Hotelling concurred, adding speed bumps will not be installed in the "unoccupied areas which may (or may not) create a risk". Supervisor Stegall voiced his agreement that should a police officer be needed while the study is underway, they should contract one. Supervisor Hotelling asked how that is possible and if operations has the authority to permit staff to issue citations to which Supervisor Stegall replied only an on-duty Sheriff can issue citations. Ms. Cannady asked for a consensus from the board to which Supervisor Gilpin said it would be a major expense. Supervisor Hotelling believed it would be worthwhile as a temporary measure; however, the operation needs to move forward with the study. Supervisor Brooks inquired if it is realistic to think they can arrange a study to which Ms. Cannady agreed to have more information by the next meeting, admitting she has already hit "roadblocks" with two of the contractors. Supervisor Stegall inquired if the county will move speed sensors to another area to which Ms. Cannady replied she was unaware if they are. Supervisor Stegall suggested placing them on Sunrise Drive to which she asked for a consensus from the board. Supervisor Stegall affirmed to which she reviewed the capabilities of the speed sensor. Mr. Martin recounted an incident where he was "almost physically assaulted" for asking people to slow down. An unknown audience member introduced himself as a resident on Sunrise Drive and declared how he has clocked FedEx at close to 50 miles per hour. He agreed with Mr. Martin's concerns regarding "road rage" and admitted he believed that speed bumps were the answer at one time but now people are driving around them. Supervisor Brooks noted the Cortez Boulevard petition included names (and signatures) from 12 to 13 people from other areas.

He announced that petitions should apply to residents on the street only. President Branson confirmed the board will move forward; however, it will not be soon as there is a need for a plan of action (and a potential budget amendment).

**c. Dave Halbig Correspondence:**

Supervisor Brooks asked Mr. Halbig if he had anything to add to what he had already said to which he reiterated his concerns involving Tanglewood. He voiced his approval for the tabling of the resolution and disagreed with Mr. Schumacher's direction on the subject.

**8. Staff Reports-**

**a. Cliff Easum-Golf Report:**

Mr. Easum provided an update on irrigation, stating the greens and pump station work is on schedule. He believed the start date for the pumps will be May 9<sup>th</sup> because of the manufacturing; shortly after (May 16<sup>th</sup>), Mondragon will be on-site to work on the greens during Deer Run's typically scheduled closure. He confirmed the month of March was busy for the Club; however, it was unusual in that public-play had decreased, yet member-play took the opposite direction. They found other revenue increases in the Food and Beverage department and merchandise sales in the pro-shop (\$4,000 in revenue). He announced April's trend is yet to be determined because a lot of the business will begin at the start of the month (usually) tapering off at the end.

**b. Ariel Starling- Community Services Report:**

Announced they scheduled the Easter festival for April 18<sup>th</sup> which is also the final day to drop off cans for the food drive. She confirmed April 22<sup>nd</sup> will be the start of registration for the summer camp. Ms. Starling announced the Soda Festival well represented the District with a booth which gave considerable exposure. There was a lot of social media activity for the event and the department has been diligent concerning social media engagement.

Of the statistics received, the highest totals included: “post reaches-up by 178%, page likes and follow-ups over 150%; with a sustained 66 new likes (or followers) to the Sun ‘n Lake Page in the last 28 days.”

**9. General Counsel Report:**

Mr. Schumacher reported that for foreclosures, defaults have been entered which are “uncontested” and should be processed quickly. For the DFC action, they issued a summons as of March 12<sup>th</sup> and he expects that to be out for service (with returns) within the next week. He is hoping to hasten on the defaults and he is waiting for responses.

**10. General Manager’s Report:**

Ms. Cannady began her report with an update announcing Earth Day is on April 22<sup>nd</sup> and the “Just Like Home Pet Hotel” (operated by Jordan Shannon and Anastasia Saunders) donated a pine tree for the dog park. She invited board members to attend on that day, (10:00 a.m.). Ms. Cannady announced budget discussions will start May 10<sup>th</sup> for the Golf fund with remaining operational discussions held May 24<sup>th</sup>. She announced Mr. DeJesus, and she has drafted a survey for the board to review and respond with key objectives for the budget process. Ms. Cannady added at the next board meeting a budget re-cap will be presented by Mr. DeJesus reflecting the past 6 months of the operation. An additional \$154,000 has been received from FEMA for Hurricane Irma reimbursements; of this amount \$47,686 was given to the Golf club for labor reconciliation. The expectation is for another \$33,000 to be received from FEMA; thus, closing out all expenses caused by the storm. She confirmed the District is fortunate as a majority of other governmental entities have received no reimbursement. Operations is working on the Strategic plan received from Global Golf Advisors to make sure the District is meeting the deadlines. Ms. Cannady concluded her report with project updates which included: the phase III drainage (Sunrise and Edgewater Drive) which began in the morning; subsequently, this project involves excavation work for the swales in that area.

She announced the “road paving project” will be submitted to the board by the next meeting to which Supervisor Stegall voiced his satisfaction to have seen three supervisors at the groundbreaking ceremony for Mr. Hornick’s development of 48 new units in Magnolia Place.

Supervisor Brooks asked if a decision had been made concerning Billy Casper to which President Branson said he was unsure. Supervisor Hotelling referenced a renegotiation workshop and addressed Supervisor Brooks saying he was of the impression Mr. Easum will put together an “operational plan”. This will be his recommendations on a workable budget if the requests of the board are met. Upon inspection the board will present feedback concerning moving forward to which Supervisor Brooks asked for a date to expect the completed document? President Branson replied prior to the first budget meeting to which Mr. Easum elaborated a week before May 10<sup>th</sup>. Supervisor Gilpin asked what can be done with some golf course properties available for sale; adding in his opinion, the lots located off of Sun ‘n Lake Boulevard (towards the District office) are easily sellable. Ms. Cannady asked if he was referencing the lots east of the “Hornick Homes duplexes” to which he confirmed. She replied the “re-plat process” will need to begin which will take (approximately) a year to complete. Supervisor Gilpin confirmed he would like to see the process begin if the board had an accord (cost permitting) to which Supervisor Hotelling replied there are quite a few available lots. He was unsure if re-platting would be the appropriate step to promote development. Supervisor Hotelling felt it would be more of interest to identify ways to get the “existing lots of record developed”. He declared his long-term aim would be to work with a developer to consider all the “available lots” and “re-plat” on a larger scale. Supervisor Brooks voiced his willingness to consider the option to which Supervisor Stegall agreed, elaborating not a lot of golf-front property has the infrastructure which presents a hurdle. She asked if the board would like her to seek pricing, adding she will also need to meet with the county because of the county road to which Supervisor Gilpin replied it would be a good opportunity to consider the option. He asked about how the cart barns are platted to which she replied, “it is District property zoned multi-family residential”.

The area is zoned properly but to sell a section of the land would change the strap number to which Supervisor Gilpin asked for a consensus of the board. One was given in favor to which Supervisor Hotelling suggested Ms. Cannady consider the relocation of the golf carts.

- 10. Unfinished Business
- 11. New Business
- 12. Committee Reports
- 13. Public Comment
- 14. Discussion to/from Board

With no further board or public comment, the meeting was adjourned.

**The meeting was adjourned at 11:52 a.m.**