

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS REGULAR MEETING
Friday, June 24, 2016
MINUTES**

The Regular Meeting of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Friday, June 24, 2016, at the Community Center, 3500 Edgewater Drive, Sebring, Florida 33872. The meeting was called to order at 9:00 a.m. by President Larry White.

SUPERVISORS PRESENT:

Mr. Larry White, President
Mr. Richard Hulbert
Mr. Michael Gilpin
Dr. Wally Edgell

The General Manager, Tanya Cannady; Board Secretary, Chrissy Hardman; Community Service Director, Tenille Smith; Finance Director, Omar DeJesus; Jim Kurtzeborn, Ron Wonderling, Billy Casper Golf and District Attorney, David Schumacher were present. There were approximately 38 people in attendance.

1. Call to order – 9:00 A.M.
2. Pledge of Allegiance
3. Announcements:
 - a. The Community Forum Budget Public Hearing is scheduled for Thursday, July 14, 2016 at 7:00 P.M. at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872
 - b. Next Regular Meeting is scheduled for Friday, July 22, 2016 at 9:00 A.M. at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.
 - c. Please silence or turn off your cell phones.
 - d. President White asked Curt McCullough to come forward. He presented Mr. McCullough with a plaque on behalf of the Sun ‘n Lake of Sebring Improvement District thanking Mr. McCullough for his years of service with the District.
 - e. President White announced that Mr. Handley with the Board of County Commissioners had a brief presentation. Mr. Handley awarded a deed for 7 lots required for drainage and completion of the Cortez Road Extension project. President White extended his gratitude. Mr. Handley gave an update on the Board of County Commissioners and how deliberations are still taking place for pavement.

4. CONSENT AGENDA

Minutes of the Regular Board of Supervisors meeting held Friday, May 27, 2016, Golf Financials May 2016 and Treasurer's Report May 2016

Supervisor Hulbert moved to approve, Supervisor Gilpin provided the second. President White asked if there was Board comment, with no response he asked for Public comment.

Ava Martinez- Provided her address and mentioned that she has been a resident of the District for 5 years. She has had issues with drainage in front of her house the entire time. She has advised Security who has come to her property multiple times to take pictures but as of yet there has been no action taken to correct the problem. President White asked Ms. Cannady to have someone take a look at it, and informed Ms. Martinez that Public comment at this time was specifically for the Consent Agenda and that he does appreciate her position. Ms. Martinez thanked him.

David Halbig- Asked if it would be possible to move item e. from the agenda to item a. in order to vote on Mr. Miller's vacancy first so that his successor could participate in the meeting. Ms. Cannady alerted President White about the necessity to vote on the Consent Agenda first before addressing Mr. Halbig's comment. President White agreed.

With no further Public comment the motion was brought back for Board vote.

Roll call: Supervisor Hulbert – Y; Supervisor Gilpin– Y; Supervisor Edgell– Y;
President White- Y

With a vote of 4-0 the consent agenda was approved

Joe Eck- Addressed President White voicing his disagreement with Mr. Halbig's statement because the new Supervisor would not be prepared and has not received training. President White responded to Mr. Halbig explaining it would be unfair to the new Supervisor to put him in the position to vote on items that the new Board member would have no background information on.

5. ACTION AGENDA

- a. Resolution No. 2016-06/24-24 A resolution of the Sun 'n Lake of Sebring Improvement District to award RFP 16-06 for Waste Water Treatment Plant joint sealing project to Industrial Maintenance Group, Inc. for \$155,670.00 and approve Budget amendment No. 7 to the 2016 Budget to fund the project.

Supervisor Hulbert moved to approve, Supervisor Gilpin provided the second. President White asked Ms. Cannady to summarize the project. Ms. Cannady said Mr. Howerton would present a short overture. Mr. Howerton began describing the leaks that formed on the joints of the Sewer Plant. Water is not pouring out however the problem is progressing rapidly which has become more evident within the last year. It needs to be addressed quickly because of Regulations set by the Department of Environmental Protection. There are several ways to address the situation, and he did leave a broad scope of work in the RFP to not exclude any method or product that may fix the problem. First the tanks will need to be drained then with a 5,000 PSI pressure washer the walls of the tank are to be cleaned. Once this is completed an epoxy lining will be applied on the inside of the exterior wall. When the plant was constructed it was brought to the District in pieces because it is a pre-fabricated plant, put together by sealing the joints. With the joints being over 40 years old and weather conditions in Florida being as they are leaks began to form. The epoxy lining application will adhere to the concrete in a process very similar to patching a tire. Polston Engineering has worked with Industrial Maintenance Group, Inc. before on other projects and are a reputable company from Lakeland, Florida. He voiced his confidence that the Contractor will be proactive in addressing this problem. The proposed Budget amendment will include sealing the plant's joints, emptying and pressure cleaning the tanks and hauling sludge from inside the tanks to the Landfill. Additional pumping for the tanks will be done using in-house staff and District equipment. President White asked if Industrial Maintenance Group, Inc. would be bringing a portable tank during process this process in order to ensure the plant still operates. Mr. Howerton said the project will take place in two phases. Half the plant will be shut down during this process while the other half runs, then during the second phase it will switch.

Curing time for the epoxy lining takes seconds as a result the tanks will be filled within hours of the lining application. He anticipates the project will take 2 weeks to complete. It will be a labor intensive project because of the delicate balance of microorganisms and this project will upset this balance. A 300,000 gallon Surge tank will be utilized for the project. Supervisor Edgell asked if there is a warranty on the product. Mr. Howerton answered a 3 year warranty is on the material, he would've preferred to have a longer warranty but found that the warranty being offered is the best option. Most companies would not extend a warranty because of the age of the concrete tanks. He said that if no incidents arise from the sealant within the 3 year period, he anticipates there will be no issues based off of his experience with products much similar to this used for Lift Stations in the City of Sebring. Supervisor Edgell asked if Mr. Howerton could guess on the life span of the product. In Mr. Howerton's opinion it seems to be a long lasting, durable material. Supervisor Gilpin asked if the project would be \$155,000.00 with an additional \$30,000.00 set aside for the District as a contingency. Mr. Howerton elaborated Industrial Management Group, Inc. proposed \$125,000.00 for preparation and lining, with 8-10 roll off trucks (as an estimate) for hauling off the waste material budgeted at \$3,000.00 per truck. He doesn't anticipate it being more than that as the District already pumped and cleaned the tanks 3 years ago. President White thanked Mr. Howerton and asked if there was further Board comment, with none President White asked for Public comment.

Tom Kosty- Asked if Industrial Management Group, Inc. was capable of completing the project under a "Prime" contract basis. Mr. Howerton requested that Mr. Kosty clarify his question. Mr. Kosty said he was asking if the contractor would be capable of providing the District with the end result Mr. Howerton anticipated, while not using District labor or perfect scenario estimates on costs. Mr. Howerton replied it was possible however the cost would be a lot higher for the District. Industrial Management Group, Inc. did not include that information in the proposal because the contractor felt the District would be able to handle that part of the project more efficiently for less. Industrial Management Group, Inc. would have to subcontract work out and in return charge the District higher prices.

Mr. Kosty surmised risk falls on District tax payers. Mr. Howerton said that though Mr. Kosty's statement was some-what accurate the unknown expense would be for equipment and odds and ends that cannot be determined ahead of time. Mr. Kosty concluded that his point is that another open ended project will need the use of District materials and equipment, and he doesn't know if the District has the ability or desire to track costs and then apply as the project proceeds. He feels it's unfair to put costs on District taxpayers and it should be the Contractor's responsibility to take out a bond for the project.

Joe Eck- Asked Mr. Howerton about the 3 year warranty and if the Contractor is licensed and insured. He questioned how long the Contractor had been in business. Mr. Howerton answered that he hasn't researched the extent of it but has been working with the company about 10 years and they were well established when he started working with them. He confirmed they are licensed and insured and are a national company. Mr. Eck asked if there is a bond on the warranty or if it's just the Contractor's word. Mr. Howerton replied that it is in writing. Mr. Eck suggested waiting on the project until a bond is placed on the warranty.

President White asked if there were further Public comments. He explained why this project needs to be completed by August 1, 2016 because water usage goes up during that time. Mr. Howerton agreed he would approach Industrial Management Group, Inc. about a bond however he didn't feel that they would not honor the warranty. President White asked Mr. Schumacher what his thoughts were. Mr. Schumacher said for example E.O. Koch Construction had gotten a bond fairly quickly but the bid had already been submitted and if a bond would now be required it would fall on the District to pay for it. President White asked what the estimated bond price would be. Mr. Schumacher said he could not answer to that.

David Halbig- Said he was under the impression any project over \$100,000.00 would require a bond. Mr. Schumacher commented the bond would be on the product itself. Mr. Halbig asked if that meant it was a requirement.

Mr. Schumacher said the Statute determines a requirement that a bond on any project over \$200,000.00 must be purchased.

With no further Public comment President White brought the motion back for Board vote.

Roll call: Supervisor Gilpin- Y; Supervisor Edgell- Y; Supervisor Hulbert- Y;
President White- Y

With a vote of 4-0 the motion to approve the resolution passes

- b. Resolution No. 2016-06/24-25- A resolution of the Sun 'n Lake of Sebring Improvement District to approve modification of contract with Polston Engineering to revise pricing for professional services effective July 1, 2016.

Ms. Cannady said Polston Engineering has served as the consulting engineers for the District 19 years and have not increased their rates since 2002. She said she had met with Mr. Howerton and Mr. Polston and she is recommending the proposed increases. President White asked if there was Board comment, adding that he is aware that it is a large increase but it should be considered because there hasn't been an increase in 14 years. Ms. Cannady advised President White a motion would be required for the resolution to be considered. Supervisor Hulbert moved to approve, Supervisor Gilpin provided the second. President White asked if there was further Board comment, with no response he asked for Public comment.

Bill Jackson- Stated that despite knowing both Polston Engineering and Mr. Howerton he feels that this is not the way to do business. He said that though they may be entitled to a pay increase there are rules and a purchasing policy that needs to be followed. It needs to be put out to bid.

Joe Eck- Asked what Polston Engineering's fees are. Ms. Cannady responded that she didn't have those figures available at the moment. Mr. Eck asked what the rate increases would be.

She read off the individual rate increases: Principal \$150.00, Professional Engineer \$130.00, Professional Engineer CAD \$130.00, Soil Scientist \$110.00, Senior Engineering Tech \$95.00, Engineering Tech \$75.00 and Clerical and Administrative \$45.00 all totals would be per hour. She explained that the District has a continuing Professional Contract with Polston Engineering. Mr. Eck asked how much money does the District pay Polston Engineering yearly. Ms. Cannady did not have that information with her. Mr. Eck suggested tabling the resolution to bring it back to the Board once Ms. Cannady could present the figures. Mr. Jackson from the audience suggested it go out to bid. Mr. Eck agreed. Mr. Schumacher addressed Mr. Jackson's statement advising that a Professional Services contract does not require the same bidding procedures as contracted items. He confirmed that as he had researched in the past it's legal to handle the contract in this manner but he would research it further. He mentioned that the contract with Polston Engineering is terminable on both sides with 30-60 days notice and is not at a set amount. Mr. Eck said he insists this resolution gets tabled and researched before voted on.

President White asked for further Public comment, with no response he brought the motion back for Board vote. Supervisor Hulbert stated that he has no problem with the increases as Polston Engineering has served the District well.

Roll call: Supervisor Edgell- Y; Supervisor Hulbert- Y; Supervisor Gilpin- Y;
President White- Y

With a vote of 4-0 the motion to approve the resolution passes

- c. Resolution No. 2016-06/24-26- A resolution of the Sun 'n Lake of Sebring Improvement District to approve the repairs and improvements to the golf courses by Billy Casper Golf for a sum not to exceed \$70,000.00.
Supervisor Gilpin moved to approve, Supervisor Edgell provided the second. President White stated that before discussions begin on the resolution he wanted to make clear that the funds being presented were already approved last year and is not considered new funding.

The resolution serves to put Billy Casper Golf on notice with their contract being negotiated. President White asked if there was Board comment, there was no response. He asked for Public comment.

David Halbig- Said that in Mr. Kurtzeborn's initial memo it stated additional funding which is an incorrect statement. Also in the Resolution verbiage the term "contingent funds" is misstated and should read "funds" because there is no contingency for the golf fund. He commented that there is still \$475,000.00 left in the Golf Maintenance fund. He said that the Golf fund would require additional funds to handle tasks Mr. Kurtzeborn listed in his memo, which are things that should already have been done. President White stated that the Resolution is necessary because last year the Course was not fertilized and the chemicals were not applied in the fall. The Resolution is to ensure that Billy Casper Golf commits to handling these important tasks, Billy Casper Golf officially is on notice. Mr. Halbig said that because the project is \$70,000.00 it needs to go out for advertisement and bid. Supervisor Edgell said that though he understood what Mr. Halbig was saying he was incorrect. Ms. Cannady explained that based on the proposals three items (curfew, Bahia sod and fertilizer application) all products would come from different vendors. The District's ordinance states that if a project per item is less than \$25,000.00 it would not require a bid. However it does require quotes for anything between \$5,000.00 and \$25,000.00. Mr. Halbig read a memo from John McClure dated May 6, 2015 which said that a known project with costs that exceed the bid threshold are not to be subdivided into smaller projects to avoid the bid requirement. He suggested that the resolution be tabled.

Ms. Cannady reassured the Board that all purchasing policies and procedures have been followed. Mr. Schumacher commented that the District currently has a contract with Billy Casper Golf, and this resolution involves the expenditure of funds already allotted. Therefore it's not considered to be subcontracted out but more a list of instructions for Billy Casper Golf on how to spend the funds.

Tom Kosty- Asked Mr. Kurtzeborn to confirm if curfew is only applied twice a year or if the proposed applications are now the recommended dosage. He added that he couldn't understand how additional sod and curfew would not require additional funding. President White explained that funds were already approved and available in the budget. Mr. Kosty commented that he didn't see 40 additional acres of sod in the approved budget. Mr. Kurtzeborn addressed Mr. Kosty stating with regards to curfew it's labeled for use once a year. However if testing yields nematode thresholds at a higher amount than acceptable levels those areas can be curfewed more than once. The funds for curfew and sod spelled out in the memo include additional quantities for use to widen the treatment's reach and include Roughts. curfew suppresses nematodes for approximately 90 days. While this is taking place the grass will grow and the nematodes will feed on the unhealthy grass. Mr. Kosty asked if curfew can be applied to a wider area without costing the District additional funds. Mr. Kurtzeborn responded that there is a fee for purchasing curfew and a fee for applying it. Pricing was nationally negotiated through Billy Casper Golf. If more areas are curfewed more money is spent including applications to an area twice. The proposed expenditures will not change the budget amount and though the expenditures will most likely put the Maintenance line item over, the budget would still be within the approved amount.

Bill Jackson- Stated that Billy Casper Golf is over Budget every year. He said that the money transferred to Golf Operations doesn't cover Capital expenses. He suggested that no further funds be given to Billy Casper Golf until they break even.

Joe Eck- Asked why the nematodes continue to show up, and suggested it's a Maintenance issue.

Judy Kollmeyer- Recounted an event she witnessed where she saw 2 layers of sod replaced. She is of the opinion that the way the sod was handled was done so carelessly. She said the next day after the sod was placed, Deer Run was open and she further witnessed the newly laid sod driven on and full of divots.

Players were hitting out of the new sod. Individuals tripped in the grass due to the huge gaps and divots. She said she couldn't understand why it wasn't roped off to protect both the sod and the golfers.

President White asked if Mr. Kurtzeborn had any comments. With no response and no further Public comment he brought the motion back for Board vote. He asked Mr. Schumacher to confirm if the word "contingent" would need to be removed from the Resolution. Mr. Schumacher answered that it isn't necessary but could be done.

Roll call: Supervisor Hulbert- Y; Supervisor Gilpin- Y; Supervisor Edgell- Y;
President White- Y

With a vote of 4-0 the motion to approve the resolution passes

d. Discussion-General Manager Contract

President White opened the discussion mentioning that each Supervisor received a copy of Ms. Cannady's contract and an evaluation form. He requested that every Supervisor complete the evaluation during the upcoming week so it could be discussed at the next regular meeting. He addressed Supervisor Edgell and asked that he complete the evaluation as much as he could considering the short time he has served as a Board Member, leaving anything blank that he doesn't feel comfortable completing. He also suggested that the Board make a firm decision on this discussion in order to have it in the 2016-2017 Fiscal Year Budget.

e. Resolution No. 2016-06/24-27- A resolution of the Sun 'n Lake of Sebring Improvement District to appoint a new Supervisor to fill the seat vacated by Richard Miller for the remainder of his term pursuant to Section 9-107, Highlands County Ordinances.

President White asked that each candidate come to the podium and introduce themselves and provide a background into who they are and why they wish to be on the Board. President White asked for Bill Jackson to start. Mr. Eck from the audience advised that

Mr. Jackson had left the meeting, and had withdrawn his request to be considered for office. President White thanked Mr. Eck for the update, and then asked Mr. Camp to come forward.

Mark Camp-Began stating that he has been a resident of the District for 6 years and for 2 of the 6 years has been here year round. He is originally from New England and is married to Linda Camp. He decided to move to the District because of the fellowship he felt in the community and on the Golf Course. He is greatly concerned about the condition of the Golf Course. He joined the Air Force after High School which was a very important and private time for him. After serving his wife and he got married and moved to New Hampshire to be closer to work. They raised 2 girls and now have 2 grandchildren. Interests include photography which led to freelance work for CBS Sports along with being a commercial rated pilot. Business wise he has over 35 years experience in the high tech industry which he worked in Senior Management. His responsibilities included strategic marketing and planning, budgeting, and team building for major corporations like Honeywell Information Systems, Genacom Corporation, QMS and Ava Technology. After 5 years of retirement he became an individual contributor to Fidelity Investments retiring again 5 years later, and settling down in Sun 'n Lake to be with friends and family. His decision to be on the Board came about when he started seeing things happening around the District he wasn't happy about, and though he could move and start over it's the people that keep him in the District. He feels the Golf Course and amenities are one of the strongest attractions in the District, and operations cannot continue if the membership keeps declining. He's concerned about the large projects taking place, and drainage. He saw how much work was put into the Maronda Homes Special Meeting with only a handful of attendees. He concluded his introduction by maintaining that he calls things as he sees them and wants full transparency on the Board.

President White asked Mr. Guglielmi to come forward.

Frank Guglielmi- Proceeded with his introduction advising he's been a permanent resident of the District since 1999 and has owned property and been a Golf member since 1993. His family and he stumbled across the District in 1988. He's lived on both coasts and decided to retire here because of the rural atmosphere and the community. He retired from General Motors in 1991 after working for them 33 years. He returned to work for an engineering company as a Program Manager, with 300 people under his supervision. He would train an individual during the summer and in the fall would leave. He worked until 1999. He has already served on the Board of Supervisors for several years and is interested in the Community. He said that without the Golf Course the Community would not be what it is. He said that the Course will never be 100% because there isn't enough money to do that, however appearance is not always everything and playability is more important. He spoke about the Latino American Tour Qualifier and how the tour would not use a Course that wasn't playable, and of tour quality. He wants to be on the Board and is opinionated and ready to defend his ideals, but is reasonable if proven wrong. He wants the Community to go forward and get better. He doesn't want another 4 year term and is happy to fill Mr. Miller's seat until completion of the term.

President White thanked Mr. Guglielmi, read the resolution and opened the floor for nominations. Supervisor Hulbert nominated Mark Camp. Supervisor Gilpin asked if the nomination was not seconded could Mr. Camp's nomination come back at a later time. Mr. Schumacher said that would be acceptable. Supervisor Edgell stated he had misadvised individuals interested in the vacancy that there was a 30 day requirement to fill it, he did not realize it actually is 45 days and pondered if the vote should be postponed to a later date because of the misinformation. President White commented that he felt there had been enough time given to have interested candidates submit their resumes and letters of interest. Mr. Schumacher explained that currently there is a motion on the floor nominating Mr. Camp and if the motion did not have a second than additional nominations could be made for anyone who is a permanent resident of the District and is registered to vote in Highlands County.

If no additional nominations are made and no second provided the Resolution dies. That being said it's legally required that it be voted on no later than Friday, July 22, 2016. President White provided the second. He asked for Board comment with no response he asked for Public comment.

David Halbig- Said that Mr. Camp is the best choice to fill the vacancy. His business and financial background would be a benefit to the District. He attends meetings regularly, and Mr. Halbig was of the opinion that he would responsibly serve the residents of the District if given the opportunity. He added that he felt Mr. Camp would cast votes based on facts and not emotion or special interest.

Larry Bertetto- Said that he reviewed the resumes and didn't know who Mr. Camp was prior to that, however, he has been to quite a few meetings and shows in interest in the District.

Tom Kosty- Said that what impresses him about Mr. Camp is that he focuses on the urgent need of the District growth. No entity stands still it either grows or retracts. Presently the membership is dwindling and is going backwards due to age. Mr. Camp has a strong marketing background. He talked about marketing efforts in the past and how it led to 3,000 properties changing hands.

President White asked for further Public comment and with no response nominations for the office of Supervisor was closed and the motion was brought back for Board vote.

Roll call: Supervisor Edgell– Y; Supervisor Hulbert– Y; Supervisor Gilpin- Y;
President White- Y

With a vote of 4-0 the motion to approve the resolution passes

Oath of office was conducted for newly appointed Supervisor Camp

President White asked the Board if they wished to proceed with appointing a Vice President. Supervisor Hulbert felt that a Vice President should be appointed, Supervisor Edgell agreed. President White opened the floor for nominations. Supervisor Edgell nominated Supervisor Gilpin, Supervisor Camp provided the second. With no further Board or Public comment nominations for the office of Vice-President was closed and the motion was brought back for Board vote.

Roll call: Supervisor Hulbert– Y; Supervisor Gilpin- Y; Supervisor Edgell– Y;
Supervisor Camp- Y; President White- Y

With a vote of 5-0 the appointment for the office of Vice President passes

6. Add-on items – None

7. Petitions and Communications – None

8. Staff Reports-

- a. Community Services Report- Ms. Smith updated the Board on Summer Camps, and the official end of week 3. She confirmed there is no availability for Summer Camps. There are 30-35 campers attending every week. Activities the campers participate in include swimming, cooking, crafts and games. She spoke about the Independence Day celebration scheduled Sunday, July 3, 2016.

The program is very similar to previous celebrations, there will be games and activities for children it's a family oriented event. The Shannon Reed Band will be performing outside and there will be vendor specials. The Island View will be open and accepting reservations for indoor dining. The Kids area has been expanded, and there is a \$1.00 increase. There are more sponsors this year than in previous years and increased revenue by \$1,400.00. Sponsors will be displaying their businesses information in the Kids area and will be offering games for children. She concluded her report by briefly touching on the Trick-or-Trot event in October.

President White thanked Ms. Smith and asked if there were any comments from the Board. There was no response.

- b. Golf Report- Mr. Kurtzeborn reported that the month of May for Golf revenue was off slightly because of the High School fundraiser held outside. The fundraiser is held between Highlands Ridge and the District's Golf Course and is alternated yearly between the two venues. This year Highlands Ridge held the fundraiser and as a result the budget showed a \$2,500.00 loss for the month of May. Revenue was off in the Restaurant as well compared to last May. That being said June is ahead in Restaurant & Golf revenue. A new event introduced this month was the Rum Fest, over 220 people attended and the event was considered a success. Additional programs implemented in June included F&B Member Mondays and Resident Thursdays. Mr. Kurtzeborn concluded his report by informing that the billboard off of US Hwy 27 will be used for advertising.
 - c. Security Report- There were no questions or comments on the Security Report.
 - d. Code Enforcement- There were no questions or comments on the Code Enforcement Report.
9. General Counsel Report – Mr. Schumacher began his report with the Griffin litigation advising that Discovery has begun both for the District and Mr. Griffin's attorneys. It was agreed that due to the volume of the Discovery requests both sides have received an extension for July 21, 2016. He will be coordinating with Ms. Cannady and Mr. Koji to spearhead this request. Draft responses will be prepared within the next week or two and documentation is already being prepared as requested. For the Ayala litigation a motion for Summary Judgment has been set for early August and with a new Judge presiding over the case hopefully the conclusion will be expedited. Foreclosures are proceeding and additional documents have been signed and submitted with one Foreclosure finalized. This concluded his report.

10. General Manager's Report- Ms. Cannady began her report advising that a "revenue and financial" status report will be provided to the Board by the end of June, when June financials have been finalized. She said that once presented she'll explain where revenues stand along with a Capital Project update. She instructed the Board to look at the screen as Mr. Howerton had pictures displayed for the Board on project updates. He provided a briefing on the North end drainage project displaying a photo of the original rusted pipe used for roughly 10-15 years. He presented photos showing the pipes that replaced it stating that the headwall is scheduled to be poured on the end of the pipes. Once done the project will continue with back filling and compaction procedures to rebuild the road and to get the road back open, the footer was at the time being poured. Monday, June 27, 2016 is when the actual headwall will be installed. The project has taken longer than anticipated due to torrential downpours and weather conditions. He reported that the project includes pipes going down the side of Ponce De Leon Blvd which are already in place but have no water flowing through them. The water was blocked off so Contractors could work on the headwall. Once completed the water will be released. The ditch on Ponce De Leon will be filled in and the remaining part of the road will proceed with being shaped. Structures in the ponds have been replaced and mowing can resume. The pump for the Unit 4 pond was started Monday, June 20, 2016 and is working perfectly. All that remains is the water line installation. The following photos showed the Ponce De Leon sidewalk project area boxed off and scraped in preparation, it is progressing very well. Ms. Cannady said the sidewalk connects Nadena Drive to Savona Drive crossing the road from there and continues to Adrienne Street. Supervisor Gilpin asked when the Sidewalk project is expected to be completed. Mr. Howerton said he would have to revert back to the contract, but he is confident the Contractor will be able to do so quickly. There are a couple tasks regarding drainage that still need to be done. This includes water to be removed off the road by moving it across the sidewalk and into the ditch. This will be accomplished by going underneath the sidewalk and will take time to construct. From there the project should commence fairly quickly. He said that he believes the Contractor will start from the North end and pour going south. President White asked if they are working at the end of Ponce De Leon where it will go into the new pipes, and if the ditch line on the right side will be cleaned. Mr. Howerton said that the ditch will be filled in due to the new pipe installation. President White said he meant the ditch along the road back about 50 yards from the intersection, not the open ditch.

Mr. Howerton said it will be closed in and the water flowing at the surface will go through pipes already buried there. President White said he was asking about a different area though he understood what Mr. Howerton was talking about. He specified that he was discussing the ditch line west and south around the curve. Mr. Howerton said it goes back about 250 feet from the road, and pipes were installed. Once the water is turned loose on those pipes they will clean it out and fill in the ditch which is the first 240 feet from Frontage road going west on the south side of Ponce De Leon. Essentially it will be closed in and will no longer be there. The north side of the road is where the water line will be installed. Ms. Cannady continued her report stating advertising for the Public Works facility will be done mid July with a pre-bid meeting date set around July 17, 2016. She invited the new Supervisors unfamiliar with the project to schedule a meeting with her to go over the details. This concluded Ms. Cannady's report. Supervisor Gilpin asked Ms. Cannady if she had heard any updates on the restrooms at the Racquet Club. Mr. Hurley responded that he spoke with the Contractor that morning and confirmed the delay is because of the roof. The roof ordered has production delays along with the roofer being behind schedule. Electrical work has been completed and the windows and doors are currently being installed. Supervisor Gilpin asked Mr. Hurley to stay up on them. Mr. Hurley confirmed that Mr. Howerton and he are maintaining contact with them once a week.

11.Unfinished Business –None

12. New Business – None

13.Committee Reports –None

14. Public Comments

Larry Bertetto- Reverted back to the General Manager Contract Discussion, he read in the contract that within 4 months the General Manager would review all procedures, practices and rules along with anything pertaining to District staff on hours, overtime, use of vehicles (as cited in the employee manual) and would provide a report of recommendations to improve the organization and performance of the District. He asked if that had been completed and if so he wanted a written copy of it by the next regular meeting. Ms. Cannady replied that the employee manual has been revised, and the recommendations were approved by the Board of Supervisors last year. Mr. Bertetto asked if he could have a copy.

Ms. Cannady confirmed. He talked about staff taking too long to rake sand traps and questioned the management of the Course. He mentioned the GPS advertising revenue and how it's short \$13,000.00 when it was supposed to pay for the GPS units.

Sharon Havener- Said she has been a resident since 1987, and pays assessments. She reminded the Board that there is a water problem in her neighborhood and lives with it year after year. She said that the District is not cleaning the ditches as it should be. She received a letter May 24, 2016 about culvert and drainage cleaning, and that the work is expected to begin. The only work done was the placement of blue flags some of which have been removed due to being mowed over and will need to be done again. The work on the Unit 5 ditches needs to be handled. President White asked if Ms. Havener lived on the A, B, C streets. She answered that she lives on C Street. He reassured her that once the contractors complete work on Ponce De Leon, they will be working on those streets. She asked why Unit 5 was tabled so that Ponce De Leon would be first. President White explained that it wasn't tabled that Unit 4 had been an ongoing project for the past 2 years.

Tom Kosty- Said that the drainage issues Ms. Havener spoke about happen all over the District listing flooding he had witnessed at the "Flash Gordon" house right off of the Golf Course, and Mr. Halbig's house. He said after the last rain storm he noticed that the Maronda Homes neighborhood only had 1 or 2 lots with some water coming near the grass. Once the District goes down this road of fixing drainage in neighborhoods it'll be something that will have to happen for all District neighborhoods. Supervisor Hulbert said that Maronda Homes after that storm didn't have water issues because it didn't rain in that portion of the District. Mr. Kosty moved on to the GPS Units on the golf carts, and that he isn't sure if the marketing effort is continuing on the GPS units. He estimated 60,000 rounds played since that decision was made in September 2014 and asked if that money had been transferred back to the General Fund from the Golf Fund. Ms. Cannady replied that it had not, stating that the bank accounts all are owned by the District, and therefore no transfer had taken place. Mr. Kosty asked if that resolution was meaningless. Ms. Cannady said there was no resolution. President White reassured Mr. Kosty that he looked into whether it made a difference in the incentive which Ms. Cannady informed him it makes no difference at all.

Mr. Kosty said that the “URRIF” was instituted for the renewal, replacement and improvement of Utilities. He said that there is over \$500,000.00 experienced in depreciation in the Utility infrastructure. When the Community Center was built for \$1.6 million dollars, half of that was borrowed from the Utility fund. A payment structure was set up to repay that debt. It seems now that the District is assuming that the fund is part of the income of the District, and with all the projects taking place that money keeps being used for payment of those projects. The “URRIF” will be empty when it comes time to expand the Sewage Treatment Facility.

David Halbig- Said he wouldn’t vote for the GPS units until the Board approved the condition of repayment, and so it was approved. He asked that it be explained why the transfer has not taken place. Ms. Cannady said she was first made aware of it roughly 3 weeks ago. Mr. Halbig said it was a Resolution that is being ignored. Ms. Cannady said the only thing she’s been produced is a set of minutes concerning it. Supervisor Hulbert said he remembered. Ms. Cannady addressed the Board advising that there is a set of minutes that brought upon a discussion regarding the \$1.00 transfer, and what needs to be understood is that with Operations of the District “fund” accounting is used. Bank accounts are all owned by the District and not Billy Casper Golf. If the Board feels like that payment methodology should be used to replace those funds she doesn’t have a problem with it. This would essentially just be a transfer from the Golf Fund to the General Fund a transfer from 1 bank account to another. Mr. Halbig spoke in the audience and was inaudible.

Joe Eck- Asked if a record is kept of how many games of golf are played. Ron Wonderling from the audience advised that every penny of it is recorded. Mr. Eck said that as a result of that the records should reflect that information and show how much money needs to be transferred. Mr. Wonderling explained that last year the assessment revenue approved by the Board was around \$300,000.00 and only \$170,000.00 was transferred over to Golf Operations, he said that the variance never transferred over to Golf so essentially that money stayed in the General Fund. He said it’s more an accounting shuffle of funds. Mr. Halbig spoke from the audience inaudible addressing Mr. Wonderling. Ms. Cannady commented that the District does know what is going on and Mr. Wonderling said he would reply in writing.

Mr. Eck said he wants to know too what is happening with those funds because it saves his pocket from having to put out money for the Golf Course. He said he wants to talk about the drainage issues in the A, B, C streets saying that the new Board members have their hands full. He said Mr. Miller had work to be done in Unit 2 and he wants to know who is going to clean the drainage ditch at Florida Ave on the east side. He added that he's still waiting for street lights from 3 years ago approved by the Board and Mr. Wright. Additionally for the Budget he wouldn't be present for that portion of the meeting and asked if there would be an open meeting with the Public before the Budget is approved. President White confirmed. Mr. Eck asked what day that would be. President White confirmed it would be Thursday, July 14, 2016 at 7:00 P.M. at the Community Center. He asked what the Hurricane force impact is on the new signs on US HWY 27 and Sun 'n Lake Blvd. Ms. Cannady said that she doesn't have that information with her and that it's built to code.

15. Discussion to/from Board

Supervisor Gilpin welcomed Supervisor Camp to the Board. President White said that following a recess the Budget discussions would begin. He said the Maronda Homes Budget discussion would be first and after would be open to Public comment with the remaining Budget discussions withholding Public comment until after the information was presented. President White recessed the meeting through unanimous consent.

The meeting was recessed at 10:36 A.M.

The meeting reconvened at 11:00 A.M.

16. Budget Discussions

- a. Maronda Homes, Unit 4 Drainage – President White began the discussion stating the goal would be to reach a decision on how to proceed with Unit 4 drainage. The Budgeted amount would be for Tarrega Street and would include 41 lots total. All of the lots have homes constructed with the exception of 1. The District has already spent close to \$500,000.00 dollars on this drainage problem with the last phase of the drainage project approaching completion on Ponce De Leon. He stressed that what is being offered will not be a total solution.

He noted that both Mr. Howerton and the residents who attended the meeting on April 26, 2016 agreed Option 3 would be the direction preferred. Mr. Howerton pointed out that Option 3 would offer residents the best chance to solve the problem long term. He added that other options would only help on a temporary basis. Mr. Howerton reviewed the details of Option 3 and the installation of a 15" pipe down both sides of Tarrega Street in addition to a catch basin for each lot line. This will ensure water from each driveway will drain into the catch basin from the surface. The 15" pipe would be sealed in order to ensure that the water from the ground could not get into the pipe, but this alone wouldn't help for ground water. In order to alleviate ground water he would install a perforated pipe parallel to the installed 15" pipe. Water would dump into the catch basin and flow over into the 15" pipe and from there flow into the ponds. This option would work in tandem with other major District projects to move water down-stream. Unfortunately this work will tear up driveways and ditches. The driveway would need to be replaced, but would take care of the dip; providing a solution for pooling by garbage cans and mailboxes. In addition to that it would handle storm and ground water. Supervisor Gilpin asked if the focus of the discussion should be on what the District is willing to do first. President White agreed, adding the project would not only involve maintenance it would be the implementation of a whole new drainage system. He addressed Supervisor Edgell and Supervisor Camp explaining that when Maronda Homes was built a small bond was purchased totaling \$6,000.00-\$8,000.00 and covered Utilities and Roads. A bond was never taken out for drainage. Most homes throughout the District when built had a bond placed for drainage around \$12,000.00-\$13,000.00. Maronda Homes decided not to pay for this bond. The estimate provided by Mr. Howerton for Option 3 was \$431,800.00. President White had Mr. Howerton confirm that the size of equipment needed to complete the project would destroy the edges of the road therefore the road would need to be restored. The estimate on restoration for the road is \$27,300.00 bringing the project's grand total to an estimated \$460,000.00. He suggested the maximum contributed by the District be no more than 10% of the project's cost or \$50,000.00. Unit 4 residents would have to purchase a bond which may not be possible because of problems with bonds in the past. Each owner would have to pay the District approximately \$13,000.00 over a 10-15 year time period, with interest estimated at around 4%. President White acknowledged Mr. Eck, stating he understands it needs to be done however if done for Unit 4 Residents it will also need to be done for the entire District.

He asked that the Board offer their suggestions and opinions. Supervisor Hulbert asked if it would be possible to get grant funding. Ms. Cannady said that there is an opportunity for research through a company called Guardian. Supervisor Hulbert suggested that option be presented to residents in addition to the District's contribution of 10%. Mr. Schumacher advised he had done research into bonds and if the District can fund the project independently charging residents in Maronda Homes up to 30 years with a 10% interest. He found that it was acceptable for the District to contribute as much as deemed necessary with interest. He also brought up how the District is evaluating a project for a population consisting of 41 lots which have received \$500,000.00 of drainage work already. Likewise the Maronda Homes Special Meeting was poorly attended and no residents from Maronda Homes were currently present at this meeting. There would need to be a Special Assessment placed on Unit 4 and public hearings would be required if the District didn't receive 100% written agreement for the special assessment from Unit 4 property owners. He suggested that the Board figure out how much money the District can contribute and present the costs while attempting to acquire written consent. If those residents are not willing to give written consent, then why even proceed with the project. Why spend District money that won't be replaced for 30 years or more to improve the lives of 41 members if they're not willing to share in the debt. President White asked Mr. Schumacher what method he would suggest to communicate this. Mr. Schumacher counseled to write letters to Unit 4 Residents on the District's position with the advisement that if the special assessment is not accepted by signature with 100% participation then the District cannot go forward, both Supervisor Gilpin and Supervisor Edgell agreed. Supervisor Gilpin commented that he is comfortable with contributing 10%, adding that if Unit 4 residents aren't ready to do that he doesn't want to waste any more time on it, President White agreed. Supervisor Edgell said that he figures Unit 4 residents will know what the financial obligations are once they receive letters from Mr. Schumacher and it may need to be decided on now. Mr. Schumacher said that the issue here is what amount to budget (if any). Once decided the payment methodology can be listed in the Resolution. President White said another fact to consider is that the District will also have to restore the road which is an additional expense of \$27,000.00, so essentially what would be put in to the project itself is 5%, if 100% participation is not received then the project is dead in the water. Mr. Howerton offered the idea if the Board is willing to pay up to \$55,000.00, then Option 1 (clean the swales) could be another avenue.

He said Unit 4 residents could be extended this offer with the understanding that the District can't guarantee that the swales will stay dry. President White said that the District is responsible for the ditches so it makes sense. Supervisor Edgell commented he liked Option 1 but he is concerned residents throughout Sun 'n Lake, who have drainage issues in return will expect work to be done for their street. Mr. Schumacher asserted that this would not set a standard, a decision made in the past has no bearing or legal precedent on the present. If the District decides to aid Unit 4 residents it doesn't have to happen every time. Supervisor Hulbert asked if it was correct that no drainage was constructed under the driveways. Mr. Howerton answered that at one time there was a 6" perforated pipe installed along the road. When utility and phone lines were installed the large trucks performing the work ran over the perforated pipe, Maronda Homes as the developer decided to cut the pipe on each end then pull it out. Then the home was built and the pipe was placed back in before the driveway was constructed. This didn't help because after the homes were built landscaping and irrigation contractors came in and broke the pipe while using the trencher. As a result the pipe at the top of the hill runs water down hill, and once it hits the pipe that is damaged the water stops. Gravity as a result pumps the water from the top of the hill and dumps the water down-stream. To just clean the swale would not solve the problem. Ms. Cannady explained how residents on the top of the hill don't experience the same amount of water as homes in the middle because of the slope of the 7' hill. Mr. Howerton commented that this was not a problem the District created it was done when the homes were built. Mr. Schumacher said that as far as District liability goes there is no cause of action that goes back 20 years. President White said the only residents who have recourse are the homeowners who purchased within the past 2 years and were given no information about drainage they are able to sue the realtor. Mr. Schumacher agreed it would be a "material defect". President White recapped that it sounded to him there were only two options, either clean the ditches for an estimated amount of \$50,000.00-\$55,000.00 or give homeowners the option to take \$50,000.00 and apply it towards the whole project (if 100% resident participation is acquired). Mr. Schumacher said the decision needed to be made today on how much money total the District is willing to spend. President White asked Mr. Howerton what the total would be to clean the ditches. Mr. Howerton estimated it would cost \$55,000.00. Supervisor Edgell addressed Mr. Howerton and how he had said it wouldn't work, Mr. Howerton confirmed.

Supervisor Hulbert asked about grant funds being an option, Ms. Cannady said she would like an opportunity to research it. Supervisor Hulbert said the decision should be postponed until research into grant funds is reviewed. President White said he felt that a maximum should be set now for the Budget. Supervisor Hulbert said that he felt it should be \$50,000.00. Supervisor Camp agreed. President White announced with everyone in agreement that the amount be set at \$50,000.00

The meeting was recessed at 12:00 P.M.

The meeting reconvened at 1:16 P.M.

- b. Golf Fund- President White announced for this portion of the budget discussions it was agreed that it will not be read line by line, but would be discussed in order. Supervisors can bring up items and concerns as they come up. He is aware that there are new Supervisors, unfamiliar with the Proposed Budget book. In the next Budget Workshop, the updated Proposed Budget books will come out and will be trimmed down based on today's discussions. He proposed that the Golf fund be cut from \$419,815.00 to \$350,000.00. The reason for this suggestion is funding would have to come out of reserves should that amount remain unchanged. He met with Ms. Cannady who did not feel comfortable taking funds out of reserves and Mr. Kurtzeborn is confident that with the money spent this fall for improvements to the golf course \$350,000.00 would be enough, he asked Mr. Kurtzeborn to confirm if he was accurate in his statement. Mr. Kurtzeborn replied that the idea is that what is completed this summer will be visible in the upcoming winter. The extra expenditures will create a better growing environment and address the nematode issue, all while improving fertility to ensure turf grass will be in excellent condition. The difficulty is nematodes are a serious pest, and do put the course at a disadvantage. With these improvements the nematode levels will get better. He said that as it stands now the Course is budgeted for average performance with funds available in the maintenance budget. He feels confident that if the budget amount is dropped to \$350,000.00 the club will still have a good year. The Club is currently about \$30,000.00 from achieving the financial benchmarks set during last year's budget discussions. President White said that one reason he supports this change is because funds will not have to be pulled from reserves. He asked what the Board's thoughts were. Ms. Cannady explained how assessment dollars have been given to the Billy Casper Golf for operations and are authorized for recreation and golf purposes.

In 2007-2008 there was a golf assessment that was paid by the residents of the District and put into the Golf fund which is no longer the case. The District receives \$3.5 million assessment dollars a year and President White's recommendation is to take \$350,000.00 of those assessment dollars to transfer into the Golf fund. Over the years the assessment funds have decreased which is directly related to revenues from the Golf Course and Restaurant. She further reiterated that President White's suggestion is to take \$419,815.00 originally proposed and reduce it to \$350,000.00. For the present fiscal year no funds have been transferred over to the Golf fund, and she does anticipate it will happen at some point. President White further explained that though it's in the budget it doesn't necessarily mean the full amount will be spent. Ms. Cannady explained that only half of the budgeted amount was given to Golf Operations last year because the Restaurant and Golf Course made up the rest from revenues. Mr. Wonderling said that previous Boards have indicated that the reduction of assessment funding is what they wanted. This year marks the first year that the amount requested is more than the previous year. The reason more funding is requested is due to there being more items listed in the budget specifically for the Golf Course. The club can be operated with no assessment dollars or \$1,000,000.00 depending on the level of service and maintenance expected. Little things that can be improved are being addressed. These funds would be for bigger picture items that will aid in improving the Golf Course. Supervisor Gilpin asked for clarification on the term maintenance saying that the \$170,000.00 that didn't get transferred should've been which is visible looking at the condition of the golf course. Mr. Wonderling said that Billy Casper Golf did spend the funds allotted for expenditure on the golf course, but the revenue was so high it lowered the amount of money needed from the District. Supervisor Gilpin asked what Mr. Kurtzeborn meant by maintenance when he spoke previously and if he meant work required to keep the course up. Mr. Wonderling said that typically when referring to maintenance it's the agronomy aspect of an operation. Specifics are listed in the outline of the budget when it comes to fertilizer, chemicals etc. which are considered an agronomic plan. Mr. Wonderling agreed to have the agronomist Mike Stephens along with himself meet with the Supervisors to detail that plan. President White addressed Supervisor Gilpin pointing out the Capital Improvement Plan of the Budget which detailed items not included in maintenance. He said the business of how funds are applied is completely different then personal accounts. Supervisor Edgell said he believes he understands it but doesn't want to not lay out the groundwork.

It shouldn't excuse why the Course is not in a better state. He said that he understands how it works, and does agree that there should be grass before October. Mr. Wonderling reminded the Board that they have the authorization to do a Budget amendment at any time and what could be done now is budget a lower amount for 2016-2017 then revisit it mid to late April when the March financials come out and season hits. At that time a plan could be implemented for improvements in the summer so that results in the following season are seen. He is confident that next year the Course will be in a very good financial situation. President White said that everyone would like to see it get cleared to nothing but it's been cut considerably in the past 4-5 years and a plateau has been reached where it won't drop for a while. Another thing that needs to be considered is that roughly 75% of assessment payers do not play golf. Supervisor Gilpin said that he agrees however it has nothing to do with the Golf operation and keeping the golf course maintained. Even if 10% of assessment payers were playing golf it doesn't change the fact that there is the Golf Course and it needs to be taken care of. President White said he wants to see the Course continue to improve, and he is asking if all are in agreement with cutting it to \$350,000.00. Supervisor Gilpin asked Mr. Wonderling and Mr. Kurtzeborn if they think they can accomplish the improvements by October 1st, 2016 while keeping the proposed Budget at \$350,000.00. Mr. Kurtzeborn replied that the October 1st date will not be affected by this budget adding that there is no excuse for the condition of the course to not improve whether Billy Casper Golf gets the extra funding or not. He is comfortable with the \$350,000.00 with the understanding that when the budget goes over there may need to be money transferred. Supervisor Gilpin repeated his question. Mr. Wonderling said the proposed Budget from a maintenance expense standpoint, taking all other line items out is \$66,443.00 more than 2015-2016. By reducing the assessment funds some will not be included. He posed the question if the Course will be better than it is currently, he said yes, admitting he knows what the Board wants but he needs a little more time with the agronomy team to get to the root of some concerns. Supervisor Gilpin said he's not criticizing he just wants to make sure the funds are there to get the Golf Course back in shape and keep it that way. Mr. Wonderling said the Golf Budget will be reduced to \$350,000.00 and further adjustments will be made. A new draft will be sent out, including comments on specific changes. President White said the Fertigation System budgeted at \$30,000.00 will not be an item that will show up right away and will be something that happens over a period of time.

He asked if that could be a line item not included in the 2016-2017 Budget but it include it in the following budget or does it need to be left in. Mr. Wonderling said the Fertigation System is more of a supplemental item and explained that bulk applications are applied throughout the year. The Fertigation System would allow fertilizer to be fed through the irrigation system to give the turf a little extra nutrition. This would improve the health of the Golf Course. Mr. Kurtzeborn said Fertigation is definitely a “want” and not a “need” but he wouldn’t be proposing it if it wasn’t for the fact that overseeding is no longer the preferred fertilization method. The benefit of a Fertigation System is it allows liquid fertilizer to be fed at night without interrupting play. He said he would be more comfortable receiving a set amount to try and work with to look into other strategies because the Fertigation system does have a lot of benefits. President White turned to equipment replacements and the proposed purchase of 3 mowers. Maintenance has said that the mowers need to be replaced badly. He would like to see included in the new Proposed Budget book the current mowers worth of 15-20% the original value and the difference between that amount; in comparison to the actual trade in. Ms. Cannady said there are two options, either put the mowers on a surplus list and accept what the auctioneers can get or work with the vendor and have the Board approve a trade in for the equipment. Mr. Wonderling added that Billy Casper Golf would look at the State bid contract for what is negotiated then compare it to Billy Casper Golf’s national negotiated vendor price. From there Billy Casper Golf will see what the vendor is willing to trade it for and also put it out to bid. Typically Insight Auctioneers has paid more money than what the vendor was willing to give. This was tested and proven with golf carts and golf equipment in the past. President White asked that when the proposed Budget is revised if the approximate trade-in figure could be included and also be done with the proposed Gator purchase. He asked about leasing the mowers. Mr. Kurtzeborn said he could forward the figures they received on one-time payment lease. The District would have the mowers for the life of the equipment and then turn it back in; an estimated \$79,500.00 expenditure. The price to purchase the mowers is \$105,000.00 and only has a return of 20% once the mower has reached its life expectancy. In his opinion it would save money to do a one-time payment upfront. President White asked if the warranty on the equipment is 3 years. Mr. Kurtzeborn confirmed. President White asked if on a leased piece of equipment the vendor would take care of maintenance the entire lease. Mr. Kurtzeborn disagreed, the District would still have to keep the machine running but the vendor would work with Billy Casper Golf on repairs.

He said a 3 year lease is \$74,000.00 and in his opinion more savings is found with the 4 year lease. Mr. Wonderling asked Ms. Cannady if the 4 year lease would be considered an operating or a capital lease. Ms. Cannady said it would be considered a capital lease and would depreciate after a 4 year period, further explaining the vendors benefit is on the receipt of the returned equipment. President White said he's never been fond of leases however with high maintenance equipment such as the mowers it's worth the price. Ms. Cannady said that some leases do have a buyback option for \$1.00, and is an option included with the lease. President White said that considering the price of the lease he thinks it wouldn't be applicable. Mr. Kurtzeborn said that the vendor would structure the lease to get \$105,000.00 then give the option to buy back for \$1.00 or return it. He said that this is a very important piece of equipment that the District can't get using mediocre equipment. Mr. Wonderling confirmed that a comparison would be put together and brought back to the Board. Supervisor Hulbert mentioned the equipment lift proposed at \$15,000.00 and asked if it's for the new Public Works facility. Mr. Kurtzeborn confirmed. Supervisor Hulbert suggested that since the new Public Works facility won't be constructed for a while it should be left off another year. Mr. Kurtzeborn asked what the expected completion date of the new building is. Ms. Cannady estimated on or before September 2017 stating it would be during the 2016-2017 Fiscal Year. Supervisor Hulbert said in his opinion it seemed to be a long way down the road. Ms. Cannady said if so it could be budgeted and carried over to the next year. Supervisor Hulbert brought up the Fertilizer Spreader, and asked if it's the same as the Sand Spreader. President White answered no. Supervisor Hulbert wondered if they could be inter-changed. Mr. Wonderling responded that one is a top dresser and the other is a spreader and are two different pieces of equipment. Supervisor Hulbert asked about the Kirby Markers. Mr. Kurtzeborn responded that the Kirby Markers could be an item removed from the Budget along with Bahia grass. Mr. Wonderling explained that these markers are spring loaded installed on the irrigation heads. Supervisor Hulbert said that some of the original Kirby Markers are in good shape. Mr. Kurtzeborn stated that they are breaking but can be kept one more year. Supervisor Hulbert suggested only purchasing Kirby Markers that need to be replaced and repaint the others. Mr. Kurtzeborn agreed adding the Kirby Markers are not a "need" item. Supervisor Edgell asked what the other item on the list was. Mr. Wonderling confirmed it was the Bahia grass, and explained that the \$10,000.00 proposed for the Bahia grass could be removed because Bahia grass is being installed this year.

President White said that the total Golf & Restaurant Capital plan being proposed is \$291,500.00 and if agreed a lease for equipment replacements will be signed. The Kirby Markers will be removed taking off \$30,000.00 bringing the proposed total to \$261,500.00, he saw nothing else that could be removed or reduced. Supervisor Edgell agreed. President White asked if Mr. Kurtzeborn could work with that. Mr. Kurtzeborn agreed. Supervisor Hulbert asked about the amount and if it still included the Fertigation System. President White said it did and that it needs to be done because of the grass requiring water especially on Hole 14. Supervisor Edgell asked what the irrigation updates included. Mr. Kurtzeborn explained that it was because of the repairs due to lightning strikes, and presently they're just limping through it. Mr. Kurtzeborn confirmed it is a "need" not a "want". Supervisor Edgell asked if there are any other places on the Course that needs irrigation besides the one listed, mentioning the grass added to Hole 12 which had turned brown questioning why. Mr. Kurtzeborn said the turf was in shock but is coming back. Supervisor Edgell asked if there is a sprinkler system there. Mr. Kurtzeborn affirmed saying that all of the Bermuda grass is irrigated. He said the Bahia grass doesn't all get irrigation because it's draught tolerant and nematode resistant. Supervisor Gilpin asked Mr. Kurtzeborn to confirm that the Bermuda grass on Hole 12 is just in shock and is not dying. Mr. Kurtzeborn affirmed. President White said that with those items addressed he wanted to move on to membership rates and the 2% rate increase. Mr. Kurtzeborn commented that the increase is actually 1.5% on the dues annually. He also confirmed that the largest price increase is \$63.00 for the annual memberships. Supervisor Gilpin said he's not in agreement with increasing the annual membership until the Course is in better condition. Mr. Wonderling said that an option could be to hold the increases for the annual memberships and for the seasonal memberships apply the 2% increase. Mr. Wonderling confirmed that annual members of the club new or existing will experience no increase. Ms. Cannady added increases will be on the summer memberships, and single memberships including the 3 and 5 month memberships. Supervisor Edgell said he's not in favor of increases because it isn't the right time. Supervisor Hulbert said that from what he hears players want to see what they're getting for their money and so far they're not seeing anything so he's not in favor of any increase right now besides the 3 and 5 month memberships. Hotel business would need to be played by ear because it may not be a good idea to raise it too much. Mr. Kurtzeborn said that the proposed rate increases are the highest allowable prices to charge. He gave an example of December through April and "off the street" pricing.

The increase is from \$55.00 to \$56.00 is not including promotions or price reductions on slower days. These increases would help to create a balance for the declining membership. Supervisor Edgell asked what dates the seasonal memberships start. President White used the 3 month membership as an example and how it would be any 3 consecutive months. Supervisor Camp said it's done for 5 month memberships as well and they commence on the 1st or the 15th of any given month. President White asked if there were further comments. Ms. Cannady summarized the changes with the reduction of the Assessment Recreation line item to \$350,000.00, reducing Capital and Capital Equipment from \$291,500.00 to \$261,500.00, and increasing only the seasonal memberships. President White confirmed. Mr. Kurtzeborn further clarified the seasonal membership increases are 3 month single, 5 month single, and summer single membership.

- c. General Fund- President White said that he has very little notations on the General Fund. Ms. Cannady is working on assessment rates which won't change this year. She said that another assessment study is needed as the last one was done 3 years ago by a consultant in Orlando who proposed an assessment rate change not approved by the Board at the time. The assessment rates need to be evaluated along with its methodology. She recommends moving forward with a consultant which she will present information on at a later time. The last time this was done it was put out to bid. She reminded the Board that assessments haven't changed for 7 years with the exception of 1 commercial rate increase 3 or 4 years ago. President White said vacant lots both improved and unimproved have assessment rates which are very high. Reducing those rates should be considered in order to get a better payment percentage without driving the remaining assessment rates too far up. Ms. Cannady and Mr. DeJesus have been calculated collection ratios and considered reducing vacant lot assessments for example to \$250.00 from \$500.00. Also being considered is where else the District can increase revenues in order to make that money up. She confirmed that totals were alarming because of the poor collection rate on vacant lots. Individuals are not in arrears with their Sun 'n Lake Assessment but also Highlands County taxes resulting in these lots going through the escheatment process. In order to make up for the losses there will need to be increases either on the residential or the commercial assessment. Supervisor Hulbert asked when the last time the Commercial rates were raised. Ms. Cannady responded 7 years adding that 3-4 years ago commercial rates were raised for Tanglewood specifically. He said that 3 years ago the church assessments were reduced.

Ms. Cannady confirmed that the assessment level has remained the same but the District is charging 25% of the full amount based off of a \$643.00 assessment. She commented that an argument could be made that there are 5 churches in the District who do not pay county taxes. President White asked everyone to turn to the General Capital Plan portion of the Budget for General Fund. He said that \$410,000.00 had already been removed from the Maronda Homes line item bringing the total to \$50,000.00. Both Ms. Cannady and he reviewed Signage and Landscaping in great detail and recommend the following signs be purchased: Sign 4 to be located on Ponce De Leon Blvd, Sign 5 to be located in the round-about located at Ponce De Leon Blvd, Sign 9 to be located across the road from Deer Run Holes 1 and 9, Sign 13 to be located on the fence at the driving range, Sign 14 (which totals 2 signs) to be located on the road towards Turtle Run, Sign 15C to be located at Columbus Blvd through Turtle Run, Sign 16 and Sign 17 directional signs providing directions to the pump stations located on Hole #10 leading back to Hole #1, Sign 18 located on Sunrise Drive & Sun 'n Lake Blvd directing people to the Community Center and Recreation complex and Sign 19 which is the same thing. The final selections are 21 and 22 located at the back entrance on Granada Blvd. The new sign selection (not including landscaping) brought the total from \$244,024.00 to \$25,599.00. This would leave some of the bigger signs to be purchased eventually. It was also agreed that the large sign for the District would not be included because it may be moved (if needed at all) as the original signs have been repainted. He liked the idea of the Skid-Steer listed in the budget. Ms. Cannady had found a company who owns a truck with a built in vacuum and pump which cleans out culverts and would cost the District \$250.00 per driveway for the service. He asked Ms. Cannady to research it and figure out what tubes would be required for the cleaning which would be more cost effective at \$5,075.00 total. If it doesn't work then the purchase of the equipment will be put back on the table. Mr. Hurley said he felt it was a good idea. President White asked what the 7' Rhino Mower would be used for. Mr. Hurley answered that it would be for the sides of the roads towards the back. He said that it is a large area mowed weekly and to purchase it would save time and money in the long run. President White understood commenting that based off his experience the Rhino Mower will not be able to handle the conditions of that landscape. There are other types of mowers that are heavier, have taller sides and a stronger gear boxes which cost almost as much as the mower. Mr. Hurley confirmed he would meet with Mr. Lloyd to look at different mowers of that caliber.

President White suggested looking at John Deer mowers (not necessarily that brand). Supervisor Gilpin reverted back to the culvert cleaning company stating if Mr. Hurley was comfortable with it he'd prefer to go that route. Ms. Cannady mentioned that drainage budgeted at \$175,000.00 was for drainage maintenance. At this point a program is being developed for drainage maintenance throughout the District. The first 4 of the A,B,C streets cost \$133,000.00 alone to clean (including ditches and a portion of Orduna Drive). Supervisor Edgell asked if that would address Ms. Havener's concerns. Ms. Cannady said that Mr. Howerton had spoke with Ms. Havener in the parking lot and reassured her that the Contractors are coming to her street.

Tom Kosty- Said the heavy duty mower President White mentioned is able to do more work than just the back area it can also handle berms in front of unimproved lots. He asked if the mower President White mentioned would be maneuverable and not tear the neighborhood areas up. President White confirmed it wouldn't.

- d. Utility Fund- President White stated that one year go the water rates were increased \$2.50 which brought \$110,000.00. When that was done it was agreed that rate increases would be revisited during the 2016-2017 Fiscal Budget discussions for additional increases. In comparison to utility rates for Avon Park and Sebring the District's utility rates are lower. He said he would like to see rates raised between \$2.50 and \$5.00. Supervisor Edgell said Ms. Cannady had provided him with a survey from 2014 on rates within the State of Florida and the District is one of the cheapest in the state. Supervisor Hulbert said he had received that information as well but feels it's a good way of bringing people to the District. To keep raising the rates on the Golf Course, Utilities or Assessments will scare people away from the District. Supervisor Edgell said he's in favor of raising the rates. Supervisor Camp asked why the rates are being increased. President White explained that it would be to bring more money back into the reserves especially because of the necessary work for the Sewer system, this money would not be spent it would be used to replace the funds in the reserves. Supervisor Hulbert said those funds would already be received from last year's increase and that what in fact is happening is the District is doubling it. He said it doesn't need to be done now, and asked Ms. Cannady how much money is in the URRIF presently.

Ms. Cannady responded that there is roughly \$3.4 million dollars explaining that some of the funds will be used for the new Public Works facility, which once paid will cut that amount in half. The rate increase from last year was agreed in an attempt to replace those funds. Supervisor Hulbert said there isn't a need to increase it again. President White believed the rates should be raised and set aside because it will eventually be needed. Supervisor Hulbert said that the focus should be on paying off the projects that are due now. President White asked Supervisor Gilpin what he thought. Supervisor Gilpin said he was ok with an increase to \$2.50. Supervisor Edgell agreed. Ms. Cannady explained that what this would do would take the \$7.75 base rate and increase it to \$9.25. Those funds would automatically go into the URRIF. Supervisor Camp said he would agree with the \$2.50 increase. President White agreed as well.

Tom Kosty- Asked when it is said that the District has the lowest base rates in the State if that was per gallon. President White said if he remembered correctly the survey showed a comparison of 0 gallons, 4,000 gallons and 8,000 gallons across the State. Mr. Kosty asked how many gallons of water is pumped in a year on average within the District. Ms. Cannady said she didn't have that information available and explained that monthly reports are given to both the Finance Director and herself with those statistics. Mr. Kosty said that what is not figured in the survey is that 4,000 gallons of usage is for a home with water pumping year round, in actuality it should be figured by the amount of water pumped divided by the amount collected. It should show an amount much larger than other parts of the State. The average meter in the District does not pump 4,000 gallons a year and is closer to 2,500 gallons yearly. He mentioned the Fire Department stating it led to an \$180,000.00 per year windfall for the District. In 2010 the former engineer compiled an extensive report on sewage treatment and at that time the sewage treatment facilities were running at 60% capacity. The requirement is that by the time 75% capacity is reached expansion should already be under way. He said there are lots available without bonds that could be used for expanding the Sewer Plants. He further added that the URRIF was supposed to be used on expansion of these facilities. He cautioned that the URRIF should not be depleted. President White asked if there were further comments from the Public or Board, with none the meeting was adjourned.

The meeting was adjourned at 3:13 P.M.