

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS REGULAR MEETING
Friday, July 22, 2016
MINUTES**

The Regular Meeting of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Friday, July 22, 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. Michael Gilpin, Vice President

Mr. Richard Hulbert

Dr. Wally Edgell

Mr. Mark Camp

The General Manager, Tanya Cannady; Board Secretary, Chrissy Hardman; Community Service Director, Tenille Smith; Finance Director, Omar DeJesus; Jim Kurtzeborn, Billy Casper Golf and District Attorney, David Schumacher were present. There were approximately 33 people in attendance.

1. Call to order – 9:00 a.m.
2. Pledge of Allegiance
3. Announcements:
 - a. Special Meeting to approve the incentive payment and changes to the management agreement for Billy Casper Golf is scheduled for Thursday, August 4, 2016 at 9:00 a.m. at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.
 - b. Next Regular Meeting is scheduled for Friday, August 26, 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 presented a plaque to former President Miller for his service to the District. Mr. Miller relayed his appreciation and honor to have served the residents of the Community.

4. CONSENT AGENDA

Minutes of the Regular Board of Supervisors meeting held Friday, June 24, 2016

Supervisor Hulbert moved to approve, Supervisor Camp provided the second. President White asked if there was Board comment. With no response he asked for Public comment, there was none. President White brought the motion 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 consent agenda was approved

5. ACTION AGENDA

- a. Resolution No. 2016-07/22-28- A resolution of the Sun ‘n Lake of Sebring Improvement District to purchase a new Emergency Generator and transfer switch from Tradewinds Power Corp pursuant to FSA Contract 15-13-0904 for \$79,672.80. Supervisor Camp moved to approve, Supervisor Gilpin provided the second. President White asked if there was Board comment, there was no response. Ms. Cannady announced Mr. Howerton would provide an outline of the project accompanied by Mike Waldron, Tradewinds Power Corp. The project has been on-going for several years and is related to the Blower project. The current Generator was purchased through Tradewinds Power Corp and is being replaced because it is not large enough to handle the currently installed Blowers. Furthermore the Generator is 240 volts and the new Blowers are 460 volts. The proposed Generator is 300 KW and is double in size. It will be able to handle the new Blowers and equipment with enough power left over for future Plant upgrades. It is Diesel operated with a large tank that can run for longer durations of time in the event of a power outage. The price for the Generator is \$76,054 a negotiated price through the Florida Sheriff’s Department contract. An additional \$3,618.80 for a transfer switch has been accounted for and included. The transfer switch would pair up to the new Generator, and is a 3 phase- 400 amp switch. Lead time for this purchase is 10 weeks. A RFP is out for the installation of the Blowers, equipment and electrical upgrades. The Generator was not included in the RFP but an addendum can be appended should the purchase be approved. The RFP closes August 16, 2016.

President White asked if there was Board comment. Supervisor Camp asked if the old Generator can still be of use. Mr. Howerton answered that it will be tested and upgraded. It will be installed at the new Maintenance facility. With no further Board comment President White asked for Public comment.

Joe Eck- Repeated the terms of the warranty (2 years-1,500 hours) and asked how long the Generator will run when used. Mr. Howerton said Generators are tested once a week for 30 minutes. Other than that if there are no emergency situations the Generator is not used. If there is a hurricane or power outage the Generator will need to run around the clock. Mr. Eck said he was concerned about the warranty and asked if it could be extended for a longer term as a result of the limited usage. Mr. Waldron responded that he wasn't sure how long the current Tradewind Generator has been in service or its maintenance records however the quality of the product speaks for itself. Regarding an extension to the warranty it is available for purchase. The current warranty offered is typical and has been extended to Orange County, Daytona, City of Miami and the City of Miami Beach. The Tradewinds Power Corporation has been in business for over 30 years, and the owner of the company stands by his product. Should issues arise Tradewinds Power Corporation would work with the District to resolve them. Mr. Eck mentioned how Mr. Howerton will no longer be overseeing District projects and asked if Polston Engineering would still be on-sight. Mr. Howerton confirmed.

Ms. Cannady voiced her appreciation for Mr. Howerton's dedication and service to the District since 1994, further stating he has been invaluable and will surely be missed.

David Halbig- Asked if the current Generator's specifications included a transfer switch, and if the upgrade was included in the budget for the Maintenance Facility. Mr. Howerton said that it has been considered. The transfer switch installed is set up to function as a 3 phase switch. If re-wiring is required than there will be some cost involved and will be included with the upgrade costs for the Generator.

Bill Jackson- Asked what the upgrade costs would be. Mr. Howertown did not have that information available. He mentioned that the switch as is can function and be moved with no additional cost. A portion of the power the Generator produces would not be used. Mr. Waldron said Tradewinds Power Corporation will have their Generator Technician run a start-up in cooperation with the electrical contractor. He invited all interested parties to attend and assured Mr. Jackson that he will be communicating directly with Polston Engineering and Ms. Cannady.

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

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

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

- b. Resolution No. 2016-07/22-29- A resolution of the Sun ‘n Lake of Sebring Improvement District approving the first amendment to the General Manager Contract with Tanya Cannady for a \$5,000 increase in annual salary effective October 1, 2016.

Supervisor Camp moved to approve, Supervisor Edgell provided the second. President White provided a quick history of Ms. Cannady’s time with the District and as General Manager. He commented that Ms. Cannady accepted the position without previous experience. He complimented Ms. Cannady declaring she is doing a fantastic job and is holding the District together during these difficult times. She has been a great leader for her team and has helped the Board and District in every way possible. She brings new ideas to the table and is working very hard to create a long term plan for the District. The evaluations once calculated came to 94.2 out of 100. He asked for Board comment, hearing none he asked for Public comment. There was no response.

President White brought the motion back for Board vote.

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

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

Ms. Cannady thanked the Board of Supervisors and relayed her gratitude for the opportunity to serve the Community. President White thanked Ms. Cannady for her hard work.

- c. Resolution No. 2016-07/22-30- A resolution of the Sun ‘n Lake of Sebring Improvement District requesting the Board of County Commissioners, Highlands County, Florida, to amend the Enabling Act of the Sun ‘n Lake of Sebring Improvement District by amending Sections 9-102, 9-103, 9-104, and 9-105 and adding Section 9-106 to address Code Enforcement Issues within the District.

Supervisor Gilpin moved to approve, Supervisor Camp provided the second. President White asked if there was any Board comment, hearing none Ms. Cannady summarized the different changes recommended. Bob Pritt searched for outdated codes relating to Statutes ensuring their removal. Additionally the word “mulch” was deleted from “Parking Prepared Surfaces”. Once officially removed residents will be allowed additional time to comply with code. County code will not be enforced within the District’s policy. Mr. Pritt feels the document is ready for submittal to Highlands County Attorney Ross Macbeth. From there it will be approved by the Board of County Commissioners. President White asked for Public comment.

Bill Jackson- Asked if it would be acceptable to assume that once adopted the policy will be enforced. President White replied it is the District’s intention.

Tom Kosty- Asked if the Code Enforcement definition pertaining to “Front Yard” was still included. Ms. Cannady said it is still defined. Mr. Kosty asked if the parking policy between houses is too. Ms. Cannady replied it had not been changed.

Mr. Kosty said that in the past when the definition for “Front Yard” came up it was confusing. He asked if clearer verbiage had been added. Ms. Cannady responded that the definition of “Front Yard” is included in the ordinance and has not been changed. Mr. Schumacher read the definition which stated the Front Yard starts on the Front Line of the main structure. Mr. Kosty asked how the policy would apply to Duplexes, Triplexes and side entry garages. Ms. Cannady said that those questions were not presented to her prior to her discussions with Mr. Pritt. Mr. Kosty asked if pavers are considered concrete. Supervisor Camp read the definition of “Prepared Surface” specifically item (5) the definition. Mr. Kosty read from the current policy manual regarding driveway permits and the requirement that complete building, site plans and specifications for driveways are to be submitted prior to construction for approval by the District Engineer or Director of Public Works and Utilities. He asked if that is the case. Ms. Cannady said it is not. Mr. Kosty asked why. Ms. Cannady said the responsibility of the District is only to issue permits for driveways and that it is a proposed policy change that it be removed.

Joe Eck- Asked why continue to debate the Code Enforcement policy when instead, the District can use Highlands County Code Enforcement. He returned to the definition for “Front Yards” stating a lot of homes were grandfathered in. He added that Ms. Cannady is doing a great job.

Hearing no further Public comment President White brought the motion back for Board vote. Mr. Schumacher commented that Code Enforcement is based on complaints.

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

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

6. Add-on items – None

7. Petitions and Communications – None

8. Staff Reports-

- a. Security Report- President White asked Mr. Hurley if he had anything to add to the Report. Mr. Hurley responded there was nothing more.
- b. Code Enforcement- Mr. Hurley provided a review of the report details and said Security does ride around to check for Code Enforcement violations. President White asked if there was Public comment.

Joe Eck- Acknowledged that Code Enforcement Officers do what they can. He suggested that Security Officers be allowed to get additional training. Mr. Hurley said Security Officers will never enter a home without a Sheriff or additional Security staff present because of liability and safety. Security staff is licensed. Mr. Eck suggested deputizing Security Officers.

- c. Golf Report- Mr. Kurtzeborn provided an update on Club events for the summer. The first Thursday of every month the Islandview Restaurant will host a Seafood Night, the first Friday will have live entertainment, the second Thursday is Italian Night and the second Tuesday will be Kids Night. Rumfest was successful and the next major event will be the Summer Bash Party in August. Resident's Night will return in August with a slight change. Instead of a "Buy One Get One Free" or 50% off deal it will now be 25% off food and drink. Golf course maintenance has been busy with projects, and is progressing well. In the past 60 days, 8 temporary employees have been hired with 2 additional full time employees. The fulltime employees have prior Golf course experience. One employee previously worked at Laurel Oak Country Club, in Sarasota, Florida for 3 years. The second employee was the Assistant Mechanic from Highlands Ridge. In an effort to improve on the membership experience the morning shotgun has been adjusted so that more time is blocked ahead of member groups. This has been monitored throughout the past month and is averaging less than 3 hours and 45 minutes for the morning shotgun pace of play. The club has benefited from the Pinecrest Golf Club closure.

Oakwood Golf Club in Lake Wales, Florida is closing due to a Government installation of a pipeline through the course itself. They will be closed for the upcoming season. In response he is attempting to reach out to the owner to convince him to send his play to the District because our location is far enough away that their members will return once the course opens. A promotion will be extended to Polk County residents the middle of August. Another focus is on changing maintenance practices for the upcoming summer. Currently there is a 3 week rotation on courses. He is looking into doing major green renovations starting with Deer Run on June 1st, 2017 moving on to Turtle Run June 10th, 2017. This would give a 5 day period where greens would not be in the best shape however it would cut the current duration of that in half. The Golf Committee meets the 2nd Tuesday of every month and is open to the public. The July meeting was very productive and had 14 agenda items with the adoption of a Charter. The Golf Committee understands that it does not function as a Sunshine Committee but serves as the voice for the membership. The committee was strongly in support of entering into a “Stay and Play” program. He found a Duplex available for lease the months of October 2016, April and May 2017 located on Matanzas Drive. He met with Ms. Smith and agreed to contribute \$5,000 from the marketing budget to subsidize the program should it not be successful. He will start with 1 unit, and he anticipates with membership advertising word of mouth will do the rest. The package is affordable and sold in weekly increments. A small amount of golf and restaurant dining will be included with members participating as tour guides. The Canadian tour qualifier has expressed an interest in having Sun ‘n Lake host as the venue April 10, 2017 through April 14, 2017. This would be during the week of Easter when business is typically low. The Golf Committee was unanimously in favor of hosting the tour qualifier. This is the last year of the LatinoAmerica U.S. qualifier contract. It is his recommendation to not renew the contract because the January timing doesn’t serve the Club’s best interest. The Scrub Jay habitat was also discussed and the Golf Committee is looking to assist the District in designating areas of the habitat that effect golf play providing funding to repair these areas. The next Golf Committee meeting will be held August 9, 2016 in the Banquet Room, all are welcome to attend. He asked if there were any questions or comments.

President White reverted back to the Canadian tour qualifier. He asked how much revenue it would generate. Mr. Kurtzeborn replied he hasn't gotten into advanced negotiations yet however from the sample contract he received the contract price given was \$25,000 with the possibility of a 3 year renewable contract. This is \$4,000 greater than the current LatinoAmerica contract. President White asked if funding for the "Stay and Play" program would be allocated through the marketing budget or if it would need additional subsidies. Mr. Kurtzeborn affirmed it would be through the marketing budget. President White mentioned Dan Stegall, who took over as Chairman of the Golf Committee. He extended his appreciation to Mr. Norcross for the time and dedication he gave to the Golf Committee. He suggested that anyone who has something they'd like presented to the Golf Committee whether it is a problem, suggestion or comment should do so with any of the Golf Committee members. Supervisor Edgell advocated a potential Golf Committee Budget that could be provided when members agree on something that needs to be accomplished. It can be utilized for minor improvements. Mr. Kurtzeborn agreed. Supervisor Edgell asked if the Canadian tour qualifier would come back to the Board of Supervisors for approval. Mr. Kurtzeborn explained that from his understanding it doesn't have to be put to Board vote or have a Resolution adopted. Negotiations would be handled by Mr. Kurtzeborn. The Board of Supervisors would be involved and their suggestions or concerns would be represented. He will be reaching out to Highlands Ridge and other courses to see if a trade could be established during course closures. Members could be allowed the use of competitor courses instead of losing play all together. In return the District would extend the same opportunity to their clients. Supervisor Edgell agreed. Mr. Kurtzeborn agreed to create a plan to present to the Board of Supervisors. Supervisor Gilpin asked for assurances that no decisions would be made without the Board of Supervisors regarding the Canadian tour qualifier. Mr. Kurtzeborn confirmed he would speak with the Supervisors individually and would wait until a consensus is reached prior to moving forward. Ms. Cannady reiterated that once unanimity is attained Mr. Kurtzeborn will have the authority to begin negotiations. Supervisor Gilpin said in order for him to begin considering an agreement all the facts need to be presented. Ms. Cannady agreed.

Supervisor Camp asked that Mr. Kurtzeborn confirm that the LatinoAmerica and U.S. tour qualifier would be in January 2017 with the Canadian tour qualifier in April. Mr. Kurtzeborn stated he was correct.

Virgil Elliott- Said if the Board decides to proceed with the Canadian tour qualifier he would like to see if contract negotiations could include publicity. Supervisor Edgell agreed with Mr. Elliott and added it's possible to buy banners off of the PGA site. Mr. Kurtzeborn said it's an excellent resource and he would try to see what could be done to cultivate that relationship.

9. General Counsel Report – Mr. Schumacher began his report with the Griffin litigation advising that Discovery Requests are coming to a close for both sides. Material is expected to be received the week of July 25, 2016. The Ayala litigation is still at a standstill. The hearing for the motion to dismiss is set for August 4, 2016. Nothing will happen until that hearing occurs. He spoke with Mr. Naylor from Hampton Woods about the “private road” communication included in the May 27, 2016 Board of Supervisors Regular Meeting. Hampton Woods would prefer the District take over the upkeep of the street. Mr. Naylor was informed that the road is considered to be a private road and is not built to county code. If the District wanted to acquire possession of the road it would require the road be re-platted and he is of the opinion that the County would not accept it has a public road. He extended an offer to Mr. Naylor that the District would assist in arranging pricing and coordinating road work through the District's contract with Excavation Point; however it would be at the expense of the Hampton Woods residents. Foreclosures continue to move and there are a couple of sales scheduled for the month of August. This concluded Mr. Schumacher's report.

10. General Manager's Report- Ms. Cannady began her report by discussing the Public Works Facility mandatory pre-bid meeting July 19, 2016, 10 contractors attended the meeting and bids are due August 16, 2016. The 2 ice machines are onsite and are ready for installation at Deer Run- hole #15 and Turtle Run- hole #5. The machines sat at the vendors for some time but the majority of the delay falls on the minimal response from Duke Energy in addition to the subcontractor for the electrical work whom is still working on fulfilling final preparations.

Excavation Point is currently working in Unit 5, Almeria Avenue to clean ditches and culverts. Once completed they will proceed to the North entrance for the waterline installation. The Ponce de Leon sidewalk project is forging ahead but has been delayed due to inclement weather conditions. President White asked if Excavation Point poured concrete for the sidewalk. Ms. Cannady said no concrete has been laid and they are still forming sidewalks. E.O. Koch Construction is expected to complete the restrooms at the Racquet Facility within 2-3 weeks. Most of the outside has been completed. The interior still needs tile and fixtures. The sealing of the sewer tanks is completed and the tanks were filled during the time of the meeting. The new Blowers for the Unit 23 Wastewater Plant have been delivered and are sitting onsite. A RFP is open for the electrical work. It's been advertised and bids are due August 16, 2016.

11. Unfinished Business –None

12. New Business – None

13. Committee Reports –None

14. Public Comments

Bill Jackson- Said to enforce the driveway permit policy would allow the District to have leverage over contractors by holding up building permits. He commented that to remove it from the Code Enforcement Policy would be short sided. He said that staff should focus on hiring an Engineer. President White commented that an ad is out for a District Engineer and there have been few applications received. Mr. Jackson asked if the District will be hiring an individual or an Engineering group. Ms. Cannady responded that the District will be hiring an individual. Mr. Jackson said he doesn't feel enough is being done to fill the position. Supervisor Edgell asked Ms. Cannady how the recruitment is being handled. Ms. Cannady replied all procedures and policies are being followed.

Joe Eck- Commented the receipts turned in to the County for driveway permits are not valid because inspections have not taken place for water, driveways or drainage. He was adamant that driveways have to be inspected. The paperwork he previously presented regarding homes in Unit 4 had no signatures to show an inspection by the District or the County had been performed. He asked that the paperwork be sent to whoever is representing residents in Unit 4.

He mentioned Suncoast Credit Union has moved into the building where Heartland Bank previously operated. He was a long time customer and suggested the District work with them.

Tom Kosty- Stated he noticed the Scope of Work listed for the Maintenance Facility had a paragraph pertaining to bonding requirements and that a performance bond amounting to 20% of the Project cost is mandatory with the alternative of an irrevocable letter of credit for the same amount be received from each bidder. He said it makes no sense to limit the amount of the bond. Ms. Cannady said it was an error and contractors who attended the pre-bid meeting were already made aware of the oversight. It will be corrected in the addendum. Mr. Kosty asked how the irrevocable letter of credit would work. Mr. Schumacher said it would be looked into to see if it's a statute requirement and if not it will be removed.

Bill Norcross- Said that Code Enforcement within the District is lenient. He expects Code Enforcement in the future to be taken seriously. He expressed appreciation for Mr. Kurtzeborn and what he has accomplished in a short amount of time regarding the Golf course. He said there is a lot of work that needs to be done prior to the October 1st deadline but a lot of work has already been completed. He spoke about the atmosphere in the Club and how it's improved and that employee demeanor has been amicable. He agreed with Supervisor Edgell that creating a small budget for the Golf Committee would benefit the membership. He thanked Mr. Hurley for the work he's done on the driving range.

15. Discussion to/from Board

President White asked Supervisor Gilpin to provide a brief synopsis of the meeting between himself, Ms. Cannady and Mr. Cianci from Billy Casper Golf. Supervisor Gilpin said that Mr. Cianci would be getting back to the Board with 2 proposals. He stated Ms. Cannady had requested that discussions be withheld until the Special Meeting, August 4, 2016. Ms. Cannady elaborated that she requested this in order to allow Mr. Cianci time to get the proposals together. President White asked Ms. Cannady if the discussions with Mr. Cianci were relevant to next year's incentive. Ms. Cannady agreed adding the discussions were on getting rid of the incentive all together or to revise incentive calculations. President White stated he has a conference call scheduled with Mr. Cianci July 25, 2016.

His goal is to do the best he can for the membership and save the District as much money as possible without diminishing the work on the Golf course. He is considering a proposal to Mr. Cianci to forgive last year's incentive and adjust it to \$22,945.20 (50% of what is owed). Per discussions with Ms. Cannady a potential solution would be to change the monthly fee from \$9,000 to \$9,500 which wouldn't go into effect until the 2016-2017 Fiscal Year; \$6,000 would be applied toward the incentive to drop the amount owed. Billy Casper Golf has fulfilled the requirements for the incentive. He said the incentive formula would be revised and would account for 20% of the net operating income. A cap would be established at \$20,000. If agreed the District would pay Billy Casper Golf \$114,000 with a maximum cap of \$20,000 in incentive. Another request Billy Casper Golf has is to amend the termination clause from 90 days to 180 days. Supervisor Gilpin was under the impression discussions would take place at the Special Meeting, August 4, 2016. President White commented that the incentive payment is due August 6, 2016, Supervisor Gilpin reiterated that the Board was asked to discuss it at the Special meeting. Ms. Cannady explained the reasoning behind the Special meeting and that it was to allow Mr. Cianci time to get the proposal together as the agenda for this meeting had already been approved. Supervisor Gilpin said he wants to see Mr. Cianci's proposal. Supervisor Hulbert suggested that any decisions be withheld until after the Special meeting when the proposals are reviewed. He was of the opinion that the incentive should be eliminated and a monthly fee of \$9,500.00 be paid to Billy Casper Golf. Supervisor Edgell said he was glad the conversation came up; the incentive plan is ill advised as the gross revenue Billy Casper Golf brings in and cost of sales should be subtracted. Operating expenses are over \$3 million and are not counted against the revenues Billy Casper Golf generates. The gross revenues should have the cost of sales and operating expenses deducted. If done this way it would show Billy Casper Golf has a deficit of \$279,000. In order to have an incentive plan a percentage of all revenues, costs from revenues and the profit margins should be measured. He advised that a section of the contract reads if Billy Casper Golf was given a 90 day notice the District would not be able to employ any Billy Casper Golf staff from the corporate level. The District can still employ everyone from Mr. Kurtzeborn's position down. President White said that unless all are in agreement he doesn't need to speak with Mr. Cianci until he provides his proposal. Supervisor Hulbert believes he feels it best to wait until the Special Meeting. Supervisor Camp asked that Ms. Cannady cancel his phone conference with Mr. Cianci.

Ms. Cannady addressed Supervisor Gilpin encouraging any of the Supervisors to feel comfortable conversing during this meeting. The incentive is due August 5, 2016 and the Special meeting will take place August 4, 2016. President White asked if there were any further comments. Supervisor Gilpin said the only thing he wants is for the membership to be taken care of. Mr. Schumacher added the proposals from Mr. Cianci will be submitted and reviewed at the Special meeting. If the Board does not approve of the proposals they can do a counter proposal. Supervisor Gilpin said that he isn't against the incentive payment as Billy Casper Golf did the job they were asked to do. But he doesn't want to be a part of a deal where each year Billy Casper Golf gets \$45,000. Supervisor Edgell acknowledged that the District is under a contractual agreement and the payment needs to be made. He wants to develop a new incentive plan. President White asked for further Board comment, hearing none the meeting was recessed through unanimous consent.

The meeting was recessed at 10:58 A.M.

The meeting reconvened at 11:11 A.M.

16. Budget Discussions

- a. Golf Fund – President White began the discussion advising Public comment would be permitted. Supervisor Gilpin asked if the information included in the Budget workbook was the same as the previous one. President White answered the information had been trimmed according to the discussions at the previous workshop. These revisions involved the Mower equipment lease instead of purchase with the approximate trade in value added; roughly \$70,000 was removed from assessment revenue, bringing the amount to \$350,000, and the Kirby Markers were removed. President White suggested the Bahia grass be placed in Golf Course Maintenance. Ms. Cannady elaborated that Bahia grass is technically not a capital expense. Mr. Kurtzeborn said he looks at this expenditure and the tee construction project as enhancements not repairs. Sod is budgeted for the end of the cart paths. When preparing his operational budget he always looks to the previous year and purchasing the Bahia grass was considered a long term capital goal. He also put it there because it's a line item that can be removed if needed. Ms. Cannady said she had no preference on where it is listed.

Supervisor Edgell asked Mr. Kurtzeborn explained Fertilizers for the tees and greens, how it related to the Fertigation purchase and if \$30,000 was for the equipment only. Mr. Kurtzeborn elaborated that each unit for Fertigation is valued at \$15,000. \$30,000 covers installation of tanks, pumps and agitators. He reiterated that Fertigation is the best direction to take when overseeding is no longer the preferred practice. Supervisor Edgell asked if line items 7009-60-000 and 7010-60-000 include fertilizer for the Fertigation system. Mr. Kurtzeborn concurred, mentioning the budget doesn't separate the individual totals for liquid and granular fertilizers. He further mentioned weather will affect the quantities. Cooler weather will be when liquid fertilizer is applied and Granular fertilizer is applied during warmer weather. It is inexpensive and hard for grass to absorb. Supervisor Edgell had spoken with the Superintendent for the Golf Association and found some of the major U.S. Golf courses are receiving grants. He asked Mr. Kurtzeborn if he was familiar with those programs. Mr. Kurtzeborn said it is a good idea and offered to get Supervisor Edgell in contact with Todd Lowe, South Florida representative for the USGA as he specializes in Bermuda courses. The District's situation is unusual in that the location is considered to be within the nematode belt. Supervisor Edgell said he would get with his contacts to see if there are other ways of handling the nematode infestation. Supervisor Camp commented that expenses are detailed however revenue information is minimal. Past budgets included revenue break downs like tournaments, outside and hotel play etc. He asked if there is a reason why it isn't still done that way. Mr. Kurtzeborn responded that he would be able to sit down with Supervisor Camp to review them, and added when financials are sent out monthly for the Regular Board meetings the worksheet includes a PL tab that he could work to expand. President White asked if there was Public comment. Mr. Kurtzeborn asked if he could get clarification on the Bahia grass expenditure and if it could remain in capital or be moved to the operating budget. President White and Supervisor Gilpin were comfortable with leaving it as is since Ms. Cannady took no issue with it.

Curtis McCullough- Asked if the Pro shop's expenses were part of the General and Administrative. Mr. Kurtzeborn replied the expenses are included in the Golf Operations. Mr. McCullough mentioned Employee meals and the amount budgeted this year in comparison to the 2016-2017 Fiscal year which gave no amount. Mr. Kurtzeborn said the funding was not budgeted last year and that the total derives from employee food purchases, which are discounted 25%.

To maintain food costs it's entered as \$1.00 and credited to Chef Heim's food costs. The 25% credit goes against that and is tracked through the employee meals line item. Mr. McCullough asked Mr. Kurtzeborn about Pre-Emergents budgeted at \$25,000 for the 2016-2017 Fiscal year. He was of the opinion that Pre-Emergents are for weed control and unwanted grass growth, and wondered why the amount was reduced from the previous year. Mr. Kurtzeborn responded that one of the tasks Billy Casper Golf was given was to no longer overseed. When fairways are overseeded there are more Pre-Emergent expenditures to keep Ryegrass to the fairways and from growing in the roughs. Pre-Emergents are used to coat the area where fertilizer and Pre-Emergents meet and are accredited to that line item. It was decided that for the 2016-2017 Fiscal year it would be spread out differently. He agreed to get Mr. McCullough further clarification and mentioned it is directly related to the fact that Billy Casper Golf is using a different product. Seed expenditures went from a 17% to a 30% drop and priced at \$7,000 to \$8,000 for the actual seed purchase with an additional \$22,000 for Liquid Seed. Mr. McCullough asked why there wouldn't be a reduction in that expenditure since overseeding would no longer be the procedure. Mr. Kurtzeborn responded that there has been a \$5,400 reduction a combination of overseeding for tees and liquid overseed for fairways. In the future the line item could be recorded as seed and liquid seed. Mr. McCullough returned to the Bahia grass expenditure and said it makes no sense in his opinion to keep it under capital. If it's moved over to golf maintenance an extra line item could be added to ensure it is charged appropriately. It doesn't fall under the parameters of a capital expenditure. He suggested that tee construction also be moved and asked why the tees are being redone. Mr. Kurtzeborn explained that Billy Casper Golf is not redoing the tees it's an addition to the existing tees. Mr. McCullough asked why there needs to be new tee boxes. Mr. Kurtzeborn replied that the makeup of the membership and play has changed since the Golf courses were originally built and now the Gold, White, and Red tees are accounting for approximately 55% of play. The footage of the total tees is in the 20%-25% range and as a result Billy Casper Golf is not able to maintain the courses to the level of expectation according to the formula provided by the USGA. It was also mentioned often in member surveys that the condition of the tees was not up to their preference. Mr. McCullough recollected Mr. Halbig had taken issue with how Golf Club and Banquet rates were presented in the Budget last year but wasn't actually being charged. He asked if it will be charged this year.

Mr. Kurtzeborn said from his understanding it is being charged, and in the Golf financials the revenues from room rentals are high with an estimated 50% increase in sales. Ms. Cannady commented on the rate sheet itself the prices listed are the maximum rates. Mr. McCullough said there was a problem last year on how the rates were listed but weren't charged instead it was used as a bargaining tool. Ms. Cannady was of the opinion that is still the case that the Banquet rates and the single family rates for the individual play are considered to be maximum rates. Mr. McCullough requested that he still receive a definitive answer. Mr. Kurtzeborn confirmed he would get that information and work to provide further details for transparency. Mr. McCullough commented on how residents in the community pay assessments for the Golf course and a large percentage of these residents don't play golf or use the Clubhouse amenities. He said that the Board at the last meeting decided not to increase membership rates, and the members are the ones enjoying the value of the Golf course. He was of the opinion that until the Golf course becomes financially stable the membership rates should increase yearly in 3% increments. His last point was on the yearly cost for cellular phones to Bill Casper Golf for Management staff. He suggested looking into cost effective alternatives.

Bill Norcross- Disagreed with Mr. McCullough stating the obligation for the assessment payers to subsidize the Golf course is understood. He doesn't want to see the weight of that responsibility fall on the membership, if that happens members will leave.

Curtis McCullough- Said he is not suggesting membership rates be raised to an absurd amount, that he is only suggesting 3% which comes to around \$100 a year. He mentioned that the rates are already lower than competitors. He feels it would offset enough of the Budget and show residents that the membership is doing their part.

Virgil Elliott- Suggested that should membership rates increase then green fees need to as well. The burden is on members and residents. It's \$18.00 to play after 3:00 P.M. and \$22.00 during the day, and though it's the summer his rates as a member never decrease and remain the same year round. He recommended putting some of the burden back on outside play. He alleged the GPS purchase did nothing for members and that burden was put on the membership.

Although the rates for outside play increased to \$52.00, that amount is rarely paid because of coupons, advantage cards etc. Mr. McCullough asked from the audience if outside green fee rates were increased this year. Mr. Kurtzeborn answered they were raised this year and would be raised for the upcoming year. He agreed to provide an analysis.

Bill Norcross- Stated he was very shocked to find out how the local Golf courses in New York, Sagamore Golf Club for instance charges almost \$70.00 for a round of golf compared to \$28.00 from previous years. The average play in that region is \$50,000 to \$60,000. In Florida its \$28,000, he stated as product quality improves there will be demand and then the rates should be raised slightly.

Hearing no further Public comment, President White brought the discussion back to the Board. He asked if there were any suggestions on changing rate structures. Supervisor Edgell agreed with Mr. Norcross's point on quality and charging more at that time.

- b. General Fund- President White advised the Board that the photo provided for the 7' mower was different than the previous workbook and was a highly durable model. He is aware the District currently owns a Dump truck, and asked if the purchase of another would be a "need" or a "want" item. Mr. Hurley replied it is a need. Projects are held up because with just the one truck there are scheduling conflicts. President White asked if there was Board comment. Supervisor Edgell said the Dump truck is an expensive item and asked Mr. Hurley to confirm if the additional Dump truck will be used to its full capacity. Mr. Hurley said it would and also would save money. Supervisor Camp said he's trying to understand the use for the Administrative vehicle. Not only would the purchase of the vehicle cost a lot but there would be maintenance and insurance paid on it as well. It's an item he's not sure is necessary. Ms. Cannady agreed with Supervisor Camp that there would be maintenance on the vehicle and that the need for the vehicle is training, professional licensing and continuing education hours. There are currently 2 Explorers sitting onsite which have over 100,000 miles. One of the vehicles is used periodically for running errands and the District pays an excessive price per mile to employees who go to conferences. It was suggested instead of using personal vehicles and paying per diem it would be more cost effective to purchase a vehicle.

She doesn't feel the 2 Explorers currently owned are safe. President White asked if the 2 Explorers could be traded in. Ms. Cannady confirmed they can. He asked how much the trade in value for the 2 Explorers would be. Mr. DeJesus advised that when he researched the NADA value on Kelly Blue Book it was roughly \$4,000 per vehicle and that was a low estimate. Supervisor Camp asked if the amount going out would be reduced to \$20,000 because of the trade. Mr. DeJesus confirmed however the trade in value has not been locked down. Once approved the District would negotiate with the dealership. If a better offer is made by the auction then that route would be taken. Supervisor Camp said although he saw that in the justification he wasn't sure if the \$8,000 was the actual net price. Ms. Cannady confirmed that figure was the gross value and agreed that if something needed to be removed from the Budget this item could be. Supervisor Camp said he's not totally against the purchase but he's seen it before where a vehicle is purchased for staff use, only to have it sit for years. Ms. Cannady said she feels the vehicle would be used quite a bit. Supervisor Edgell felt the purchase would make sense instead of paying per diem. Ms. Cannady advised per diem is \$0.55 per mile and between Code Enforcement, Finance and Security, staff does travel several times a year. Mr. Hurley said it would also be used to show new residents around the area. President White mentioned it would reduce the money going to another vehicle's license and insurance. Ms. Cannady agreed that the District would only have to transfer the Government tag over to the new vehicle. The Board was in agreement to keep it in the Budget. President White asked for Public comment.

Curtis McCullough- Said the formulas used for advertising in Community Services were incorrect. Ms. Cannady affirmed and said it had already been revised. Mr. McCullough asked where the revisions were. Ms. Cannady responded that \$15,000 entered into the budget last year was given to Community Services with an additional \$15,000 given to Golf used for general marketing purposes that is where the line item was missing. He claimed whenever residents come to Board meetings they usually have concerns about ground water, drainage and street lights. He said that in this year's budget there is \$15,000 for street lights with the 2016-2017 Fiscal Year Budget only \$5,000. He asked if the streetlight project had already been completed. He knows plenty of areas that require street lights, and asked why the budget was reduced. Ms. Cannady explained that she has already submitted a request for 10 street lights to Duke Energy. Streetlights have already been installed at San Bruno Drive and the tennis courts.

Six of the ten street lights were engineered by Duke Energy in September of 2015. The additional 4 will most likely fall under next year's budget. Mr. McCullough asked if that was all the streetlights the District needs. Ms. Cannady responded that was the amount given to her for the 2015-2016 Fiscal year. Mr. McCullough asked what the community needs and surmised a better response from Duke Energy would be received if there were more than 10 street lights purchased. Mr. Hurley said he provided maps and directions on where to put the streetlights but there has been little follow up. Mr. McCullough remarked there isn't an explanation for how the Drainage Maintenance expenditure for \$200,000 will be applied. Ms. Cannady said she is going to present a plan to the Board and of that amount \$50,000 was added for Maronda Homes, Unit 4. Part of the drainage program will involve a drainage map examined by Mr. Howerton, Mr. Hurley and her which prioritizes drainage areas. He moved ahead to the 5 year plan specifically the bleachers for the Racquet and Tennis courts, 2017-2018 Fiscal year Budget. He said that since \$100,000 had already been spent on bathrooms, storage, sidewalks and grass the Board should move the \$10,000 into the 2016-2017 Fiscal year Budget and get it completed all at once.

With no further Public comment President White brought the discussion back to the Board. He asked if there was Board comment. There was none.

- c. Utility Fund- Mr. DeJesus said there wasn't any major changes on this fund other than the \$2.50 increase to the water base rate. He said that \$10,000 had been added for the computer equipment upgrades, which is in relation to the computer equipment listed in the General fund. Besides that all other funds were allocated to the URRIF. Ms. Cannady summarized that with the increase in the water base rate, \$536,000 will go into the URRIF next year, reiterating that operation revenues are being utilized to replenish savings. President White asked if there was Board comment. Ms. Cannady recommended the Board review the 5 year plan before the next meeting as she will want to incorporate financing. Some of the items may or may not be included in that plan however they have been discussed as an eventual need. She said that some of it is on the recreation side and she's sent statistics to the Board of Supervisors on the pool and fitness center memberships. The facilities are at capacity and eventually there will need to be some expansion. There are over 700 single memberships to the pool and over 300 family memberships. Ms. Smith explained that a family membership allows up to 5 guests.

There have been days where people are turned away because of the capacity situation and it has become more frequent than prior years. Supervisor Edgell asked if Ms. Smith is keeping statistics. Ms. Smith responded her department is and staff tallies how many people visit the pool daily. Supervisor Edgell asked if Ms. Smith is saving the data because it will come up again. Ms. Smith said the data has been kept for over a year and is updated daily. Supervisor Hulbert asked if Ms. Smith is calculating how many individuals are turned away. Ms. Smith said that she is not calculating that currently but can, Supervisor Hulbert asked her to proceed with doing so. Supervisor Edgell said he has been reviewing minutes on the URRIF and asked who he should inquire with to find the first and second resolutions previously mentioned. Ms. Cannady agreed to forward that information to the Board of Supervisors. Supervisor Edgell asked if there were only 2 resolutions. Ms. Cannady said that was true. Supervisor Edgell asked Mr. DeJesus if he would go to him to discuss the changes to the account as a result of the Resolutions and to ask some financial questions. Mr. DeJesus said that would be fine. Ms. Cannady mentioned Recreation and that she is looking into a new Master Plan. One had been previously created by the Evans Group in 2008 but she suggests a new one to provide guidance on capacity issues and possible facility locations. She has an appointment with a grant consultant from Guardian on July 25, 2016 for drainage, utilities, water and sewer. Supervisor Edgell stated he has contacted the USDA for grants as well. President White asked for Public comment.

Bill Norcross- Asked if a point of sales software is implemented in the Dining room. Mr. DeJesus replied that there is through IBS. Ms. Cannady agreed that the District needs to take an affirmative direction on the POS system and that there is room for improvement. Mr. Norcross said he is aware that the Dining room has the software but not the hardware. Ms. Cannady agreed. Mr. Norcross mentioned Chile's uses tablets for orders which will automatically update the POS system; he estimated the value of the tablets at \$400 per unit and suggested it be considered for the Dining room. He asked about the Pergola that was at the back of the pool area. Ms. Smith answered that it had rotted from the inside out and was a hazard. She confirmed that cabana's had been ordered to replace it and were delivered earlier in the week. He revisited the grant program and the sidewalks. He couldn't believe that a grant wouldn't be extended to that project.

President White added that it would've cost more to build the sidewalk to the grant's specifications instead of paying it out right. Mr. Norcross said he appreciates any research done on grants.

Tom Kosty- Was concerned with the District's stance on road resurfacing and reconstruction. He said in past years it was decided that when a road's rating reached 60% it needed to be scheduled for resurfacing. He said that was changed to 50%. He talked about a presentation made years ago with road engineers that came from Bartow, Florida and spoke about ways to prolong the condition of roads. A plan needs to be devised at some point. He commented that the road assessment provided in the last meeting was the same as the assessment taken in 2013. He cautioned that if a road drops below 50% according to the presentation the District is looking at road reconstruction. He mentioned a letter from John McClure's office indicating a possible legal liability to the District should the areas of the Fifth Third note be neglected.

President White addressed Ms. Cannady and asked if she was working on getting someone to look into the removal of the Fifth Third Bank debt. Ms. Cannady confirmed she has a conference call with auditors scheduled July 25, 2016 to find out what the criteria would be to get the liability removed. She's already received a list of attorneys to reach out to that specialize in Community Development Districts with similar issues concerning property lawsuits. She hopes to have information to present in a couple of months. President White hearing no further comment brought the discussion back to the Board. With no Board comment the meeting was adjourned through unanimous consent.

The meeting was adjourned at 12:22 P.M.