

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS BUDGET WORKSHOP
Wednesday, July 11, 2012**

MINUTES

A budget workshop of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Wednesday, July 11, 2012 at the Community Center, 3500 Edgewater Drive, Sebring, Florida.

The meeting was convened by President Gangemi at 1:40 p.m. after the regular board meeting held earlier.

SUPERVISORS PRESENT:

Mr. Eugene Gangemi, President
Mr. Dave Halbig, Vice President
Mr. Frank Guglielmi
Ms. Diana Johnson (By Phone)
Mr. Richard Miller

The District General Manager, Michael Wright; Board Secretary, Julixa Robinson; Administrative Assistant, Juan Guerrero; Administrative Services Coordinator, Ileana Martinez; Community Service Director, Christi Wolf; Finance Director, Tanya Cannady; Public Works Director, Greg Griffin; Kitson and Partners, Mike Rippey; Kitson and Partners, Ron Wonderling; Kitson and Partners, David Bell; and District Attorney, John McClure were present. There were approximately 16 people in attendance.

Budget Workshop

Mr. Wright: Unless the Board has any general overview questions, I would recommend we go straight to Mr. Wonderling and take it fund by fund.

Supervisor Halbig: Mike, in the overview you’re talking about that potential renovation of the first hole. Do you want to talk about that first? Mr. Wright: It’s under general fund.

A. Overview of Golf Operations

Mr. Wonderling: Good afternoon. Thank you for taking the time to go through our 2013 fiscal year budget. Following our last workshop we took all the notes that were gathered from the previous meeting and met with each department head, Michael and everyone from the District that had impact on the golf operation. My initial assessment recommendation was \$460,000; the new recommendation is \$364,000. In addition to that we were able to find a little bit of money in terms of additional revenue for the operation next year and we were able to cut about \$64,000 in expenses. Mr. Wright: Ron, let me just interject one thing. In my overview that I sent on the budget, I had a typographical error; it’s \$25,000 and not \$22,000 in revenues; that was a mistake on my part which coincides with what he just said. Mr. Wonderling: Okay, thank you, Michael. As you know, over the past since 2004, the one spreadsheet that I did send out each year, the assessment money has declined. We are moving in the right direction and trying to get the

operation to be self sufficient, but our biggest challenge that I've communicated multiple times is we have a significant membership decline that we are facing. We have 55 memberships over the age of 80 and we only have 4 members who are under the age of 50. After taking your notes, the biggest topic for discussion at the moment is the membership component for next year. We did a membership study and we had different focus groups. With that and with everyone's comments we strongly recommend going forward with the additional membership categories and the restructuring of our current membership, which I'd like to talk about now.

The full membership and single membership would be everyone over the age of 50 that would qualify for this. We've decided to propose including your trail fee with the membership so that would take care of the borrowed cart conversation we had at the last meeting. Anyone that would need to borrow a cart would have to pay a surcharge and we're recommending a \$5 surcharge per person. For example, if a husband and wife joined the club, they owned a condo inside Sun 'n Lake and did not have a golf cart, every time they would play and needed to use a cart, it would cost them \$10; there would be some additional revenue on top of it. There is a slight loophole which I've talked to a few of the Board members about. If "Mr. and Mrs. Smith" came to the club and they were playing with "Mr. and Mrs. Jones" and jumped down with their carts, hypothetically, if they had two carts, they would not have to pay that surcharge because they've already paid the trail fee with their membership. It's when they borrow a club owned cart that they would pay that surcharge; that's how we have it proposed. Supervisor Halbig: I bought a cart in service, Ron, like you had a policy before if your cart is out for a few days because it's in the shop... What are your thoughts on that? Mr. Wonderling: We'll use you as an example. If your cart is being serviced by a local distributor or whatnot, you'd be able to use a cart; the policy is up to seven days. This will take care of the people that have condos and just aren't here enough to purchase a cart.

In addition to that, one of the comments was credit card fees. We pay a 2.3% credit card fee transaction to the credit card companies for every credit card that is used. I credit Supervisor Miller for having a thought on this. He said we should give a discount if you use a credit card. We've talked to John McClure, our general counsel, in regards to this and if it's legal to give a discount off the rate by using a credit card. We are saying if you pay by cash or check you'll get a 2.3% discount because we will not have to pay that 2.3% fee to the credit card companies. With that, you would save; for a family it would be \$94 and single would be \$68; it would be a savings toward the member that is willing to pay by cash or check.

In addition to that, one of the other comments that were made was we're proposing to include the driving range. With that everyone would get a key with \$200 on it. If someone that uses the range a lot uses all \$200, they can recharge it for \$50. For another \$50 they would get another \$200 in value. The reason we did that is because we have an unlimited range program and that would, kind of, eliminated people giving their keys out. It would have a little more control on it. That was one of the topics at the last Board meeting.

One of the policies we changed is members would get 21 days tee time and continue to get their discount in the golf shop.

One topic that I think needs to be discussed is if we're going to include the recreation complex; the pool and the fitness center in the membership. I know when we did the membership study, the focus groups; we think this would be a great value; this will help us separate our membership component versus our competition. For example, someone that moves to the area looking to where to move, you look at Sun 'n Lake of all the different amenities that we have as a community, but they can see that if they join, all of this is included. I think that would help

separate us from our competition. Supervisor Miller: Ron, excuse me, can we ask questions as you go along? How do you want to do that? President Gangemi: Sure. I think it's a good point to do. Supervisor Miller: Okay. Ron, along that bundling, which I think is a good idea, I didn't agree with it as first, but I think it's a good idea. I asked Tanya to do some calculations for us and at the outset, if we do the bundling, it'll cost us about \$8,000 with respect to pool memberships and fitness center memberships; it's not a great deal, but there is a little bit loss. Tell me about the handicap fees. Handicap fees are \$13,000 that we're giving away. If we reestablish that we'd actually be better than even in terms of the financial impact on everybody involved. I understand the range, which I don't want to touch. Are handicap fees something that we cannot include? Mr. Wonderling: We can. We charge \$30 per person for the year to be part of the handicap service and there is a profit in that; it's not a pass through by the service; there is money that comes in. It really helps offset the expenses they do in tournaments and whatnot. We can; you can remove that from the bundle of the membership. The idea behind the bundling it was it's a one stop purchase. You get everything that's associated with golf with it so there is a trade off. We're trying to do this one to get our membership in order where we feel we can market it better. We know that the single membership in our current program and against our competition, we're the highest single membership in the county. By changing it and actually reducing it is going to allow us to, hopefully, and we feel pretty strongly about this, pick up some members. We've already identified...

Supervisor Johnson: Ron, I have a question. I didn't realize we were going to ask questions as we go. President Gangemi: Go ahead, Diana. Supervisor Johnson: You mention the credit card fee. I'm wondering why that is different than it was years ago when we tried to implement it and we had to return the money to the people because it was not supposed to be allowed; it was only allowed on water bills and not on recreational services. Mr. Wonderling: I actually spoke with John McClure regarding this. A few years back, what it was is, if you paid by credit card there was a 2.3% increase so there was a surcharge on top of your rate. We can set the rate and give a discount by using cash or check; it's similar to what we see in gas pumps where if you pay by cash there's a discount or if you use their credit card. There is a loophole in the system that John was able to locate and he said we are clear to move forward with that. Supervisor Johnson: We didn't do that two years ago or we would have had that same opportunity; we refunded money. Did we not think of it two years ago? Mr. Wright: No, I think the law's the same; you can't surcharge, but you can give a discount for cash. Mr. Wonderling: From a few years ago, I know the conversation was to charge more if you use credit card and I think that's the route we went down; it was adopted and approved by the Board at the time and then after the fact is when it got challenged and so John wrote that memo saying that we technically couldn't do it. Supervisor Johnson: It affected the same exact amount on the credit card charge; it should be identified as that. Mr. Wonderling: The difference is we're actually getting a discount opposed to penalizing someone to use a credit card. From my understanding from John, and I sat and talked to him about it, it's because we're getting a discount and it's legal but if you charge extra it's not legal. Mr. Wright: Correct. Supervisor Johnson: That was the same thing with the water bills so I thought. The water bills were the only place you could do that. Mr. Wright: You can surcharge water bills, but you cannot surcharge golf on a credit card; that's statutory. Supervisor Guglielmi: Are the laws different in Florida than in other places? Mr. Wright: Absolutely. Supervisor Johnson: We just didn't think of it then apparently. Supervisor Halbig: I think three years ago, Diana, we were going to increase the fees and now we're going to discount the fees; that's the difference. Supervisor Johnson: I think it'll be challenged. It's a discount any way you look at it; it's called surcharge either way; it's upwards and downwards. The surcharge is upward and the discount is downward. Supervisor Guglielmi: Let's try and see what happens. Let them challenge it. I don't understand because I know other places... I have a membership with a club up north and when you get that bill it says 3% surcharge if you pay by credit card. Supervisor

Halbig: Can I ask a question about the... Diana, anything else before we go forward?

Supervisor Johnson: No. I'm interested in what Frank just said though. Are you saying, Frank, that would be \$3,013 and it clearly says that 3% surcharge so that's the way we have to bill?

Supervisor Guglielmi: I don't know what we're going to do here, but I know what it says up north. I should've brought it in, but it says specifically right on the face of the bill that if you pay by credit card you pay 3% extra. Supervisor Johnson: That's disclosure probably. That's probably what we need to do then. I just think it's going to be a question because it happened before and those people all came in and wanted their money back. President Gangemi: That's because we're going to charge them 3%. Supervisor Johnson: \$12,000 we refunded. Just as long as we understand it and we don't come up again like we did then and have to refund that kind of money and then have to scramble to handle that another way. I just want to be clear on it.

Supervisor Halbig: I was going to go back on what Dick started off about the bundle. I didn't think the handicap fees were in the bundle. Supervisor Miller: They aren't. Mr. Wonderling: It'd be on Page 1 right under trail fee. Supervisor Halbig: Okay. Supervisor Miller: I don't have a problem with this; being behind \$8,000 the first year, but if that's a concern rather than drop this bundling idea, which Dave has convinced me is a good thing, we might want to say for the first year or whatever the handicap fee; I don't know; I'm just suggesting that. Mr. Wonderling: We thought of that. Going back to reducing the single and we're increasing the family, but we're also adding a bunch of value to that membership; a lot more than what the increase is. Supervisor Miller: Is that handicap fee obligatory? Does every member have to pay that handicap fee? Mr. Wonderling: The majority of them do, but not everyone pays the handicap fee; some people decide not to participate. You have to have a handicap at the club to participate in any of the men's or ladies association tournaments. Supervisor Miller: It's not a choice really. Mr. Wonderling: Right. It would allow them to keep track of their handicap. Supervisor Miller: If we don't include that we're not really behind then? Mr. Wonderling: You could do that; it would be an option. I would say 90% of our members do pay that handicap fee. I would say 90% of them do participate in some club event or association event throughout the year. Supervisor Miller: At least in the first year it would simply offset the \$8,000 in loss we have with the fitness center and the pool. I'm just throwing that out for discussion. Mr. Wonderling: Sure. Supervisor Halbig: I was confused between the handicap fee and the handicap cost per extra maintenance. Supervisor Guglielmi: I'm sorry but what are we doing here? Are we keeping that in or not? President Gangemi: It's up for discussion right now. Supervisor Guglielmi: Personally I think we should keep it in. In other words, when you get your membership you get the whole bundle; there are no dividers or separations. Supervisor Halbig: That's a real good idea. I think it's going to help the seasonal people. The seasonal people are always kicking the can down the street and asking why they're doing this. This gives it a lot more value and I think it's going to help make the decision to stay rather than go. I think it's a good idea. President Gangemi: You're basing this on 70 people saying that they would like to have the swimming pool and the fitness center. If this were extended as a benefit as a bundle to the 266 members, what happens to the other residents that want to use it and all of a sudden you have a clash saying, "Well, I bought a bundle." How are we going to handle that? You're talking 266 people. Supervisor Guglielmi: First of all, the majority of the golf members probably won't use the facilities because a lot of us have our own pools. You can't say 266 members; you might get 50 or 60 more people using it. There is no difference between somebody buying a membership for the amenities and people buying the bundle; there's no difference. President Gangemi: But the bundle is included free. Supervisor Guglielmi: It's not free; they're paying for it. President Gangemi: How much is it? Supervisor Miller: Gene, the idea is to try and get more members. What they're trying to do is come up with different combinations that make it more attractive for people to join the golf club. It's that simple. I don't see where you're going to have strikes between pool members and golf members on that. President Gangemi: I know the intention is to

make it more attractive, but I'm just saying that if it comes down to residents having to stand aside because of the golf or the golf having to stand aside because of the residents... Supervisor Miller: How do they stand aside? President Gangemi: Whoever gets here first. "I bought the bundle; are my swimming privileges a priority to theirs?" Supervisor Miller: No, no, no; none of that; none of that. President Gangemi: That won't happen? Supervisor Miller: It's simply to... My wife has a pool membership, right? Now it's bundled. It's simply to try and get us more members, Gene. Supervisor Halbig: It was bundled once before. We remember when it was bundled. If you bought a golf membership you could use the pool and you could use the tennis; you could use all of those things, but that was taken away and now it's back maybe. Supervisor Johnson: It was \$100 to have the pool and if you were a golf member you'd pay \$300.

Mr. Wonderling: In addition to the pool and fitness center, the topic continues to come up about member/guests and we've, kind of, come up with, I think, a reasonable game plan to allow our members to have the lowest possible price when they play when they bring a guest, but we limited it to only 10. For example, each membership that joins the club under the family and single category would get a card allowing them to bring up to 10 guests and they could use it whenever they want for the lowest possible price. For example, we have Tanglewood, which has been a topic for discussion; they're a neighboring community, they come over with just over \$60,000 this year from them; last year we just got about \$20,000 from them. They do get a special rate and that rate was under... If Mr. Guglielmi brought a guest, his rate for that one guest was higher than playing with the Tanglewood group who are residents of Tanglewood I'll say. The rate would be \$25 in season so if you brought a guest it'd cost you \$25 and a punch would come out of your card; in the summer it would be \$15; the lowest possible rate. The reason we're limiting it is we really want some of these people that play all the time in groups to join the club. We see this a lot where people come up and say they're playing with Doug's group, who is probably our largest group leader that we have, and they're playing with Doug so ask for the member/guest rate; this will, kind of, eliminate that. Now it comes down to my next topic which is implementing a resident card program. It would a resident \$10 to get a resident card, they would get a \$10 coupon off range of balls so it's, kind of, a wash; if they're a golfer they're going to hit range balls so it doesn't really cost them anything from a net perspective. What we've done in the golf shop and we're very accommodating... If someone came up and said they're a resident of Sun 'n Lake and would like to play today, sure, here's your discount. We don't know if they're a resident or not. Unfortunately, our computer system is not tied with the District's so we don't see the streets, which is why we'd like to implement, kind of, a resident card program. Now it would be truly a resident that's actually getting that discount. By doing that we feel that this will help the people that take advantage of a lot of our golf groups, which are fabulous, it's going to have them make a decision; either I'm going to pay the normal, regular rate or I'm going to join the club; that could help us get more members. That's our plan for the single and family.

Moving on, the new category that we propose is an executive family and single. This would be members that are 50 years old and younger. With this they would get unlimited golf, trail fee would be included with this program just like the regular membership. Surcharge is \$5 per person for the second cart that they're going to take; the first one is included. If it's a family of husband, wife and two kids it would cost them \$10 in addition for them to play every time; they'd get a handicap, driving range key with \$200 on it and if they use the \$200 it would cost them \$100 to recharge it where the regular single family is \$50; they'd only get 14 days advance tee times opposed to 21 like the regular membership. They would be able to get the membership to the pool and fitness center as well. We're only saying we're going to get five families and five singles as our budget for next year. We've already identified a few families that would take advantage of this. This is a category of working people. The loophole of this is if someone

retires at 45 or 49 and moves down here, they can take advantage of this program because they fall in that category. We haven't seen a lot of that; actually, I haven't seen any. I think they're going to play on the weekends with their family; maybe one day they do church, come out and play, they'll probably play on holidays and they'll probably play a lot during the off season when we have a lot of availability because it stays light longer. I don't see this really affecting our golf in season by any means because it gets dark early, but there are some families that would take advantage of this. They just can't swallow the \$4,000 as a family and we feel this will work. I know there was talk last time that it's too inexpensive to do this, but my gut feeling is I strongly recommend giving it a try for a year. If we get a ton of people doing it and they're out there playing a lot, we can always raise it next year, but they would be giving us \$2,300 for every membership so it is a good thing I think.

Moving on, we're proposing a junior executive that would be between the ages of 18 and 25. The difference in that is we're going to have a \$5 surcharge to use a cart every time so there's money coming in the counter each transaction. They only get three days advance tee time. This program is pretty much all the kids that are on high school golf teams or college golf teams that will allow them to play after their season is out. It's not a huge number, but it allows us to play a little golf. The last category that we're asking to propose... Supervisor Halbig: I don't mean to interrupt, but you said after the season is out, does that mean that during the season they're still going to be playing free of charge? Or are you going to say that we're got this junior membership... Mr. Wonderling: Of course we want them to join the \$750 to buy that membership. We do have a partnership with Sebring High School; we allow their high school team to come out here and play and it is free of charge; we do not charge them for the golf course or range balls. We do get their invitational tournament, which brings in a very nice chunk of money in September when we're slow. I know it was a conflict this year with the Blue Streak tournament because they had it at Highlands Ridge; the director has stated that they're going to have it at Sun 'n Lake this year. They're going to, kind of, flip flop it because the girls' team has moved to Highlands Ridge. I think they're going to move it around a little bit. It's, kind of, a good will thing; I don't think it hurts us by any means. Does that help answer your question?

Supervisor Miller: Ron, can I go back a minute to the resident cards? Mr. Wonderling: Yes, sir. Supervisor Miller: Can you outline the mechanics of how that would work in terms of who gets it? Anybody that's interested in golf, right? Mr. Wonderling: Correct. If you're a resident of Sun 'n Lake, my proposal is they would go into the District Office to get their resident card. They would pay \$10 to the District because, obviously, there's a cost for the cart so the District would get that \$10. We would give them a \$10 coupon for driving range so it feels like it's a wash for them, but the District is going to get \$10 to offset the cost of time to make the cards... Supervisor Miller: They'll get that so they get the best rates in the golf shop, right? Mr. Wonderling: Correct, yes. Supervisor Miller: Do full members, like Charlie Brown, have to have a resident card? Mr. Wonderling: No, because they'd already be in the membership database. Supervisor Miller: Outside the membership database? Mr. Wonderling: Correct. Mr. Wonderling: We feel it would be a good structure and it prevents people from abusing it. Supervisor Guglielmi: We have a resident rate, right, which is lower than the street rate? Mr. Wonderling: We do. Supervisor Guglielmi: That's what that card enables you to do to utilize that rate. Mr. Wonderling: Correct. Supervisor Johnson: That was my recommendation for Tanglewood. I thought they should have the same requirements because they are residents of Sun 'n Lake. President Gangemi: Diana Johnson proposed that, I think, last year that residents of Tanglewood... Supervisor Johnson: This is a budget so I'm going to question that number because the residents from Tanglewood are 2 1/2 times as much as 2 or 3 years ago. I don't know if there's that many people coming or that suggests to me there are people coming from all over. Mr. Wonderling: The reason the revenues went so much up in Tanglewood is... I'll be first to

admit that we bend over backwards to get their business. It started with Thursday mornings where we did have some conflict, unfortunately, with one of our associations because they played on the same day. The men's association has gone above and beyond trying to accommodate that with them. Instead of feeling that they were a separate community, I think the feeling has gotten a lot better because they feel welcomed here. Not only did they play Thursday mornings, but they started to play a little bit on Tuesday and they patronized the restaurant a lot for the early bird. They've also had, I think, four or five functions this last year that they rented out the banquet hall. I think the reason it went up so much... Supervisor Johnson: That suggests that there are a lot of people coming. If they're going to play 2 ½ times more then maybe they ought to consider a membership because that would make more sense. It was \$24,000 in 2010/2011 and we've got it projected although I don't understand your budget columns. At \$68,000 this year, that is 2 ½ times as many rounds that we had 2 years ago. That either suggests that you're doing one heck of a job on this thing which you say you are, but it suggests a little bit more to me and that's why I question that number; 2 ½ times more is a lot of people. Supervisor Guglielmi: Well, we picked up a group which was playing somewhere else. Isn't that right, Ron? Mr. Wonderling: Correct, they were playing at our competitor, Highlands Ridge, and I was able to convince them to come over here and play. Supervisor Johnson, I know we've had this conversation before... Supervisor Johnson: We don't verify that Tanglewood are residents and I just have a problem with that. Why can't we offer them to get a card for \$10 where they'll get \$10 in driving range, when they come they show their card when they get a cart and we verify that they're Tanglewood residents? I have no problem giving Tanglewood a break, but not Tanglewood and a buddy a break. Supervisor Halbig: I think there are two situations, Diana. One is the large groups in Tanglewood that come over here and have got a group rate. If some individual from Tanglewood wants to come over here and play then they don't get that group rate. In order for them to get a residential rate, they would have to get a residential card and play as a resident. Am I correct? Mr. Wonderling: You're correct. I think where Supervisor Johnson is coming from, and I've had this conversation, is Tanglewood gives us a list of about 100 golfers. I do not know if all 100 of them are truly residents of Tanglewood. Is it 75 residents and 75 people from outside the community that are just jumping on the backs of Tanglewood to get the special rate at Sun 'n Lake? Unfortunately I do not have a method to... Supervisor Johnson: Maybe we should just call it a group rate instead of a Tanglewood rate. Again, if you're going to play three times a week, wouldn't that be more beneficial to come in here and buy a single membership at \$1,900 than it would to buy a regular rate? Why would they want to pay a regular rate when they can piggyback on to Tanglewood and play three times a week? Mr. Wonderling: I completely understand and this is the part where we're trying so hard to improve the relationship with Tanglewood because what it is... Supervisor Johnson: I have no problem with Tanglewood; it's the Tanglewood tagalong that I have a problem with. We're giving a benefit to Tanglewood that we're not giving to our residents. You could have any... Supervisor Miller: Diana, let's be clear. Tanglewood is part of Sun 'n Lake; it's the same political jurisdiction so when you talk about residents, you're talking about Tanglewood as well as the rest of the community. Supervisor Johnson: Right, but not the people that was a buddy from... Supervisor Miller: I agree with that, but it seems like we talk about Tanglewood as if they were a foreign country or something. Supervisor Johnson: No, no, no. Give them the rate, but not the buddy. Supervisor Halbig: Maybe we ought to separate it and call it a group rate. You give 100 golfers the same rate if they were from Timbuktu, wouldn't you? Mr. Wonderling: Correct. Supervisor Halbig: Okay. Supervisor Miller: Wouldn't your resident card solve that problem? Mr. Wonderling: Not exactly because with the group rates it's a negotiation. They are saying that they're going to have an average of around 100 people. If a group of 20 people come in they're not getting the same rate as what we offer. Supervisor Miller: To answer Diana's concerns about the tagalongs, as she put it, if they all had resident cards then you would know exactly... Mr. Wonderling: Correct. I am very confident that Dave, who is the president of the Tanglewood

golf association, is very open to figuring this out. I'm sure we can come up with a system that would okay... Supervisor Johnson: If you look at the budget number and it goes from 24 to 58, that's a lot more play. Mr. Wonderling: Here's the thing. They're only getting that rate during their group play, which is Thursday mornings and Tuesday afternoons. What happened is they had a lot more golfers. I understand your concern that there are non-Tanglewood players playing in that group and that is possible. I will get with Dave... Supervisor Johnson: Get an explanation of how come we got \$24,000 in 2011 fiscal year and projected to be \$60,000 this year. Check to see how many players you had in Tanglewood. If you had 50 before then that means you have 125 now. Supervisor Halbig: Diana, I don't know what the heck you're looking at. I'm looking at Page 1 on the golf fund and in 2011/2012 amended budget was \$41,000 and the budget draft for 2012... Supervisor Johnson: That's what I don't understand because they have an estimated actual of \$51,000 for 2011 and 2012. Supervisor Halbig: That's because we got those big groups. Supervisor Johnson: What is the difference between those columns; the estimated actual and the amended budget? Which number is the final number? I don't remember making that many amendments to the budget. I'm wondering what amended budget means to me; that suggests we made an amendment to the golf budget during the year. I don't think we made an amended number; maybe Ron did. Maybe he can explain it to me so it makes sense. It suggests to me that in 2011 we had 25,000 and now we have 2 ½ times that number. Supervisor Halbig: I think it suggests we're doing a heck of a good job getting some big groups in here to play golf and absorb some of this cost; I think that's the difference it makes. Supervisor Johnson: 50 players have turned into 125 players; that's a heck of a good job. Mr. Wonderling: Thank you. I'll be the first to admit we had a lot of Tanglewood players this year and that's the reason why I think over the winter we had some members from our club that had concern that they were getting this discounted break and their guest was not. That's why when we got to the budget time I remember speaking so many months back to address this during the budget time to try and correct this. I think this plan of you getting a punch card with 10 is going to... I'm not sure it's going to eliminate some of the complaints but at least it'll soften it to some extent and help us convert people over. Supervisor Johnson: I asked at the last meeting how many members we had and I think we had two from Tanglewood; we're losing the opportunity to market some memberships as opposed to giving away our rate. Mr. Wonderling: The big thing I see with Tanglewood, and I still think it's the silver bullet, if we got their 200 and some golfers to come over here and join our club a lot of our financial constraints, we'll say, will be eliminated. What I've noticed in this business is if you have a group of people you enjoy being around and have fun with that's where you play. I would admit that if... I don't think a lot of our members are going to use Highlands Ridge if they were \$100 cheaper. They play here and from our market study 98% of the people said they play here because of social; friends, etc. It's the same thing with Tanglewood; they're playing with their friends. The idea is if we can integrate the two associations, if you would, to play more together I think that will help them join this club. We went from \$20,000 to \$60,000; some of it is because we added a day but some of it is because, I think, they feel more comfortable over here now. The courses were in very good shape this winter. I think it's a combination of a lot of things, but I think the ultimate goal... Supervisor Johnson: Why pay \$50 a week instead of buying a membership for \$3,000; I choose \$50 a week, but then again they don't play every week. Supervisor Guglielmi: Ron, could you ask them to get a resident card? Mr. Wonderling: I'm sure I could talk to David and we could come up with... Supervisor Guglielmi: Give them two buckets of range balls and tell them to get a \$10 resident card and that'll solve the problem. Mr. Wonderling: Sure. I could work something out; not a problem.

Moving on; for 18 and under we have a membership that gives them 1 day advance tee times. They would have to go through a golf course with our director of golf, Rich Unger, and Andy so that while they're on the golf course they're behaving properly. In addition to that, and I know

this was brought up at the last meeting, we would require them to have a 32 ounce, we'll say, Gatorade bottle filled with sand. We'll put additional sand out on the golf course so they'll be able to not only refill it, but it will also help the members refill their sand. We feel that's a program that will go over very well. Andy runs the Sertoma Junior tour and he's got about 95 kids that are part of it and so I think a lot of kids will jump on this and play; I think it's a good program to have. The last membership category that we, kind of, isolated is... Supervisor Halbig: Quickly, Ron, could that etiquette class be a requirement before you do the membership? Mr. Wonderling: Correct, it would be. Supervisor Halbig: Okay. Thank you.

Mr. Wonderling: The last one is the 90 club. We see a significant drop over the age of 85. I know Supervisor Miller said we should be... I'll let you say it. Supervisor Miller: Putting out the red carpet. Mr. Wonderling: Putting out the red carpet if you make it to 90. With this all they're doing is paying for a trail fee; their membership would be free, if you would, but they'd be paying \$950 for their trail fee for the year and 14 day advance; some of the same privileges. I think it might help keep some of our members around. It's not a huge number, but it's, kind of, a good will thing that I think will be well received.

We spoke about the resident card. We had a couple of proposed rate changes to the resident rate, kind of, going up a dollar in season. The reason being is everyone who joins puts the paper and pencil to it if we can separate the resident rate a little bit it'll help people, hopefully, join with the reduction.

Supervisor Miller: Ron, have we given up on corporate memberships? Mr. Wonderling: No, we haven't given up. Actually, the executive memberships are the companies that I've went after. A lot of companies have said, when we first talked, I know they just don't have the money from a corporate standpoint, but they said they'd personally be willing to do something. That's where we said that if we did an executive membership... the price came down a little bit and allowed them to come out. At the present time the banks, the financial institutions and the hospitals just don't have discretionary funds for some reason. Supervisor Miller: I think all of this is good stuff. However, this \$5,000 to put aside on the driving range I would be very much opposed to that. Mr. Wonderling: Okay. Let me talk to that. One of the proposals I had, as you mentioned, is an effort to sell sponsorships.

Supervisor Guglielmi: Ron, could I make one comment before we go on to the next...? Mr. Wonderling: Sure. Supervisor Guglielmi: These new membership categories, we need to stress to the rest of the memberships that these new members need to feel welcomed. We don't want people staring at them like we have the intention to do here because they call them trunk slammers and so on. They've got to realize these people pay less than they do and there's a reason why they do because we need them very badly. In order to pick up memberships in the future this is the way to do it. When these people come here the members need to make these people feel welcome. That was a problem that we had with the Tanglewood people and I think, hopefully, that's been resolved, but I hear a lot of other comments from people that come from outside. If it wasn't for them we would not be able to afford to play golf at the rate that we do. We need to stress that to the general membership to make these people feel welcome. Mr. Wonderling: Thank you for your comments. I'll be the first to admit that the associations and a lot of the members have, and we use Tanglewood as an example, made them feel welcome. It has improved over the years and I'd like it to continue and I'm sure it will. I appreciate your comments.

Supervisor Halbig: I want to commend you. This took a lot of thought. It took a lot of thought to put this together and it's something that we probably should have done before. You're

probably going to get some action and I really hope you do because I think it's really a good program for trying to get the membership built up. Mr. Wonderling: Thank you. That's the biggest thing and that's why I stress that our biggest problem here at Sun 'n Lake, more than anything, is our membership decline. If we continue to have the same programs and go down the same route... I mentioned 55 people that are over 80. Unfortunately we've seen some of our colleagues and friends that have passed away or gotten sick. Unfortunately it's happening and we just need to see if we could start refilling some of these positions with these memberships in other categories. I appreciate the comments.

Going on, I'm proposing to do a self sponsorship at the club. I gave an example where we have a club up in South Bend, Indiana that has had a lot of success from this. For example, the one sponsorship that I'd like to sell is the driving range. It would be a \$5,000 sponsorship and they would get a sign up at the range right by the ball machine; something nice. This range is sponsored by "X" bank or "X" car dealership. On the range balls, we do this up north, their logo would be on it. For example, if it was Ford, their logo would be on the range ball. From an advertising perspective it's all about impressions; that's how they, kind of, gauge doing stuff like this. In addition to that we'd have, kind of, a link on our website. If it was a car dealership we'd maybe bring up a car. It's something "out of the box" thinking and I feel I could sell it and bring in \$5,000. I'm not saying it'll be a big billboard or anything like that, but it would be in a classy way. I feel we could sell this. It's, kind of, a step in a direction. Supervisor Halbig: Why wouldn't you like it, Dick? Is there any particular reason? Don't you go to a baseball game and see... Supervisor Miller: Can you see going up the driving range and putting your ball down there and then look up at the sign and it says "Daisy's Massage Parlor"? Come on. You see these ballparks and they've got one sign after another. We've got a pretty nice looking facility out here and I just can't visualize a bunch of signs. Mr. Wonderling: The intent is not to be a ballpark by any means; it would be one sponsorship on that range; it wouldn't be more than one. That person would pretty much, in a phrase, own that range; they would have the sponsorship to that range. It would be a sign... Supervisor Miller: You're selling one \$5,000 sponsorship? Mr. Wonderling: One and that is it. Supervisor Miller: That's a little bit different. I thought you were going to sell everything you could on it. Mr. Wonderling: No. I have other ideas that might work, but I think this to start and see if it works and then we can talk about other opportunities. Supervisor Miller: More signs? Mr. Wonderling: I'm trying to think outside the box ways to raise some additional funds. Supervisor Miller: You've got so much good stuff here. I agree with Dave that you put a lot of thought into this; this is really good. Mr. Wonderling: Thank you very much.

The next topic we're proposing is to adopt a whole program. One of our members approached me in regards to this where a member or group of members would take a hole. We'll use Hole #1 for example. They could enhance the landscaping around the tee, go out and fill dibbits, do any little necessary improvements that they'd like to do on the hole. We'll put a little sign, I would say, up by the tee; maybe by the tee marker; "This hole is sponsored by the Jones family." In the awards hall of the club house we'll have another sign giving them recognition for their efforts. The idea behind it is... There's a club up in Virginia that was doing it and it got to be a competition a little bit. They brought annual flowers by the tee boxes and it was, kind of... You, kind of, owned it if you would. We'd like to start that program so I wanted to bring that up to you. President Gangemi: Ron, how many volunteers do you think you would get? Do you think you'd get enough to do all the holes? Mr. Wonderling: At the present time I have two. I have two people that actually came up. I know Mr. Norcross was kind enough when this was being tossed around... He wanted the hole up by his house, which I think is a great idea. I commend him on that. He would be the second person I approached. It's tough because sometimes we see a lot of volunteers for different programs and sometimes we don't see any. If we've got three or

four it'd be nice. Supervisor Halbig: It couldn't be indiscriminant; they couldn't just put anything. Mr. Wonderling: There would be guidelines. Supervisor Halbig: We had the girls at one time when we were planting all the flowers and stuff at #1 and you guys came and said you didn't want it anymore and now we're, kind of, getting back to the same type of situation. Mr. Wonderling: I'll be the first to admit that on the golf course a lot of it has gotten tired; plants do get tired and we do things to our homes to enhance. Some of the areas are very big and we're trying to clean them up like 10 on Turtle where we've done some things or 9 on Turtle at the green. Similar things like that to try and get the membership a little more, we'll say, involved. They want to be involved with some things so it's just an idea. It depends if that's something that the Board feels okay with. Supervisor Johnson: There were a bunch of women that used to do that island out there between #1 and #9 and maybe a group would like to do something like that. Mr. Wonderling: Sure. I personally like the idea and I think it'll work. I don't know how many members will jump up and do it, but... With that, the adopt a hole, we'll probably put on, twice a year maybe, a little cocktail party or appreciation thing to thank everybody and, kind of, have some fun with it; that's the idea.

The next topic, and I know we've discussed this, is regards to food and beverage. We're getting increased costs of doing business so we're saying October 1st we're going to have to make some increases to food and beverage from a price standpoint; it could be a dime, it could be a quarter, it could be a dollar, but just to get us in line. Our food and beverage operation, we're trending for the second year in a row to be at a break even. We're continuing to try to improve, we've booked a ton of Christmas parties and the goal is to have everyday booked this year; weddings, business increased. What we've done to, kind of, get us this far is we've charged more for the banquets and trying to keep all the other prices flat. You did see a little increase with our early bird dining a few months back because state prices went up so we went up a little bit. I just wanted to make the Board aware because sometimes we make an increase and a lot of people voice their opinion. I just wanted to let you know the reason behind it.

Golf associations were talked about last time. I have \$2,500 earmarked to give to the ladies association and I have \$5,000 earmarked to give to the men's association. The men's association approached me to ask the Board for an additional \$2,500 and that's what got them \$5,000 because they put on more events than the ladies association. I asked them to give you a correspondence or, I think, one of the members of the association came last time and spoke of it about being in support of it. I do have it earmarked in this budget. I know in conversation it was a topic so I just wanted to get your thoughts. Supervisor Johnson: Ron, when you say they put on more, are you talking about the Sunday play? Mr. Wonderling: From talking to the president of the association, he said that the men's association puts on 24 or 25 events a year where the ladies association puts on 10. Supervisor Johnson: Are the Sunday ones included? Mr. Wonderling: I believe the Sunday ones are included in that count. Supervisor Johnson: Half of that funding is women playing. Supervisor Guglielmi: The Sunday events, like a lot of the events that the MGA put on are self sufficient; we pay to play in those things. I guess I don't understand the additional \$2,500. Supervisor Miller: What's the fee for the MGA; yearly fee? Supervisor Guglielmi: I think \$15. Supervisor Miller: \$15? Supervisor Johnson: Do they play full courses on the men's member/guest? We play 72 and they play 72. I don't know how they're generating more money unless you charge differently for greens fees. Mr. Wonderling: With the men's association, similar to the ladies, when they put on their event the group leader comes in and says they want this or this. I don't know their associations' finances or how they distribute their winnings. Supervisor Guglielmi: We pay "x" number of dollars and that's all they pay out. Supervisor Johnson: Right. Supervisor Guglielmi: In all fairness, they come to you and you do a lot of the work and they have a couple that choose to run their tournament and they do the rest of the work. We pay and all the money that's collected is given back in prizes. I don't understand what this

\$5,000 is for. Is it going to be given out as prizes? What are they going to do with it? Mr. Wonderling: I am not sure. Supervisor Johnson: For the ladies we split it out \$800, \$800 and \$800 between three tournaments that were self supporting up until then so we just gave extra money as additional money and it got down to that member/guest. At the last minute they had to go out and buy \$800 worth of gift certificates that they normally wouldn't have bought but they had to spend the money because it was given to us. We would have not even needed it but they gave it to us to make it fair because the men got \$2,500 last year so we got \$2,500. I don't understand it. I'd just like to see the numbers as to why they proposed that the men get twice as much as the WGA when in fact half of the people that play on Sunday are women which contribute to that. I don't understand it. Supervisor Halbig: What we need to do is split up the number of tournaments and have the WGA run half of them and the MGA run half of them and then it's all balanced. If not then we better just leave it the way it is. I don't know. Supervisor Johnson: I pretty much know where all of our, WGA, money went. A lot of it was prized money and the member/guest; that's where a lot of it goes and that's why you charge the higher entrance fee. A lot of the others were self supporting or they were in our annual budget. Supervisor Miller: Diana, what does it cost to join the WGA? Supervisor Johnson: \$40. Supervisor Miller: \$40? Supervisor Johnson: Yes, we don't pay but \$5 a week and we don't get doughnuts either. Supervisor Guglielmi: The men pay \$15; when they pay weekly they pay \$5 where the ladies don't; part of that is their prize fund for the whole year. Supervisor Johnson: Well, there. Why give them an additional \$2,500? I don't know. Supervisor Guglielmi: This is what Charlie Brown said. Supervisor Johnson: I can't hear him. President Gangemi: That's why we really have to come up to the microphone because these are recorded minutes and this is the way we're supposed to do it and if we can't do it then... Mr. Brown: Diana, what I'm saying is I don't know why Howard asked for the extra money other than... There are two tournaments they put on every year; two that the men don't have to pay for; one is the prize money tournament that comes out of the MGA fund and the other one is when we have elections where we have a member/member, I think it's \$10, so I think instead of raising the price, because everybody that plays in there gets the tournament and dinner for \$25 a person. There are usually 100 guys playing. Supervisor Johnson: From your membership? Mr. Brown: That's what I'm saying. There are two tournaments a year that the MGA pays for without putting money into it. That's the only thing I could think of where he's asking for the money. Supervisor Johnson: We've paid for all our dinners when we have tournaments. President Gangemi: We need to make a decision on this of whether we're going to give them \$2,500 or \$5,000. I'm in favor of just leaving it the way it is of \$2,500. That way if there are any other tournaments that they play in then they can work that out. I just hate giving one group over another because they have one or two tournaments. If we're going to give money out let's make it fair. That's my opinion. Mr. Wonderling: Leave it \$2,500 for each association for next year? Supervisor Guglielmi: I'll have to agree with that. President Gangemi: Okay, Diana? Supervisor Johnson: I think that's fair. Mr. Wonderling: Okay, I'll remove the \$2,500 from our member relations line.

Let's move on to operating expenses. One of the conversations we had at the last Board meeting was to tighten the belt a little bit more, if you would. Following the workshop, we met with all department heads and we were able to cut \$68,584 out of our controllable expenses; you can see where we cut in each department. The last department that I'd like to cut is maintenance. I think maintenance is an area that is the reason why people do come out and play like course conditions. I know we've had some conversation about being more efficient out there with the staff and doing different things. I gave you a labor model of how many people we have on the crew; it's a comparison to some of our other Kitson courses. We have 22 members on our maintenance crew with 11 per course. The reason we have a little more staff is because the 235 acres that we maintain on the golf course. With that we were able to trim some money and we're at \$68,584 less in our operating expenses. That's what I'm proposing. Supervisor Guglielmi: Everything

looks like we're above everybody else until you get to the acreage. Our golf courses cover a tremendously large area, especially Deer Run, and we maintain it all; that's where the cost goes. Another thing we have to remember is we give Kitson and Partners a budget and they make absolutely nothing out of that budget; it's all spent on the golf course. We pay them a fee to do everything that they do and I certainly wouldn't pretend to be able to hire people like they do; it's their job to do that. I'm sure that the more efficient they are, the more money they can put on the golf course and better the conditions; it's their reputation on the line. I have no problem whatsoever with what you've done.

President Gangemi: On the golf fund on Page 2 is food and beverage revenue. On the last three line items you have "other beverages carts" and you're saying that your revenue there is \$14,850, is that running on a profit or a loss? Mr. Wonderling: Are you referring to the snack bar and beverage cart operation? President Gangemi: It says cart; it doesn't say snack bar. Mr. Wonderling: For that line item, "other beverage cart" \$14,850, that's \$14,850 that was rang up through the beverage cart and it should say slash snack bar to be a little bit better defined. In addition to that, if you go up a few lines, you'll see "beer sales/snack bar" and that should actually say "/cart". I'm proposing to sell \$10,315 beer out of those two outlets. If you go up a little bit farther you'll see... President Gangemi: Liquor sale/snack. Mr. Wonderling: Right, it all, kind of, coincides with each other. Then, under prepackaged food, I should actually change that description to "food sales cart/snack bar"; that's where that outlet is. President Gangemi: Okay.

The other line, underneath "other beverages carts/snack" is "beverages/banquets" and you're saying you're looking at \$3,000 for the banquet? Mr. Wonderling: Correct. What typically happens at weddings... I would say we can probably do a better job of dividing the money up between the different line items. If someone has a wedding we usually include water and tea with it. In typical events they're buying beer, wine and liquor and very few people will have a coke or a diet coke at these events so we don't separate out as much if one person buys a coke or whatnot; it goes into "other beverage". It is accounted for. President Gangemi: It's just a little distracting the way it's presented there. Also, the room rental, you have it as \$6,600, is that for wedding or banquets? Is that all you're getting for that? Mr. Wonderling: Correct. It's, kind of, one of the negotiation tools that we have. We'll waive the room rental if the food or beverage is over \$10,000. When we have these large events, if they guarantee to spend \$15,000 for an event then I will waive the \$1,000 room rental. That's our last resort when we're negotiating; to waive that; it's a common practice in the industry. Supervisor Miller: You must do that a lot because you're charging \$1,000 and we've got \$5,600 total revenue all year. Is that right? Mr. Wonderling: Yes. It's a common practice with all the other banquet facilities in town. It's similar to when we had the membership initiation fee which was \$3,000. We do get some people that pay it and don't blink an eye. A lot of the doctors and lawyers don't even ask questions. President Gangemi: That's fine. The questions that I get from the residents are that we're just breaking even on the restaurant and yet you're telling us that you're doing very well on that. I look at room rental and I see \$5,600 and beverages for banquets only \$3,000. I'm just wondering if these numbers really add up to what's happening or if they're being allocated some place else. Mr. Wonderling: No, no. Every dollar that is spent on food and beverage is coded to food and beverage; that is exactly what that operation is doing; food and beverage revenue, cost of sales to purchasing it and expenses associated with that restaurant. President Gangemi: Okay. Do you think it'd be possible in the next review to break out what your cost center is for the banquets, weddings and everything else so that we'd have a better idea? I'd have a better idea of where this profit is coming from versus just lumping it into... Mr. Wonderling: Right. If you look at food sales there are three categories. Supervisor Halbig: Ron, what Gene was talking about, what you have to do is roll together that banquet food sales, banquet liquor sales, banquet wine sales and

room rental all together; that's what you have to do to come up with the number that you're getting. Mr. Wonderling: Sure. I'm sure we do a separate sheet for the District in terms of the financials. I'm sure I can add a line to separate banquet and food for you. Supervisor Miller: I suggested earlier that we have three basic cost centers for golf; golf operations, maintenance and the club. I hope that'll be considered. Mike, excuse me, do you have any problem reorganizing your financial data into three cost centers? Would that be a problem for you? Mr. Wonderling: What Supervisor Miller is mentioning is we have occupancy, which is clubhouse, and the idea would be to take the clubhouse and if you just go by size... Supervisor Miller: No, club; the whole restaurant. That's what I mean by club. We have three centers; the restaurant, the golf operations and golf maintenance. Mr. Rippey: I think some parts are easier than other parts and probably more valuable than other parts of it. Our response is always that we'll do what is helpful to you in your decision making process. At some point you get where you're cutting the cheese, probably, more finely and, I think, you would, given your business background, understand that. Supervisor Miller: I see we're cutting the cheese too finely right now because you've got umpteen numbers and you have to go through and add here and add there... Mr. Rippey: Oh, I see, you're talking more about, in some respects going one way, but also coming back the other way. Supervisor Miller: Yes, just having these items in three separate... Mr. Rippey: That thing is that as long as we're all clear on what the assumptions are... For example, what we do with Ron's salary and utility bills. I think we just create a baseline of assumptions and say this is how we're going to allocate these costs. Supervisor Miller: That would mirror what the District does. Mr. Rippey: Sure. I just think when you get into areas like how much of the chef's time is on banquets and how much is on a la carte and things like that, it's just an exercise that gets too... Supervisor Miller: Well, they do the same thing with Greg Griffin's salary, for example, it's split into four or five... Mr. Rippey: Right. We make logical assumptions that everybody thinks are reasonable and we hang with them. Supervisor Miller: Now we can really see what's happening. Mr. Rippey: Sure. Supervisor Johnson: I still don't understand though those column headings. I understand 2011 actual, but then it has 2011/12 estimated actual, and a budget; it is different than the District's budget because it tells us what the actual budget was in 2012 and we can see where they're going in 2013. Which number am I comparing the 2013 budget to get apples and apples? For instance, is it to the amended budget or is it to the estimated actual? Ms. Cannady: The estimated actual column is a 12 month... Essentially, it's a projection; expenses and revenues from October 1, 2011 all the way to September. Essentially, what Ron's doing is he's taking his first eight months. He knows what the actual is and he's projecting the remaining four or five months to come up with an estimated actual; that's what the first column is. Supervisor Johnson: Okay. Ms. Cannady: It's 12 months, but it's essentially a projection. Supervisor Johnson: Right. I'm assuming in looking at the first number, membership revenue, the estimated actual was \$610 and the amended budget was \$603 so we're over budget for the year the way we were projecting, right? Mr. Wonderling: Correct. Supervisor Johnson: Okay. Alright. I have two or three questions. I've already alluded to the Tanglewood because if you look at that number it's up... At least it was up the first year in 2011. The other thing that I would just comment on is I don't understand why we are segregating and I don't think we should because I think we're running a couple risks. My thought process going into this is that we gave \$364,000 last year to the golf club house and that's what we're going to give this year. We ought to be able to, after a few years, begin to gain ground on this, but apparently we're not. We haven't specifically defined it as 322 or whatever that number is from revenue and 42 for that extra assessment that goes to the golf course people. I think there's one danger there in that I don't like it segregated; it never was before and it's all part of general revenue so it ought to just be a general revenue transferred. The other thing I think you have a bigger problem with is I don't know how you can, kind of, segregate so that it looks like just those golf course properties are actually subsidizing the golf course for those services because we're already, supposedly, only doing it, at least from what I've been told, for the services we

get; the maintenance on the golf course. I guess that number should be the general revenue number of 364 clean and not broken down as to what... I know we all understand that we decided that there was 42, but we gave it last year at 364; we either gave it from there or we gave it from the regular revenues so I don't know why we're separating it. Supervisor Halbig: I think it happened because... There were a couple of us on this Board that were concerned that the golf maintenance operation was paying for that golf frontage maintenance and for years it's been going into the general fund and never was, until this year, identified that it's going back to the golf maintenance. We've collected hundreds of thousands of dollars in that \$61.06 special assessment that never, ever showed up in a golf fund. That's the reason it was separated there and it makes me feel a heck of a lot better that it's there. At least we know it's going back. Supervisor Johnson: It's all over the place; it isn't just on the golf course. I can honestly tell you they don't... Behind me does not maintain as well as behind you and Dick; mine grows high. At any rate, I think that when you maintain the golf course you're maintaining the fairways and everything. That is golf course property so they have to maintain it. Supervisor Halbig: The District was doing that. You've got a big retention pond back behind your house and I'm going to tell you something; if the golf people weren't cutting that thing you'd be calling code enforcement all the time and complaining about how high the grass is. Supervisor Johnson: I'm telling you that I know because I play golf. It's not maintained like yours and Dick's. Supervisor Guglielmi: Diana? When the numbers come up that we give to the golf course from the general fund, there's always a lot of screaming and yelling about how much money we're spending on the golf course. I happen to have two lots on the golf course and I pay this so-called special assessment and I don't have a problem with paying it, but I want to see that money go to the golf course and I don't want people saying that the \$42,000 out of the general fund... and saying how come you're giving \$364,000 to the golf course? We're not giving \$364,000, we're \$322,000. That's why I asked for that number to be segregated. Supervisor Johnson: It doesn't make any sense to me because doesn't that money, Tanya, go right into the general fund? Supervisor Guglielmi: It has been going to the general fund and that's why I wanted to separate it. I'm not an accountant, Diana. I just want to see that number shown up because the people on the golf course pay for that. Supervisor Johnson: It's only shown in the golf budget; it isn't shown in the general fund. I don't know why it's in the golf budget other than just to clarify... I don't understand it because it really comes up in the general. We've got two revenues: General fund, O&M assessments and records assessments. It's coming out of the general fund assessment; that's where it's coming. I've got some numbers on salary and I've added them all; member/member, member marketing, golf, ground, course maintenance, food and beverage. We're up like 8% over the amended budget; that seems like a high salary increase. When most of us aren't getting... We've been arguing for 3% for the office for years. If you look at 2010 and 2011, it's up 18%; if you add them all up. Supervisor Guglielmi: I think we brought on some more staff. The Director of Utilities came on board this past year so the number is going to be higher next year because of the salary. Mr. Wright: She's talking golf. Supervisor Guglielmi: No, I think she's talking about everything. Are you talking about golf course only or everything? Supervisor Johnson: Golf course only. If you take each category of wages, golf, etc., it went up... In 2011 I had \$1,138,000; this year we only have \$1,347,000; it's 8% from last year and 18% from 2011. The estimated actual is up 9.4%. Mr. Wonderling: A lot of... The reason you're seeing the increase is because we did have some other positions. In addition, we had some seasonal help that we brought in throughout the year. Then there were some positions that were vacant for months at a time that we just, kind of, did without. We strictly watch labor very closely and we save where we can save. Same thing with next year however the budget comes out. Anytime we don't need staff or if we lose somebody we don't just automatically go out and hire somebody. We want to make sure we have the right person. I completely see what you're saying that while it's... Supervisor Johnson: In 2010/2011 we had \$1,138,000. Our projected actual this year is \$1,231,000; that's an increase of almost \$100,000; it's \$93,000. Then next year

we're going to have \$1,347,000 which is an increase of \$140,000 over this year. Mr. Wonderling: Sure. Supervisor Johnson: That, to me, in hard times... People have got to do more work and work harder and we work with less. It's great to hire all the people we need, but somehow we've got to tighten our belt. Mr. Wonderling: Sure. The one thing I'd like to mention is with the restaurant, in 2010, we just did over \$400,000 in revenue and this year we're projected to be close to \$900,000 in revenue. Associated with that, unfortunately with the restaurant, and I know we've been talking about it, is there is a lot more labor associated with doing that much more business. Supervisor Johnson: The revenue, I thought the food and beverage revenue total was \$480,000. Believe me, I spent some time on this. I had a number for food and beverage of \$878,000; that's what we're going to project this year. The expenses went up relatively high also; that went up about 12% I think and incentives went up 12%. In my mind it should be the economy that's scaled. If the business is going up then the expenses shouldn't go up respectively; we already gained some economy to scale as we go up higher with sales. I spent a lot of time looking at this because I like numbers just like Tom Kosty. In a time where we knew last year that we were only going to have \$364,000 then it's time to say we've got to, kind of, stay within that limit, but now we're not trying to as hard as we can do; that's what I think in looking at these numbers especially when salary is up 9.4%. That's a big number and I don't know of anybody getting 9% raises this year. Mr. Wonderling: It's not raises. I can guarantee you that. We're filling positions that were vacant not only in the maintenance department, but also in the restaurant. I know that we had a food and beverage manager and then we, kind of, floated without it. We're filling positions in 2013 that we did not fully recognize in 2012. Granted, if for any reason we don't need those positions there will be a savings. Supervisor Halbig: We talked about this at the last meeting we had. I mentioned golf expenses when wages and benefits went up \$35,000 and course maintenance expenses went up \$42,000 in wages and benefits. That was because, I think you said at the time that there were positions that weren't filled and are filled now or were anticipated in being filled. Mr. Wonderling: Correct. Supervisor Halbig: This is a budget number. Mr. Wonderling: Right. Supervisor Johnson: I just looked at wages. I didn't look at any benefits, Dave. If this general administration... Last year it was \$34,000 and this year it's \$37,000; that's \$3,000 and a 10% increase. In every department there's an increase. In the occupancy there's a 10% increase probably. Food and beverage, 351 to 358; course maintenance, 532 to 560; grounds and recreation, which you and I agree, went up from 36 to 44 so that's 20%. Mr. Wonderling: Right. I'll just pick on grounds and recreation for a minute. There was a handy man person that was in there for... we did not have him the full year. He resigned and so we have it in for next year. That's the reason why that went up along with a lot of the other departments as well. Supervisor Johnson: Ron, membership dues are only going up \$8,000 and we're going up on wages \$124,000. I'll just point out that it needs to be looked at. President Gangemi: Let me jump back just for one second. You have on contingency for emergency repairs \$10,000. What contingencies or emergency repairs do you think...? Mr. Wonderling: Not to jump around by any means, but under my revised proposed capital I had two items compared to what I had last time and speaking to the contingency I earmarked \$10,000 in the budget for emergency repairs or something that just happens. This prevents us from calling an emergency board meeting; it's, kind of, a little bit of a safety net if you would. For example, this year we had the pump station go out and I believe the cost was around \$8,000. That's where it would be coded to under a contingency. In addition to that I'm asking for \$25,000 for an outdoor kitchen cooler due to the fact of the amount of volume that we're doing in the restaurant; we need the space and we can take advantage of more bulk buying that we have been, which would help us save money. Supervisor Halbig: There are a couple of things that have been in this budget for years and I've talked about it and I've talked to Ron about it. Personal property taxes are \$13,200 and that's taxes on the building; it has nothing to do with the operation or taxes on the building. Insurance and general liability insurance is insurance on the building. Mr. Wright: Taxes are on the golf course. Supervisor Halbig: I don't

care if it's an enterprise fund or not because it's a building. Regardless of whether or not these guys are using that building, it doesn't make any difference. Those things would have to be paid and then they'd have to come out of the general fund. Why does the golf operation have to pay for that? Why does the recreational center have to pay for any general liability insurance or so on and so forth? Mr. Wright: We do that just to break up the cost so you know what the costs are. We try to distribute the insurance cost wherever they belong. Supervisor Halbig: Yes, but it comes out of the golf budget and it doesn't have anything to do with the golf operation other than the fact they're occupying that building. Whether they were occupying it or not you'd have to be paying those... Mr. Wright: The majority of the ad valorem taxes are for the golf course and tangible equipment. We could lump all the taxes in the general fund and not distribute them to any call center where you just say ad valorem taxes can make an administrative expense and that's fine. We try to distribute it so you know what the costs are and where they're attributable. Supervisor Halbig: I understand it, but it'd stop a lot of the barking. Mr. Wright: It's the Board's pleasure; it doesn't affect... Supervisor Halbig: I don't know, but to me it just... It's personal property taxes... Supervisor Miller: Dave, all they're doing is the same thing as they're doing over in the general fund; they're trying to allocate so that we can see cost center by cost center what's happening. We've got to pay it no matter what pot it's in. That building is for restaurant and golf so where would it go? I tend to agree with the way they've broken it down. President Gangemi: Also, the use of the building has something to do with the insurance rate, doesn't it? Ms. Cannady: And all the facilities that you're also insuring that the golf uses assuming they have equipment. That equipment that we insure under Public Risk Management along with the buildings... President Gangemi: Right, so with the liability that's associated with the building... You're covered under a liquor license down here, but you're opt to have more problems over at the clubhouse where it's used daily for liquor sales and over here it's probably not. I think it's just a break out of the cost associated assuming this is a cost center. Supervisor Johnson: When I looked at merchandise sales, last year is \$198,000 or this year it'll be \$198,000 and then next year we project \$201,000; that's \$3,000. The cost of sale is going from \$139,000 to \$148,000 so it's going up \$9,000 if we sell merchandise. Mr. Wonderling: In reference to cost of sale merchandise we average on sales anywhere from 65% and sometimes it's 85% on a sale. It costs us roughly \$148,000 to purchase the merchandise in the shop and we're selling it for around \$200,000 so we're making \$52,000 out of that outlet, if you would, if you just counted sales in and expense out. There is a profit, granted, I would love it to be 50%, but unfortunately the manufacturers, the hard goods, the soft goods... If we could get closer to 70% we'd make a little bit more money. We've tried to buy closeouts when we can or good deals, but that's pretty much, from a profit margin in golf shops, it's not bad in the industry. Supervisor Johnson: What's the \$1,500 for commissions under memberships and marketing? Mr. Wonderling: Our membership person, Megan, if she's able to get a new sale we do pay commission as a sales perk to her for that. There's \$2,000 next year in the budget for paying out commissions. She gets \$125 to find a new person and works hard to convert them to a member; it's just a sales incentive. Supervisor Johnson: Is that all that's been done? I don't see it in the actual in 2010 and 2011. It looks like it was only done in 2012. Mr. Wonderling: It's based on who it is. If Mr. Norcross brought somebody in and all she had to do was fill out the paperwork then she wouldn't get a commission off of that. It's beating the streets and meeting people. It forces our person to work hard. Supervisor Johnson: We didn't know that was part of this. That was just implemented in 2012? Mr. Wonderling: No, we've always had it prior; a commission incentive plan. Supervisor Johnson: It shows zero in 2011; it doesn't show anything. Mr. Wonderling: It's very possible that she didn't earn any commission that year; that might have been the year we waived the initiation fee. We have been on a severe membership decline and the new people that are coming in, luckily it is friends of members, but we're talking about people that have moved to the community that don't know a member to get them to convert. Supervisor Johnson: I guess my point is I think we need to do a better job in managing personnel. Sooner or later we're going to

be in a real negative position if we continue to increase wages and not have a reciprocal of some kind of income. Supervisor Halbig: We need to rethink that commission thing. I think we need to rethink that a little bit. I'm glad you brought that up, Diana, because I didn't pay any attention to it. I might have been in there before but I just didn't see it before; I didn't get a description of what it is. Mr. Rippey: Could I just add...? I'm just kind of listening and I think we're talking past each other to a degree here. There are a few people that have gotten raises, but most people are not getting raises; that is not the reason that these numbers are changing. As a matter of course, our first response is always to hold off as long as we can on incurring those costs back again and also just trying to be careful about hiring the right people and going through the right process. Supervisor Johnson, it's not a case of us automatically throwing a 3% number at everybody's salary or anything like that; we're not doing any such thing. Each raise, to the extent that there is a raise, is based on an individual assessment of that position and that person, but there is no across the board salary increases of any sort in this budget. Supervisor Johnson: Well, the only thing is I would buy that except that since 2011 we've gone up 18%. It doesn't make sense. Supervisor Halbig: The difference might be a head count. If you're looking at the total number and then you look at the total number of head counts, it might be fairly easy to distinguish why. Supervisor Johnson: You've run businesses and this head count is important and if you're hurting or times are hard then your head count starts to decrease. President Gangemi: Did you separate...? You must have had some increases in insurance benefits for some of your employees. The District went through that back in March and April. Supervisor Johnson: I just took the wage number. President Gangemi: There must be employee benefits in there too. Are you looking at wages? For instance, the membership in marketing expenses, you're looking at... Supervisor Johnson: Employee benefits is a separate line item. Commission, employee benefits, etc., are all separate line items. They only took the line item wages. President Gangemi: Okay. Right now we're at taking out \$2,500? Mr. Wonderling: Correct. Right now we have a consensus of \$2,500. President Gangemi: Okay. Mr. Wright: Actually, you haven't taken it out of your budget, have you? You just redistributed. Mr. Wonderling: No, no. I'll be removing the \$2,500 from the budget so it'll go down \$2,500. President Gangemi: Okay. The question I have is that when you see baseball stadiums, football stadiums and things like that, and you see concessions with individual companies, don't they come in and say they'll take the concession and pay you? Is that different from golf operations? Supervisor Johnson: I worked at a stadium and most stadiums hire outside concessions to run all of their food and all of their concessions. President Gangemi: But don't they return a portion of their proceeds back to the owners or the stadium? Supervisor Johnson: Yes. President Gangemi: Okay. I'm just wondering why we don't have that same situation here. It seems that we pay Kitson to manage this... No offense; I'm just bringing this up. Supervisor Miller: We do; we have Kitson and Partners running it. President Gangemi: Okay. Why do we have to keep paying more and more into this when we're looking at a restaurant that may be running in the black? Supervisor Guglielmi: What exactly are you aiming at? Are you aiming at the whole restaurant operation? President Gangemi: No, I'm aiming at the whole thing, Frank; I'm aiming at the whole thing. Supervisor Guglielmi: Well, what exactly are you aiming at? President Gangemi: I'm aiming at the restaurant, the golf course; the money that comes out of our pocket should really be coming out of the people that come in and play and come in and eat. Supervisor Guglielmi: Where do you think the money comes from? President Gangemi: Obviously there isn't enough if we keep paying every year. As a concession they should be paying us. Don't they do that in baseball? Supervisor Guglielmi: They don't make any profit on this. The operation is ours. We pay them a fee to run the operation and anything that we make is ours. Do you think that for one second if they would take anybody that would take a concession on the golf course, whether it be private or otherwise, is a fool because they lose their shirts. You do not make profits on a restaurant attached to a golf course; you just don't. Okay? As a matter of fact, they took it on. I didn't want them to have the restaurant when we first hired them because that's not

their expertise. Their expertise is on golf courses. They basically did us a favor by taking it for a nominal fee; \$1,000 a month and they do the whole operation. I guess I don't understand what we're aiming at here. We want to go through every single nickel that they spend and they have to justify. President Gangemi: I just asked... Supervisor Guglielmi: What are we doing here? President Gangemi: I asked a simple question. Supervisor Guglielmi: Who are you? What do you want to do? Do you want to fire them and hire another company? President Gangemi: Those are your words. I didn't say that. Don't put words in my mouth. Supervisor Guglielmi: Why don't you say what you mean? President Gangemi: I just asked a question. How come most concessions make a...? Supervisor Guglielmi: If you don't know what you're talking about then shut up. Supervisor Halbig: Let's be civil here. Supervisor Guglielmi: How can we be civil? Supervisor Miller: Because we have to be civil, Frank. Please, please. Supervisor Johnson: We have the right to ask questions. President Gangemi: Point well taken. Supervisor Halbig: One thing about this restaurant is it was losing... I think we were looking at six digit losses a few years back and now we're in the black so we ought to be giving him a hug actually. This District is codified by the charter to provide water recreation, golf, tennis and all that stuff and it is paid for by subsidizing subsidy out of the general fund and that's why we've got the recreational fee. The problem we got is in 2007 we collected in recreation assessments \$1,279,000. This year we're collecting \$608. The problem is people aren't paying their taxes and I can understand the problem of trying to pay to do it, but we have to maintain it or we might as well just go down sand somewhere. President Gangemi: I'm not saying we're not maintaining it; I just asked a question. Supervisor Halbig: I know you did. President Gangemi: That's the question I asked. Supervisor Halbig: I don't know if you got an answer or not. President Gangemi: I guess I did. Supervisor Halbig: I don't know, but that's my take on it. I would love to have the golf operation come back and say they made money this year and won't need the \$364,000. I think that's happened to a very small degree. We give some back, but we are what we are. President Gangemi: Okay. Supervisor Johnson: Board members have the right to ask questions when we think that things are not in line financially. When I see wages I want to know how come we're giving wages a bigger percentage. Supervisor Halbig: I think they've tried to explain that and a lot of it has to do... maybe next meeting he'll bring back the headcount versus the number of the wages and it might be more self explanatory. In a lot of cases we had all this information before, and I know I've asked a lot more questions because we didn't get them all answered last time, but a lot of the questions are... You were here at the last meeting. I want to tell you right now... I want to say something right now. The next time we have... If we have a quorum in one of these meetings and we have to connect to a telephone I'm not going to be here. You might have the telephone person here, but I'm not going to be here because it's nonproductive and it takes too much darn time. It's 3:30 in the afternoon and we haven't even got through the darn golf budget yet. We keep nickel and diming and I know you've got questions to ask, but you had all this information and so you could've sent an email and asked some of these questions like a lot of us did. I'm not fussing about you; I'm just fussing about the general atmosphere all of a sudden. Maybe I'm not making any sense, but hopefully I am; I don't know. Supervisor Johnson: Well, I'm not going to rubber stamp something and not ask questions. I think that's what the people would like to see us do. President Gangemi: Anymore Board discussion on this?

Supervisor Halbig: We got some things I think we were going to talk about. Are we through with the numbers now? We were going to talk about the possibility of a golf committee or a golf advisory committee or call it whatever you want because of some concerns a lot of the members have got and some concerns that some of the Board members have got. Can we talk about that now maybe? President Gangemi: I don't see any problem with that. Can we talk about that? Okay, let's talk about it. Supervisor Halbig: There has been some discussion, I know Mr. Miller sent an email out and it had a proposal for a golf committee that... We used to have a golf

committee here and I think when the membership committee picked Kitson to run us, I think at one time there was a discussion about that committee or part of that committee convened in order to work between the general manager and Kitson so that the golf membership had a little bit of a say-so; not in how you grow grass; not on an ergonomic side of it, but on the make-up of the golf course. In other words, I know we've got 300 members here and Frank meets regularly and I know he meets with... With all due respect, he's one man, but we have 300 members. The average membership is 73 years old and the average handicap is probably 20. We play relatively well, some of us, but there are a lot of us around that don't. I think we need to have a small committee that works with Kitson and tells them if we might need wider hitting areas off the tee. In other words, instead of having some of the contour cutting, we cut toward the way the hole should be played and we don't have 13 spaces in some fairways; 13 yard fairways. We have 40 yard fairways and we have, instead of 3 inch rough, we have 1 ½ inch rough. I played with Bill Schaeffer the other day and he said he had a friend of theirs come over from Golf Hammock and he said they're never going to come back because they're looking for golf balls all day long. Hole #1 on Turtle and Hole #3 on Turtle, a couple of years ago people were complaining about that strip of rough between the fairways where you don't have run up area between the green. I usually don't get in it but you can hit two perfect shots on Hole #1 and you're in 4 inches of grass you're dead in the middle of the fairway. It was mowed out before, but all of a sudden now it's different. I think just a little bit of input from the members that want to say... I don't know who dictates who. I asked Ron who dictates how the course is set up as far as how you're contoured cut, how wide the hitting areas are, how fast the greens are, what the heights of the rough are, etc. Who dictates that? Mr. Wonderling: Dean, our corporate agronomics, David Bell and myself. We discuss it and we understand that we do have a senior membership base. We do the contouring the fairways to give it a better look. I don't disagree with Hole #1 and #3 with the grass in the middle. I see your point completely; two good shots and you're rough in the middle and maybe that should be changed immediately. Supervisor Halbig: Hole #8 on Turtle where the gals and the short knockers hit it trying to play a hole as short as they can and they'll hit it down the right hand side and they're in rough that high and all the fairways are way over here. I played with a guy a while back and he got in that rough all day long and the poor guy had this flat swing. I don't know how many times he hit the ball two or three feet; he's a member but he was still frustrated. He said he ought to have brought a book instead of bringing his golf clubs. Mr. Wonderling: It's over the past, almost, eight year. In the winter we hear there's no rough at all; there's no rough in the area so can we grow grass. In the summer when we get the rain, because we don't water the rough areas, it does get up there. In terms of the height and cut and stuff I'm sure it can be addressed. Supervisor Guglielmi: Dave, how often do you cut the fairways? Mr. Bell: (Inaudible) Supervisor Guglielmi: How much does the grass grow between cuts? Mr. Bell: It depends. Supervisor Guglielmi: I'm talking about the roughs. Mr. Bell: (Inaudible) Supervisor Guglielmi: It probably grows 1 ½ inch to 2 inches between cuts, right? When you first cut it it's not bad, but by the time you cut it again... Are we suggesting that we cut the fairways twice a week or three times a week? That's all labor and money. That's the problem. Bermuda is tough grass to hit out of. Even the best players hit wedges sometimes to get out of some of the lies. It grows fast especially when you get rain like we're getting; that stuff grows 2-3 inches a week between cuts. You are going to run these conditions and let's face it guys we're not pros so you get what you get. Supervisor Halbig: Frank, I want to tell you something. I think you're part of the problem because we need to have a golf course that everybody can play and enjoy. We need shorter roughs. Supervisor Guglielmi: How often do you want to cut the fairways? Supervisor Halbig: How many times do you cut them now? Supervisor Guglielmi: Once a week. Supervisor Halbig: The fairways? Supervisor Guglielmi: No, the roughs. The roughs are what we're talking about. Supervisor Halbig: Make them wider and cut them the same amount of times. Supervisor Guglielmi: There are still going to be complaints. Supervisor Halbig: No. I know we're going to have complaints, but we're going to have fewer complaints.

We need to have input from somebody other than Frank Guglielmi. Supervisor Guglielmi: I don't tell them what to do. Supervisor Halbig: You meet with them every time they come in here and you're the only guy that has any input on the darn thing because you just said it. Supervisor Guglielmi: I ask question, okay? I go out there and ask questions about what we have and how we maintain it. Supervisor Halbig: Yes, but, Frank, what gives you the privilege when we've got 300 other people that don't have that ability? Supervisor Guglielmi: I take interest in it. I don't tell them what to do. Have I ever told you how to cut anything, Dave? Thank you. Supervisor Johnson: This is why I don't want a golf committee; they're going to come in, we're going to spend hours, we have Kitson managing that, we've got the Board responsible for the golf course and we've got the general manager who works with Kitson responsible for that golf course. We don't need six or eight individuals. If they want to have a golf committee then that's fine; have one at the golf clubhouse, assign a member to come to the Board meetings and give us what they think and we'll make a decision. Every Board meeting will turn into a long discussion about what we're going to do with the golf course. President Gangemi: Diana, let me cut you short for a second. We've been at this for 2 hours and 10 minutes and we have not gone through the golf. We've heard different opinions from golf committees, how high the grass grows, when it grows and when it doesn't grow. I think I'm going to give Mr. Rippey a couple of minutes here and I think we're going to move on. Let's wrap up this golf budget temporarily until we meet again and whether we're here physically or by phone, and if people want to come in or not then it's up to them. Mr. Rippey? Mr. Rippey: I appreciate it. I'll just be brief. On the question of the golf advisory committee; this is your asset, it's your community and we're going to run things the way you want it to be run. I can say that, and I don't mean to be as prestigious as this is going to sound, but I have been involved in 146 of these relationships where we've managed somebody's golf course for them. There has never been another one of those situations where we get more input than we get here just as most Board of Supervisors probably would say they don't get nearly the input that you folks get. This is a community that's characterized by lots of participation, lots of people having lots of opinions and a big important part of Dave's job and Ron's job is to listen and pay attention and be as responsive as we can be, but it comes from all directions. We get faster greens, slower greens and we get it all coming in constantly. These guys have to fill it and then measure it against what we have committed to in the budget. We're averaging 40 hours a week mowing fairways right now. We're averaging 69 hours a week mowing roughs. We pay a lot of attention to things. We don't give you all the data but it's there; we pay attention to that. If you want us to go up to 85 hours a week mowing roughs or 140 hours a week mowing roughs then the roughs will be more consistent and it will be shorter, but we won't be looking at 69 man hours, we'll be looking at some other number. All of it has to be taken into consideration and it's very hard for an advisory group, all of whom are going to come in with agendas in many cases, let's face it because they will, and with opinions and in a lot of cases some really valuable knowledge and business experience, but in most cases not. We would embrace working with that kind of group. If you decide to go that direction I would say we would strongly encourage you to make it very advisory so that it's just not another layer of budget approval and people trying to take on responsibilities that all of you have been elected to carry out and on the other hand that we have been hired to carry out. I would just encourage you to think carefully about that group and what its role should be in. Will it really add anything to the mix or the dialog? It's a pretty lively dialog that we have here right now. President Gangemi: It is. Supervisor Halbig: You've got the message I guess, but sometimes you get the message and the message is wadded up in file 13. I guess that's my problem. Mr. Rippey: Well, if it appears that we're ignoring anything or dismissing it out of hand then we're doing something wrong because that's never the case; I can assure you that's never the case. Do we do every single thing that everybody asks or suggests? No, we don't; sometimes we just can't. President Gangemi: Then, again, you get into a budget issue about one group wanting this and another group wanting something else. Right now we're looking to... Our oath that we took was to keep

our expenses down. I don't think it's in our best interest to do it. Supervisor Miller: Do what? President Gangemi: To have a committee to come in and say they want the roughs to be 3 ½ inches and then have another group come in and say they want it 2 ½ inches. My personal opinion is that if we have another committee out there... If we have a committee appointed by the Board then we have to have a Board member that's on it and the Board member has to be... Supervisor Miller: So? President Gangemi: Fine. If that's the consensus of the Board we'll take that... Supervisor Miller: The whole purpose... I'm the guy that proposed this, right? President Gangemi: I understand that. Supervisor Miller: And I haven't even spoken as to why I proposed it. Supervisor Johnson: But it has to be held in an... Supervisor Miller: Just a minute, Diana. I've listened to you for 2 ½ hours so just hold it for a minute. One of the things that Mike said that makes my point as far as a more structured approach to golf operations is that I hear things from all over, every direction, and who you listen to and who you don't listen to. This committee, in my opinion, and I agree with you about potential agendas because that's probably the biggest question mark that I have, but nevertheless, and I've seen it in other communities work, and that's that you get a more structured approach to what golf in Sun 'n Lake is about. You're right that the committee is an advisory committee and it doesn't supplant what we do as a Board or what your mandate is as a contractor, but we're hearing from a few voices here and there, around and so forth. For example, I am one of the voices. I really have a thing about transition from the golf cart path to the fairway. Ron will tell you if I've said one thing in the last three years, I've harped on that. There is nothing that's been done about that; absolutely nothing. I'm sorry, but nothing has been done. We go out and we have a washboard situation every time the carts start going like this and so forth and nobody addresses that, but with a committee, I would think, that could be proposed and discussed and some resolution made with your full participants in that committee and we go from there. It's an idea of just people that are interested in the program having a structured forum in which to go forward as Dave's said to make contours and fairways or whatever. It's our courses and we have these opinions. I'm just saying to formalize it a little bit. Is that a problem? Mr. Rippey: No, absolutely not. That could work to everybody's advantage. I agree with that. I felt that, and maybe I misread your memo, that your memo envisioned that it would have maybe more authority and more of a directive role. Supervisor Miller: I went back and looked at that and in the first paragraph of direction and oversight and that should be changed to advisory. Mr. Rippey: I think everybody will be happier a year down the road if it's not that way that they don't try to become, again, a surrogate Board of Supervisors or they try to do our job for us. We're not adverse to it at all; it's just what we've seen in other situations is that sometimes it becomes a runaway train and I don't think we want that here. Supervisor Miller: Let's try it. Mr. Rippey: Sure. That's fine with us. Supervisor Miller: If it functions the way I envision it functioning, it's going to be a positive to your efforts. Mr. Rippey: I think it could be; we'd have to go into it with our eyes open in terms of not making it another political animal here in Sun 'n Lake and not having it be just another form that turns into a lot of controversy. Supervisor Miller: It just depends on who is appointed to the committee and what the charge is and so forth. I'd just like to give it a more structured approach to all the concerns that we have across the board. Mr. Rippey: That would be, perhaps, the greatest advantage of it if that could be the case. Mr. Wonderling: Just to add to it; if the committee is formed I would strongly recommend if it can happen to have a Board member on it because I just... From my experience with committees, a lot of it is going to come down to "let's fix this or let's do that." It might be... Supervisor Miller: If you read the memo, you do have that liaison from the Board as a nonvoting member of the committee. You also have representation from the golf manager and the course superintendent and a representative put forward by the general manager; those positions being nonvoting. You'd have a group of guys together or gals together or whatever that have that once interest making it a better golf course. Supervisor Halbig: It wouldn't have to happen every month; it can happen in every three or four months. It's a waste of time to do it...

Mr. Wonderling: In closing of the budget, the last thing was assessment revenue... Mr. Wright: Wait, wait, wait. I've heard 2-2-1 on whether or not to have a committee. Just so that there's no misunderstanding, could you guys, kind of, give us a consensus on that? Supervisor Miller: I don't know if we're in a position to do that today. Are we? President Gangemi: I'd like to think about it. Mr. Wright: Okay, so it's still on the table, but it hasn't been agreed to yet? I want to make sure that's what I'm hearing. President Gangemi: Yes. Mr. Wright: Okay. Supervisor Johnson: When are we doing it, though? Are we doing a standing committee under the Board meaning we have to have an open session or are we doing it apart from the Board? Supervisor Miller: Well, that's what we're going to try and decide. When you talk about a committee opposed to these representatives, you certainly want to hear from the golfing community and other concerning their ideas on it. Today is not the time to finalize those types of thoughts. President Gangemi: Okay, you got that? Mr. Wright: I got it.

Mr. Wonderling: My last comment was assessment revenue recommendations. I know we spoke about this earlier, but \$42,000 collected from golf course frontage lots and then \$322,000 comes from the recreation assessment; I know there was a topic of discussion there. We're asking for a total assessment for fiscal year 2013 at \$364,000.

In closing, I appreciate everyone's comments and all staff's help with this budget. If you have any questions, please feel free to call me and I will be happy to sit down with you. Thank you. Mr. Wright: Before they leave, if we're about to move on to the general fund or do you want to have comment from the public at this time. It's your pleasure. Supervisor Miller: We are scheduling a public hearing on all of this. Mr. Wright: You have two public hearings in August and it looks like now you're going to have another budget discussion in August; that's the way it appears to be shaking up. President Gangemi: Okay. Supervisor Halbig: I think we should wait until the end for public comments. Mr. Wright: Okay.

What I'd like to do, if it's okay with the Board, is before the golf folks leave let's go to the capital side in the general fund budget because there are about three items there that relate to the golf course.

Ms. Cannady: Page 11 of the general fund budget. Mr. Wright: We have in our capital budget \$50,000 to go to cart paths to be carried over with \$50,000 from this year for a total of \$100,000. We also have the golf cart lease, which is a continuation; it's nothing new. We have left in the budget \$150,000 to rebuild the greens on Turtle, and I thought if we're ever going to discuss the greens on Turtle then now is the time to do it. Supervisor Miller: I drove every green yesterday on both Deer and on Turtle and I'll tell you that Turtle Run greens look awfully good to me. The guys that play it a lot more than I do... I'd like to hear comments on that. I just don't see that it's time to redo the greens and I've talked to Kitson people and privately they think the greens are in pretty good... Am I misquoting anybody? Mr. Wonderling: No, no. When you asked if the green absolutely have to be done, they absolutely do not. We talked about the champion greens we did. We're \$95,000 ahead in greens fees this year; some of it has to do with the new greens, but it does not have to be done. Supervisor Miller: There are pros and cons. One of the most telling arguments is that we are going to be doing environmental work out there, we are going to be doing cart path work out there and the suggestion has been made that now would be the time if we're going to close the course. I've also heard that the greens on Turtle are not healing the same way they are on Deer. Is there any substance to that? Mr. Wright: I've got to yield to the golf people on that. Supervisor Miller: I'm trying to get both sides of this thing. Mr. Bell: In reference to this past aerification that we did? Supervisor Miller: Well, I've heard several comments from members. One common one was the greens are very bumpy on Turtle. Mr. Bell: That was from this past aerification that we did. We did aerify Deer Run a week earlier

so as of right now, if you go out there and play the greens, Deer Run has healed up better than Turtle Run. That is one situation which is the timing of the application. Another situation is we used a slightly larger tine on Turtle than we did on Deer so when we poked the holes in greens on Turtle, we poked a bigger hole than we did on Deer. Supervisor Miller: What do you think about the need for redoing Turtle? That's your area and Dean's area. Mr. Bell: There are benefits to it and one of the big benefits to it is one of the products that we use in the... It's not rebuilding, but resurfacing. We're not doing anything subsurface reconstruction at all; all we're doing is regressing the greens. One of the products that we do us is a product called methobromide that they're saying is not going to be available after the next few years and if that goes off the market, to my knowledge, currently there's not really anything out there that can replace it. What that does is sterilize the soil giving you a much better environment to grow your new turf. That is not only sterilization from a weed standpoint, but from disease and a lot of that; it just gives you a clean environment to restart growing your green on. From a healing standpoint, you have a larger tining that we use on Turtle and in conjunction with the timing of the application, it was three weeks ago that we finished aerifying Turtle; they are still a little bumpy. Supervisor Halbig: As far as new greens on Turtle are concerned, if we have to shut that course down anyway to do the environmental stuff, and it's going to be shut down for a long length of time, and we're going to be faced with replacing the greens within the next couple of years then we might just go ahead and do it all and get it done and hopefully we won't be talking about new greens for a while on either one of those golf courses. The funding, like I said before, the only way I'll agree to it is if it's funded out of the payback. I thought we had a consensus from the Board at the last meeting that it would be the way of doing it rather than taking it out of the general fund. Supervisor Miller: I think if we do it, David, I think you're right; the consensus was that we do it that way. Supervisor Halbig: If we're going to shut down for a couple three months and we're going to be faced with replacing them anyway because the last time the greens were done on Turtle they got tore up really bad and we're still fighting those areas where the heavy machines were in and out of there. Maybe at that time we can fix some of the edges along some of these fairways and do some of this head grass stuff like we did on one section of #1 and maybe when that thing opens back up we've got a golf course that we can be more proud of. That's my main thought. I haven't putted on the smooth green on Turtle for a good while to tell you the truth and it'd be nice to be able to do that. I'm only one voice and I'm only one vote. That's my opinion. Supervisor Guglielmi: First of all, you'll never hear me complain about course conditions and I don't care where I play. You play what you find. I've never complained about the greens on Deer or Turtle or anything. The only thing is we have a new grass on Deer, we have an old grass Dwarf versus Champion on Turtle and we don't overseed it anymore. We don't know what's going to happen if we have a harsh winter; last year we were lucky. If we have a harsh winter with a hard frost you're going to end up putting on mud; that's the thing that concerns me. The only thing that concerns me is we need outside play. Like I said, I can play on anything; I don't care what the course is like because you're hitting a ball so it doesn't matter what the conditions are like, but we need the outside play and in order to attract the outside play you need good conditions. Number one is the greens. You can have the best course in the world, but if you don't have greens then you might as well forget it because people won't come. Number two is fairways. A lot of the little things that we have like the cart paths and so on, yes, they're important, but in order of importance they come about fourth or fifth in my thinking, and I'm not saying you're wrong, Dick, all I'm saying is my thinking. Those are not the playing areas; the playing areas are important; greens and fairways. I wish we had enough water where you grow roughs as well, but we don't. I would like to see, since we're going to close the course anyway, I'd like to see the greens redone. It's an opportunity, we have the chemicals now, which we might lose in a couple of years, and get it done. It's a relatively small sum. We're saying \$150,000 but it probably won't cost that much. I think we should take the opportunity and do it. I'll play the course whether we do it or not. We have to think about the customer. Whether we like it or not, we

cannot support these golf courses by ourselves. A lot of people think that we can, but we cannot unless we want to pay another \$5,000 or \$6,000 a year. We need to depend on the outside play. We're competing with other golf courses and we have to be better than they are in order to get the majority of the play. I think we should redo the greens. Mr. Wright: Just a point of information. Right now we have the total loan repayment in the budget and the capital budget; the capital for the greens in the budget and we still have around \$150,000 in contingency. If you decide to defer the loan and bill the greens, we'll reduce the budget by \$147,000 and that'll go to contingency because you're taking out one of those two line items. Supervisor Miller: If you can tell me for sure that we're going to get that done within \$150,000... Mr. Wright: I'm going to defer to these guys for that. Supervisor Miller: I asked Ron that question and he said yes. Mr. Wonderling: We will be at \$150,000 or under guaranteed. Supervisor Miller: The other thing that Frank mentioned and that I agree with are the fairways. Do we ever talk about fairways? Driving around, particularly the second 9 of Turtle, we've got some really bad situations on the fairways. Why don't we ever talk about fairways? Mr. Wonderling: I should bring that up more. As we look at budgets and we talk about cutting, cutting, cutting... In order to fix those washboard areas, and I'll defer to Dave here in a second, we would need to start top dressing fairways. We do it on greens; to smooth out the greens we'd have to start throwing top dress out on the fairways to do that. Supervisor Miller: Let me ask you this. Do you, Dave or anybody, when you go out on the course and you come, to say #14 on Turtle, and you hit this washboard area in the middle of the fairway, do you ever say we're going to attack that situation? Just that one area and correct it and move on? I just don't see it happening. Mr. Wonderling: I'll let Dave comment on that. Mr. Bell: Actually, I played in the golf league last night and we played on the back of Turtle. I know what area you're talking about and it needs to be addressed. That's something that we can take a look at. Mr. Wright: If you decide to do this, what I envision happening is, Greg inherits #5 and #6 in the environmental and all that area. There's another retention pond over by #4 and he gets the cart paths once... He'll be in charge of getting the cart paths built once it's decided what part to take out and where to build it. You'll have two things happening simultaneously; we'll be working one side and they'll be working the fairways and the greens. Supervisor Miller: About the transition areas, my favorite subject, cart paths to fairways. Mr. Wright: We've got to rely on these guys to guide us there. Mr. Bell: I would like to say... You referenced that we've never addressed any of these issues and we have. We've gone through there and we've resodded those areas and we've always said and been up front about this that it's a temporary fix. We know what the initial problem is; during the construction of the golf course, they didn't extend the paths far enough and everything that we've done with sod work and all of that, we always knew, going into that, that this is going to be a temporary fix until we can do what we're proposing to do this next year with the cart path project. If they extend the cart paths then you can control the scatter and that's the problem. Right now they're so short you can't control the scatter, but if we get longer cart paths where you guys control the scatter, will you block it and control it or move those things? Mr. Bell: Yes. Supervisor Miller: Another thing while we're on that. You know the area under the trees by the green on #3 on Turtle where you've got the hard pack surface that looks real nice and then you've got some of that around the tee on #10? We could really use a lot more of that stuff in terms of stabilizing some of our transitional areas. Have you considered that type of remedial action? Mr. Bell: Sure; absolutely. Supervisor Miller: Maybe we made the mistake of just looking at it in a global sense and then we never do anything, but if we looked at it by a hole by hole sense, perhaps... Mr. Bell: As bad as #14 has gotten, a lot of that... Myself and my staff, whenever we drive around on the golf course, we don't necessarily drive the same paths that a lot of you all do; you're going over those areas every day. Mr. Wright: There's a consensus to defer the loan; the amount \$147,400. What we'll basically do is take that loan payment, defer it for one year, put it in contingency if that's your pleasure, and leave the \$150,000 in for the greens. Supervisor Johnson: First of all, I would like to know... We had \$50,000 last year in the budget for the cart paths. Why didn't we

accomplish that when we did the Deer Run greens? Mr. Wright: Most of the cart paths are going on Turtle and we felt like \$50,000 would only be a partial fix so rather than tear up the golf course with concrete trucks, we would defer it for one year, double the amount of effort and do it all at one time. Supervisor Johnson: Are you saying that \$50,000 was supposed to go on Turtle when we were doing the Deer Run greens, which is similar to what you're suggesting now? Mr. Wright: No, I don't think we decided where it would go. I'm saying that \$50,000 would only do a very part of fixes that needed to be made. The thought was to defer it for one year, put another \$50,000 with it and do \$100,000 worth of work. Supervisor Johnson: If \$50,000 will only do part of the work to begin with and now we're going to do \$50,000 and \$50,000, are we going to be able to do it all or are we going to have the same answer next year? Supervisor Miller: That's what they're saying; that with this other \$50,000 we're definitely going to take care of Turtle. I would point out that if you drive on Deer as well we've got a lot of problems there, but that's for another day. Mr. Wright: Greg is estimating between \$70,000 and \$80,000 for concrete on Turtle. Supervisor Miller: Does that include extending the cart paths like David is talking about? Supervisor Johnson: \$120,000? Supervisor Miller: No, no. Supervisor Johnson: We had \$50,000 in the budget last year; it's still there for the golf course cart path. Supervisor Miller: That's correct. Supervisor Johnson: We still have \$50,000 that was supposedly earmarked for cart paths. My question is why didn't we do it? Now we're saying we didn't have enough to do it, but that's what was allocated. Now we're going to allocate another \$50,000, correct? That will be \$100,000 for both courses. Supervisor Miller: No, no. It's just for Turtle. Supervisor Johnson: And we haven't done Deer yet. Supervisor Miller: No. Supervisor Johnson: I think \$140,000 for the golf course, which I probably would have agreed to, but now... The \$50,000 we had in last year for cart paths was there and apparently we thought we could get something done with it. I thought it was for the golf cart path; I'm sure that's what it's for. We had \$50,000 put aside and now we're saying that's not enough. Now we're saying we need \$80,000 for the Turtle and the \$50,000 we had isn't enough to do Deer. Supervisor Miller: Let Greg Griffin speak to that. Greg? Mr. Griffin: Essentially what we had this year was \$50,000 in the total budget to repair cart paths; it wasn't specified to one course or the other. What we're doing is adding an additional \$50,000; \$80,000 of which will accomplish the task on Turtle which will include the extensions and the curves and we will use the remaining to repair the problems that are over on Deer. Supervisor Johnson: \$50,000 and \$50,000 is \$100,000, correct? Mr. Griffin: That is correct. Supervisor Johnson: I don't know why we're tacking \$80,000 on Turtle. It's no more than \$100,000. Mr. Griffin: That is correct. Supervisor Johnson: As far as the greens, it appears the consensus is to do the greens. I'm not crazy about the idea because I just think when it comes to golf everything is okay, but here we are beating up the recreation area. At any rate, the loan payment, again, I want a clear understanding as to where I would be coming from, is that there are three loan payments; one goes to the golf, they go to the golf clubhouse because of the recreation center repayment and one goes to the utility fund; two of them go into the general fund, I think, and the other maybe goes in recreation complex. At any rate, one goes to the utility fund. We're not going to suspend the whole \$185,000. This is supposed to cost us \$150,000 so where is that money coming from and what funds is it tacking on the payback? We're not taking the utility fund money; we're still going to pay that money, right? Mr. Wright: Yes. Supervisor Johnson: What are we going to take; \$145,000? Mr. Wright: No. \$147,400 will be deferred. Supervisor Johnson: And we would suspend or defer those payments to the general fund that was supposed to compensate for the loan for the recreation complex and the golf clubhouse, correct? Mr. Wright: Yes. Supervisor Johnson: The only thing I'm saying is, again, I had that question about the meaning of the word; we had a 10 year loan and I think we paid 3 years and then we have 7 years. I don't want this forgotten; I don't want this omitted; that's all I'm saying. We can deal with it later if we think we don't need it. Supervisor Miller: That's understood, Diana. I agree with you on that. Mr. Wright: We would add a year to the loan. President Gangemi: Okay. My feeling on the new greens is that we've only had one year experience with the greens

on Deer. Also, listening to a number of people that play, they're unhappy with the greens on Deer because they're hard, too fast and they'd rather play Turtle where the challenge is not as much as the challenges on Deer. We're also going to disrupt the golf course, from what I'm hearing, two or three months. Mr. Wright: Ron, how long do you all need on the greens? Mr. Wonderling: To grow it in? Mr. Wright: Yes. Mr. Wonderling: Twelve weeks. Mr. Wright: Three months. President Gangemi: In the meantime we're also going to try and do some environmental work on that and add cart paths. Mr. Wright: Yes. President Gangemi: I don't think you have a total commitment from me on spending the \$147,400 for this only for the fact that the conversations that I'm hearing is that people are not happy with the greens on Deer and you can play much better on Turtle depending on the skill level of the player. I know all the golf courses have used the new grass; the greens are great, but the fairways are terrible. If you come to play a putting green that's great, but if you want a total experience then I think our courses are better. I guess I'm against spending the \$147,400 for the new greens. Supervisor Johnson: You bring up a point about the golf course being closed. I know last time we closed from April to July or August on Deer. We're going to lose income, too; maybe it's not a good idea. I, too, think we haven't given enough time on the course on the new greens yet to understand how they're really going to work. President Gangemi: The thing, Diana, too, is that if we're... Ron Wonderling is proposing that we have an executive membership, a youth membership and I think we ought to give the potential residents or new golf members an opportunity to play both courses. Supervisor Johnson: I'm not sure that sticks too well with me either. Supervisor Miller: It's my understanding, correct me if I'm wrong, Greg, but it's my understanding that we have to close the course to do the cart paths. Is that right? Mr. Griffin: That is correct. If you're going to do... Supervisor Johnson: I don't think that's absolutely necessary, Dick. Cement trucks are heavy, but you can pour a lot of concrete in a day and just keep moving along. My dad worked in concrete work so I understand concrete. Supervisor Miller: Let's let Greg speak to that. Mr. Griffin: Simply put it would be my recommendation. It doesn't matter when you do the greens, but you're going to end up shutting the course down. If you want to do just the cart paths, I would say a minimum of 45 days and the environmental the same. That could be done in conjunction, but realistically you're 45-60 days. Supervisor Johnson: For cart paths? Mr. Griffin: Sure. The reason being is you're extending all 18 holes. It's not just pouring concrete. You've got to pour the concrete, you've got to shape it, you've got to... It's more intense than just pulling a truck up to a hole and dumping it. Supervisor Johnson: Dave, you're familiar with construction. Should it take 45 days to put cart paths in? We could put streets in that amount of time. Look what they've done on US 27. Mr. Wright: You've also got the conflict for that 45 days of construction equipment; it's noisy, you've got concrete trucks coming in and off the course. Supervisor Johnson: I'm not buying 45 days. Mr. Wright: They're going to damage the course when they come in. What I'm trying to say is you're going to have a constant conflict... I don't know anybody that'd want to play a golf course while you're doing construction work on it. Would you? Supervisor Johnson: It'd be on one or two holes probably. They can work on one and two one day, three and four another day, five and six another day, etc. I don't know. I just think that we can wait another year. Mr. Rippey: Mrs. Johnson, not to interrupt you, but if you really just think about the manpower. I think what Greg is saying here is that you're probably looking at two days per hole, which is going to be like 36 days and then you've got weekends, one day to do the prep work to make the bed, to do the digging... Mr. Rippey: I think that you're probably going to have a crew on a hole for two days and then they'll move on to the next hole. If we wanted to throw more money in and bring in 18 different concrete... There are different ways to do it, but the sensible way to do it, I think, is what Greg is saying. This is a small job and there's not a high margin in it for the contractors. You've got to let it be managed the right way for them. I don't think two days per hole is unreasonable for this kind of work. In some cases it might be more. I know it sounds like a long time, but if you just step back for a moment... From our perspective and our experience that's, I think, very reasonable. Mr. Griffin: One thing, if I

may add, we're doing these cart paths so that we can re-grow the grass around it. When we put these cart paths in we're going to put sod adjacent to it. We want that sod to be established before we open the course back up so that we can move our markers once or twice a week so that we can continue to have good transition areas as part of the picture. Supervisor Johnson: I think that's a long period of time to have the golf course closed down. Supervisor Halbig: We used to close those golf courses down for a month or two months just to let them grow in years ago. I've been here 15 years and we used to close... There was labor savings where we just let them grow in and shut them down in the summer because we didn't have enough play to accommodate both courses. I think right now you have 3-2 to do it; that's the way I count it. President Gangemi: Do you want to take a vote so we have it on the record? Supervisor Johnson: I think he's right. I say no. President Gangemi: Let's take a vote just for the record. Mr. Wright: I need a motion for me to defer the loan payment for one year, which is \$147,400, and add a year to the loan repayment. The item is already in the budget for \$150,000. This is a motion to give us direction; it's not a vote of the budget. All we're going to do is amend the budget that you will consider a public hearing in September.

Supervisor Guglielmi moved to approve and Supervisor Halbig seconded.

Supervisor Guglielmi-Y, Supervisor Halbig-Y, Supervisor Miller-Y, Supervisor Johnson-N, President Gangemi-N

Approved 3-2

Mr. Wright: If I may, the only other thing that you may want to discuss that impacts the golf people, but is not part of their recommended budget is whether or not you want to do anything with the holes on #1. Let me explain that. We're down to simply finalizing the paperwork for the State of Florida that will allow us to swap the scrub jay habitat from the golf course to the 100 acres north of Unit 16. One of the unintended events that happens is the District already owns 20 golf course frontage lots. There are 11 on Bonnie, 6 on Mendavia and there are 3 on Blaine; those 20 golf course lots are free and clear of debt, they have no bonds on them and they have water and sewer, but 6 on Mendavia will need a small street cul de sac built for them to be buildable. The ones on Mendavia and the ones on Blaine do not affect the golf course, but the golf course encroaches onto the platted lots a little bit on #1. As you know, by the aerials there is sufficient room that you can shift the tees to the east by 30 feet, shift the fairway to the east by 30 feet and that would generate 11 buildable lots on the golf course; you being the District. Why don't you speak to the cost? Mr. Wonderling: We had Jeff Harstine, who came out and did the Deer Run greens last year, give an estimate with construction costs, grass, sodding afterwards; it's \$40,000 to shift that hole in order for you to have those 11 lots, I guess, able to sell on that hole. Mr. Wright: The only thought being if you're going to shut down and do the greens, go ahead and do that hole too if you so choose. If you choose not to do that then that's fine, too. Supervisor Halbig: Ron, did that include all the earth moving that had to be done on the mounds on the right, trap on the left and redoing the irrigation levels? Mr. Wonderling: It did, yes. Supervisor Halbig: The new entrance way that you have to have because there are several lots that go into that existing entrance way and so on and so forth. I bid on this once before when we built this 18th hole and it costs us twice as much. Mr. Wonderling: Right. To get a firm price on that hole, of course, it'd have to go through the RFP process, it'd have to be awarded and so forth. When he came out and did the measurements from the tee box all the way past the bunker it's \$40,000. Mr. Wright: All I'm suggesting today is if you want to leave it in the budget and bid it at the same time you're doing the greens then you'll absolutely know what your costs are and what the impacts are. In the meantime that'll give his design people time to come in. Mr. Wonderling: The stakes out there, which I think really put light on it, you've got to understand, too, that's the lot line where you'd be playing from. From an appearance standpoint you still

have about a 10 foot easement on the property so it wouldn't be like someone's pool cage or pool would be up to that point. Supervisor Halbig: I'm so glad that I had you line them up because once I went out there and looked at it I thought to myself... You put some reason to the... Nobody is going to buy the first two or three lots because that's where that entrance way is and one lot is so close to the pump out there so nobody would want it. Then you go down two or three more and if this hole is moved over a little bit... There are about three lots that nobody in their right mind would ever want to buy without putting a screen in front of their back yard because it'd be bombarded. You've got a couple of lots you can sell anyway that you wouldn't have to do anything to. Supervisor Miller: Mike, I think this is one area or one situation where we really need to hear from the public in terms of their desires. Mr. Wright: Why don't we do this? What I'm trying to do is give you options so you fully understand it. Ron, can your folks, kind of, design what the hole would look like? Mr. Wonderling: Yes, I could have someone draw up a schematic. Mr. Wright: We'll bring it back to you for the 24th and let you all decide at that time what you think. All I'm trying to do is... To be honest with you, I'm trying to make the District money. Supervisor Johnson: I thought I looked up on the Treasurer's site, do we in fact own those 11 lots? I thought I didn't see that many lots registered in Sun 'n Lake. Could you confirm that and give us a flat number? Mr. Wright: Yes. Supervisor Johnson: I'm looking at the Treasurer's site. Mr. Wright: Well, right now they're encumbered with no value. I can pull up the plat maps and show them to you. Supervisor Johnson: I know where they are. I thought I went online and I don't think they were all in Sun 'n Lake. There's no name on the property is what you're saying? I just want to confirm that. Mr. Wright: I will send you copies of the information that shows you where they are and what the ownership is. Supervisor Johnson: And a registered title name. Mr. Wright: Well, I wasn't going to do a title search; I was going to get you the documentation. Supervisor Johnson: I'll look it up and if there's a question I'll send it to you. I didn't think there were 11 lots in that block in Sun 'n Lake. Supervisor Halbig: They're on the Sun 'n Lake map. If you look at the website of the tax appraiser or the county clerk it would show the scrub jay area. Mr. Wright: Right, it shows an easement. Those are platted lots. Supervisor Halbig: They're platted lots on the map, but they're not, according to the county, if you look... Mr. Wright: They're not taxable. Supervisor Halbig: So they don't show that as a platted lot. Supervisor Johnson: They're probably taxed on the golf cart rate, are they not? Mr. Wright: They're not taxed at all. Supervisor Halbig: They need to center the photographs of those stakes out there so you can get a real idea of what we're talking about here because they stick out like a sore thumb; they're unbelievable I think. Mr. Wright: I won't take it out yet. I'll leave the money in there and you all can make a decision in a few weeks. President Gangemi: Okay, that's good. Mr. Bell: How long do you all want the stakes up for? When can I take the stakes down? Supervisor Halbig: I think we've seen them except Diana. I would suggest maybe somebody take some photographs. Mr. Wright: We've actually got it sketched out on an aerial. Supervisor Halbig: A picture is worth a thousand words. Seeing the stakes out there are worth a heck of a lot more than that I think, Mike. Supervisor Miller: What's the problem with leaving them up? Mr. Wonderling: We'll take them down for now and then when Supervisor Johnson gets back in town just come and see me and we'll get David to put them back out so she can have a look at what they actually look like out there. Supervisor Johnson: Thanks but I already have it in my email. Supervisor Guglielmi: Dave, can you give us a measurement from the edge of the easement on the right side to the edge of the easement on the left side? Could you tell us how far that is? I'll tell you what. Right now those houses will be almost on the golf course where the golf course is now. There'd be absolutely no buffer between the fairway and the houses. Supervisor Miller: Frank, you've got setbacks in addition to the easements. Supervisor Guglielmi: I understand that, but some of the setbacks you can put a pool in. Mr. Wright: There's no question you would have to move the fairway east and you do have to clear out the palmettos and the scrub. That's all I have that concerns those guys. President Gangemi: Okay.

Mr. Wright: I'm going to let Ms. Cannady walk you through the general fund if that's okay.
President Gangemi: That's fine; let's do that.

Break – 4:38 p.m.

The meeting was reconvened by President Gangemi at 4:49 p.m.

B. Overview of General Fund

Ms. Cannady: Let's focus on the changes of the general fund. Everybody received my summary of changes sheet that was in the front of the budget. Let's turn to Page 3 of Community Services.

I. Community Services

Ms. Cannady: We reduced the budget in community services from \$142,000 to \$137,000. The change here is we reduced the Golfer's Guide expense by \$1,000 because the contract came in at \$14,000 instead of \$15,000 and we reduced promotions by \$4,000 to take out the community needs survey. Are there any questions?

Supervisor Miller: Don't we have one employee that's working besides Christi in this area? Isn't Juan supporting her in this? Ms. Cannady: Juan is split between administration and recreation. Supervisor Miller: Oh, administration and recreation. Ms. Cannady: Yes. Supervisor Miller: I thought he was working for Christi full time. Ms. Cannady: No. He is doing administrative duties along with pool and fitness memberships. Supervisor Miller: So he's stuck physically between the office and the pool area. Is that the idea? Ms. Wolf: Juan spends his full time in the District Office, however, he addresses and handles all of the pool and fitness memberships, applications and questions, summer camps and that sort of thing. Supervisor Miller: I thought he was split between recreation and community services but he's not. Thank you. Ms. Wolf: In addition he helps with the website and newsletter. Supervisor Miller: Speaking of the website, the code enforcement ordinance is not the only problem we have with old data on that website. Do we have somebody besides Juan that is working on the website? Mr. Wright: Julixa, but it's part-time for both of them. Supervisor Miller: They need some direction on this, too. Supervisor Johnson: I brought that up, too, Dick. I think our website has gone downhill quite a bit.

II. Recreation

Ms. Cannady: Moving on to recreation services on Page 4. I had a small change there for Juan's salary so that was the decrease in the salary that you see there to the right of \$926 and then \$71 for FICA. Many supervisors have brought up the question or are proposing a part time employee to a full time. The part time position that we have for our recreation specialist is filled and he is currently working 30 hours a week. What we're proposing in the budget is to have him full time. We have given you some data on the full time position and the previous positions in this area and that was attached behind the recreation services. Supervisor Miller: It might be a wash in salary but you're adding \$28,000 in benefits. Supervisor Halbig: I was looking at the numbers here that you've got and it said plus benefits. One of the part time positions that we had before showed \$7,500 for benefits; what benefits were those? It was \$2,500 for another. Mr. Wright: We still pay FICA, we still pay worker's compensation and that type thing. Supervisor Halbig: That amounted to \$7,500 for that one. Ms. Wolf: And vacation and sick time.

Mr. Wright: Vacation and sick time. Ms. Wolf: Yes, we calculated it out. Supervisor Halbig: I added the benefits for the pool full-time and I got over \$21,000 instead of \$17,000; maybe I added wrong. Life and health insurance itself is \$18,877, but now you're saying the benefits are only \$17,562 when the health insurance is over \$18,000; somebody didn't add it right or maybe I added it wrong. I'm not going to support another full-time, full-benefit employee in our recreation services department. The line is in the sand for me. We had a perfect situation and it got blown away because some people couldn't get along. I'm not signing up for it. Supervisor Miller: Mike, I have two questions. I guess my nose is out of joint was the way it was presented. Doesn't the Board need to have a proposal when you're adding staff? Mr. Wright: Yes. This was a mistake when we put the budget together. Supervisor Miller: It may be petty in my part though I don't think it is because I think when you add a position that's a big thing in Sun 'n Lake because we don't have many full-time employees anyway. Supervisor Johnson: When we set up the recreation center originally the idea was that everybody would be part time to avoid getting benefits. Supervisor Miller: That's correct. Now we have \$28,000 in benefits.

Mr. Wright: We have left the tennis courts and pickleball courts in the budget with the understanding that nothing will be built until we finish the master plan, which we're going to do in house. Supervisor Miller: We do have a master plan? Mr. Wright: Yes. Supervisor Miller: I want to compliment Christi on her presentation of the tennis situation. That was very, very well done. I looked at that and I got a very clear idea of what our options were with the exception of fitting it into the master plan. I compliment you on that. I wish you'd done the same thing on the recreation situation, but we'll leave that for another day. Will we be discussing the pros and cons of the tennis situation when we see how the picture fits in? Mr. Wright: (Inaudible) Supervisor Miller: I thought we weren't going to double stripe a court because it was confusing. Am I wrong in that? I thought we were going to have one court that would actually be pickleball... I'm just asking. Ms. Wolf: That's actually what we're proposing. If we do two tennis courts then we would have two tennis courts and we would have the equivalent of one space of a tennis court which would fit four pickleball courts in it. The other two initiatives, I think, in tennis that are important to our community is, the two initiatives that are really big, and that's ten tennis and cardio tennis. Both of them are played on a size court with the net height of the pickleball so we could use it for that as well. Supervisor Miller: What's your recommendation on fees for tennis? Ms. Wolf: Well, we talked about this last year during budget so it gave a whole year to meet with tennis and pickleball players and get some information, some of their attitudes and utilization. As far as the rates go, there is a little bit of concern among residents that we have a lot of nonresidents playing in groups and they play between different communities; there's a comradery in play. They don't mind paying a small fee, but they are concerned that a nonresident fee will be too high to eliminate some of their group players. I think somewhere between \$25 and \$40 for an annual resident fee and \$50 to \$65 seemed to be in the ballpark of what they felt comfortable with for nonresidents. You could always have a one day play if someone was here for a week and just wanted to play by the day. We have the system already set up and we now use it for both the pool and the fitness center so we would use it the same way for the tennis membership. Supervisor Guglielmi: Christi, are you saying that the maximum should be \$65 all year? Ms. Wolf: Yes, for a nonresident. Supervisor Guglielmi: That's pretty low. Ms. Wolf: Very low. Supervisor Guglielmi: I could understand the resident fee. The resident fee we should keep low because it's an amenity because they basically pay for it, but as far as a nonresident, I think it should be at least \$100; even that is a bargain for one year. Ms. Wolf: It is a bargain and if you look at

anything else we do whether it's facility rental or pool membership, we use the general rule of thumb of three times the resident rate for nonresidents. That's a ballpark of the guidelines that we use. That is lower than we typically use. I'm stating that to you because that's the feeling of our resident tennis players. They would not want to rule out people that come in from other communities because they have interplay; that's for your information in making a decision. President Gangemi: Looking at local tennis facility inventory, looking at the Country Club of Sebring, their annual membership is \$300 a year granted they have clay courts. Their outside play is low. Also, we're looking at lighting the tennis courts and the number of examples you show here where the lights go on at 9:00 p.m., but it seems like our schedule is up to 10:30; I think that's way too late in the night. Ms. Wolf: The Country Club of Sebring was purchased by the Highlands County Tennis Association so that is run by an entity and there is a membership to that. Supervisor Johnson: Christi, will some thought be given to doing a cafeteria plan. Ms. Wolf: That was a whole premise behind the inclusive with the golf club; having all of the amenities. I think we can offer a cafeteria plan as we continue to build amenities and do packaging. Supervisor Miller: I know we have a short history, but are we seeing... These are, kind of, small numbers in terms of actual numbers of people who play tennis. Are we seeing any kind of growth at all in our tennis activity? Ms. Wolf: From the information I gathered from the group players, the groups have developed over the past year or two... Apparently, it was a very avid tennis community at one time. We had a lot of play on it. It did fizzle out and it was very sparse and the last two or three years there have been a couple of group leaders that have stepped up to start building group play. I think I gave you a schedule of the tennis and pickleball groups and when they play. When they're not scheduled then people can come in anytime. We do have a schedule now of group play and I think that will continue to build.

Ms. Cannady: I would like to move on to Page 9 on Buildings and Grounds. Supervisor Miller: Whoa! Whoa! We haven't talked about tables and chairs yet. Ms. Wolf: We did put in the budget to replace some of the tables and the chairs that we have here. We had an inventory at one time of about \$250 or \$260 and we're down to about \$210. When chairs break or they're torn we do discard them so we are getting down there and a lot of them are dirty beyond cleaning; not all of them of course, but it is time to look at replacing them. Supervisor Miller: What kind of chair are we suggesting to replace these? Ms. Wolf: Ileana and I have talked about this. Stackable is going to be important because of our lack of space in here. We're talking about a vinyl because it's washable. Supervisor Miller: Would it be just as comfortable? Ms. Wolf: Yes. Supervisor Miller: These look awfully good from a distance. Tom, look around. Are they dirty? What are we going to do with these chairs? Sell them? Ms. Martinez: In the past we've donated them to the local schools. Supervisor Miller: What do you guys think we ought to do? Ms. Martinez: If the school needs them it would be something good because they always reupholster them. Sometimes the nursing homes in the District could use them. It all depends on the need. Supervisor Miller: What do you guys think? Ms. Martinez: The tables we cannot donate because they're in bad shape. Supervisor Miller: We'd just pitch those? Ms. Martinez: Yes. Supervisor Miller: Give them to habitat or somebody like that? Ms. Martinez: Habitat won't pick them up because they have to repair them and sometimes that could be more expensive. Supervisor Halbig: Is this a current model or are these...? Can you buy replacement cushions? Ms. Martinez: (Inaudible) Supervisor Miller: One of our biggest activities is bridge. Are we still having bridge tables? Ms. Wolf: Yes, we still have the card tables. Supervisor Miller: We're not replacing those? Ms. Martinez: Yes. Supervisor Miller: We are replacing those? Ms. Wolf: Yes, we are replacing those. Supervisor Miller: So we have two types of tables?

Ms. Wolf: We have four types. Supervisor Halbig: Ileana, how old are these? Ms. Martinez: About five years. Supervisor Halbig: Okay. President Gangemi: What would the cost be to clean these? To have a company like Stanley Steamer come in and clean them? Ms. Martinez: In the past it's been very expensive so what we've done is had volunteers from programs where they have to do community hours. We've had them come in and clean the chairs. Supervisor Miller: From up here they look pretty good still. Mr. Wright: But we're also running short. Supervisor Miller: Will we keep any of these as backup? Do we have space for those? Ms. Martinez: We'll keep at least 50 chairs just in case there's an event. Supervisor Miller: That's fair enough. What do you guys think? Supervisor Halbig: I'm okay with it. My mind is pretty much completely blank at this time of the evening anyway after all of this. If it's necessary then it is necessary. President Gangemi: Any comment on that, Diana, on replacing the chairs and tables? Supervisor Johnson: That's fine with me.

III. Buildings and Grounds

Ms. Cannady: Moving on to Page 9. After talking with Greg, we decided that it was more appropriate to divide his salary into four departments; one being buildings and grounds. That is why you see the \$18,000 addition. All we did is reallocate based on his involvement in this area; it's deemed appropriate along with the benefits and retirement. There's no addition here; it's just a reallocation. The second thing we did in this department was move the relocation of fairway 1 from the golf transfer to this department; that's the \$40,000 increase.

Supervisor Johnson: Tanya, what contractual service is \$1,500? Mr. Wright: It's a miscellaneous item for things that we need to get outside. Supervisor Johnson: We didn't have it before so I was just wondering what it is. Mr. Wright: It's to reflect what we thought we might need from time to time. From time to time you need to hire people from outside whether it be an electrician or folks that we don't have on staff. We put that in just so that we can reallocate the cost. Ms. Cannady: Nonemployees.

Supervisor Johnson: Why are utilities down so much? What happened there? What did we readjust? Mr. Wright: On utilities? Supervisor Johnson: Yes. Mr. Wright: We moved the electric out of this fund... We used to pay the community center electric out of this fund, but we've moved it over to the community center. Supervisor Johnson: Everything gets moved to community center. Mr. Wright: We tried to allocate the costs where they are actually incurred. Supervisor Johnson: Okay, well, utilities are in community center already. Mr. Wright: There were some. We used to pay the electric out of this account. Supervisor Johnson: Alright.

Also, gas and oil is doubled and I don't think that is doubled. I don't know why that's doubled. I know gas is up, but from last year to this year... Mr. Griffin: Gas and oil is doubled because we're using... We picked up a new piece of equipment, the skid steer, that has the mulching head on it. That's going to consume more fuel as we use that throughout the year. We've also got some other equipment that's coming online that we're going to use for grounds and maintenance; that will consume more fuel. It's basically more equipment hours that are consuming the fuel. Mr. Wright: We're \$5,400 through the first eight months. We've projected year longs worth of consumption at \$8,000. Supervisor Miller: That's a pretty expensive piece of equipment there in the master mower for \$23,000. Mr. Griffin: That's a four wheel drive, zero turn radius mower. That was a partial carry over from last year. This is what the guys have to use to

mow the tight ditches that are in the back that they can't get the big tractors in and a two wheel drive mower will not do it. Supervisor Miller: I don't know, but we seem to spend an awful lot on equipment every year. I suppose that comes with the territory. Mr. Wright: Absolutely. Supervisor Miller: It just seems like a lot. Mr. Wright: Actually, comparatively speaking, we probably don't spend very much on equipment considering the amount of miles of upkeep and things we have to maintain. Supervisor Miller: I'm not saying it's not necessary, but it's a lot of stuff. Mr. Wright: The kind of stuff we're buying is lawn mowers, tractors and that type thing; it's equipment we need to get the job done.

Ms. Cannady: Let me speak briefly on the community center. My goal and the other department heads' goals were to have a place for the community center as far as the expenses. We wanted all the expenses to be together in one department and we felt the most appropriate department for that would be the recreation complex. We had electricity over in the administration, we had this over here, we had janitorial services over in buildings and grounds and we wanted this community center, the cost associated with it, to be in one department. That's why you see the transfers ups and downs, back and forth. Supervisor Miller: Okay. I've always supported that when we started breaking up the salaries to reflect the areas of work. Now, over the next several weeks, can you take a look at the golf budget, not from the standpoint of cutting or adding, but reorganizing that into these three cost centers and see what we've got? That's the same philosophy as you guys are promoting on these other departments. Ms. Cannady: I will do that for the budget and then as far as going forward that's something that Ron will have to work on. Supervisor Miller: That would really be a big help. Ms. Cannady: For the next draft you see for golf will be reorganized with... Ron and I will work together on that. Supervisor Guglielmi: I agree completely. I would like to see exactly what it costs us to maintain the golf operation; pro shop and golf course; not the restaurant or this other stuff. I would like to see that separated; exactly what it costs us and what's coming in. Ms. Cannady: That's what our plan is. Supervisor Guglielmi: I can't reconcile those numbers. Supervisor Miller: Frank, to get to where we want to get, I keep having to add up numbers from here and there. I finally emailed Tanya a few weeks ago and said I've got the restaurant making \$189,000; I said something is wrong. Supervisor Guglielmi: There's a mix; there's a portion of the clubhouse that should be charged to the golf course and it's not the majority; it's probably 30% at the most because the pro shop is contained within there. Ms. Cannady: Right. The first thing I want to do is group it like you said so you can see those cost centers. The second issue is the allocation like you just said. That is something that Ron and I are going to have to discuss on the allocations of what is going where and into what department. The first thing right now though is to get it in groups and see where we are.

IV. Roads and Drainage

The only change here is Greg's salary again. We have moved \$18,000 out of this department to buildings and grounds, which I just discussed.

The \$100,000 in cart paths is included with roads and sidewalks. It's really roads, sidewalks and cart paths; that will be the more appropriate description. We're saying \$100,000 for cart paths and \$300,000 for road and sidewalks. Supervisor Miller: I'm still having a little trouble wrapping around the increase from repairs and maintenance of roads from \$25,000 to \$85,000. Then we're \$93,000 lower in roads and sidewalks. I know we met on that on Monday and you walked me through it. Mr. Wright: (Inaudible)

Supervisor Miller: Do you know what you did last year? You made notes at the bottom of some of these and you were explaining some of those changes. Mr. Wright: (Inaudible) Supervisor Miller: Just put a #1 there and give me a note then I'm good to go. Mr. Wright: Okay. Supervisor Miller: On Monday when we met you said resurfacing was a continuing effort and it is. Why are we cutting back the \$93,000? Mr. Wright: (Inaudible) Supervisor Miller: I accept all that. I'm just saying one of the good things that this Board did recently was really get aggressive on our utilities, infrastructure and our roads. I just don't want to see that slack off in any area. Supervisor Johnson: I would rather leave it as it is. We don't seem to spend it. This year we only spent \$55,000 so far. Supervisor Miller: That's fair enough. We'll leave it. I guess, Diana, I was concerned because I remember when we first started talking about this. Mike, you said we were going to be able to do 12 or 13 miles. Mr. Wright: (Inaudible) Supervisor Halbig: Diana, you said you had a concern about gas and oil again. Supervisor Johnson: It's up again; it's double over last year almost. I see what we've spent this year, which is over last year already. Again, I don't know where all the gas and oil is going unless we're dragging a lot more miles. Supervisor Halbig: If you look at year to date you take \$10,679 and divide it by 8 and multiply by 12; it's going to be well over \$16,000. Ms. Cannady: We underestimated what we were going to use in gas and oil; that's what it amounts to.

I don't have anything else for general fund. Supervisor Miller: What happened to finance? Ms. Cannady: The change that I had was the error on the salary and wages that we discussed at the last meeting. That was the only change. We've already talked about the code enforcement change; we increased the special magistrate by \$15,000. Those are things we've already discussed. Is there anything else on general fund?

C. Overview of Utility Fund

Ms. Cannady: The main change is the new department that was created; conservation resource management. The bottom line of the utility fund did not change. We did not change revenues or expenses. What we did was move the environmental expenses out of operations to the new department of conservation resource management. Again, I talked about Greg's split. The two employees that are in the new department of conservation resource management is 25% of Greg's salary and then we have a current employee that we are training to have in this fund as a full time. It's not a new full time position, but a current full time position; it's just being moved from buildings and grounds to the new department. Also, I separated out the operating revenues of the utility fund so that you can see what our actual operating revenues are versus the prior year reserves that we're planning on carrying over for some of these projects.

Supervisor Miller: How does the rate study factor in? Mr. Wright: (Inaudible) Supervisor Miller: You're going to have a bottom line for that versus a bottom line if we suspend the \$7.10. Mr. Wright: (Inaudible) Supervisor Miller: The main concern I have, Mike, in that area is how it affects the residents. We just have to start giving something back. Mr. Wright: That was the whole argument. Supervisor Johnson: I don't know what the rate study entails, but if you recall three or four years ago we actually raised the minimum for water bill \$5, which means if you didn't use all the water you still got charged that \$5. I'm wondering if it's better to take that \$5 away than take the \$7.10. The \$7.10 is, kind of, a nice, for lack of a better word, flush fund. We go to that fund sometimes because it's not a restricted fund and when we have to make a purchase we can use that from time to time. We used it many times in utility improvement. I like the idea of putting money in the bank by putting the \$7.10 and giving the customers a break although it doesn't affect that many residents. Mr. Wright: (Inaudible) Supervisor Johnson: Whatever that

rate was it went up \$5 and that's mostly what my water bill is most of the time. Supervisor Miller: The thing that makes the \$7.10, Mike, attractive to me is we can suspend that whereas we do a rate change and then if we want to make a change back or something like that we have to go through the same process. Mr. Wright: Let us prepare it and give you the information. I've been through a lot of rate studies and a lot of this type work and I think you'll find when we get through it you'll understand it. You'll be able to see how it affects individuals.

With no further business, the workshop was adjourned.

Eugene Gangemi, President
Board of Supervisors

Transcribed by: _____
Julixa Robinson, Administrative Assistant/Board Secretary