

**SUN 'N LAKE OF SEBRING IMPROVEMENT DISTRICT
ANNUAL LANDOWNERS MEETING
Friday, January 22, 2016**

MINUTES

The Annual Landowners Meeting of the Sun 'n Lake of Sebring Improvement District was held Friday, January 22, 2016, at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.

ORDER OF BUSINESS:

President Miller called the meeting to order at 9:03 a.m. There were approximately 47 people in attendance. Acknowledgement of quorum present- President Miller requested nominations for Landowner Chairman.

Tom Kosty nominated Dick Diotte, Pat Holmes provided the second. President Miller asked if there were any other nominations with no response nominations were closed. President Miller announced Dick Diotte as chairman.

Chairman Diotte opened the floor to nominations for Landowner's Secretary. **(Unknown Resident Speaker)** nominated Allison Lee, Richard Hulbert provided the second. Chairman Diotte asked if there were any other nominations and with no response nominations were closed. Allison Lee was named Landowner Secretary.

Next order of business, Election results: there was one seat available for the Board of Supervisors, Landowner seat with one nomination. By acclamation, Michael Gilpin was sworn in to fill the vacant position.

(Member of Audience-Unknown Name) Requested the new supervisor come forward and introduce himself, to which Supervisor Gilpin complied stating he has been a resident for a year and a ½ moving to the District from Indiana. He affirmed his optimism in working with citizens and District staff alike.

(Member of Audience-Unknown Name) asked Supervisor Gilpin more about himself. Supervisor Gilpin mentioned he had owned a publishing business for 15 years. Prior to owning his own business he was a General Manager for a publishing company. He has two sons, one daughter and four grandchildren.

Supervisor Gilpin also spoke of his wife, Janet Gilpin stating many of the landowners know her. He spoke of his recreational interests and how he moved here due to his love for golf.

Tanya Cannady, General Manager summarized the minutes of the previous Landowner's Meeting, Friday, January 23, 2015. The first item of the minutes was a discussion lead by Ms. Cannady discussing the burial of the power-lines along Sun 'n Lake Blvd. Mr. Wright stated the project would cost approximately \$4-5 million dollars. This could not be accomplished as a special assessment therefore the funding would need to be taken from reserves. An estimated increase to the assessment by 130% over a 5 year period would be the only other course of action and he did not feel confident it was an appropriate tactic. Mr. Miller voiced his opinion that there would be no support from District residents and moved to close the discussion indefinitely. President Bond asked for public comment. It was the opinion of the public the special assessment fail and therefore discussions were closed indefinitely.

Next item of the minutes related to the current Landowner voting process. Mr. Wright summarized his report as it was distributed. He discussed the financial status of the District including completed projects in 2015.

Mr. McClure, District Attorney discussed the current layout for the voting process and its history of one acre, one vote. A new law was passed calling for better representation for citizens on the Board of Supervisors due to the large amount of landowners controlling the vote; the law stated that as urban density increased, more votes for Supervisors based on popular elections would be permitted. The final change to the charter and voting methodology lead to the decision the vote of a resident would equate with the financial burden that resident carried with the District. Popular seats have control of the vote now as three elected seats and two landowner seats. There is no single large interest represented by a Supervisor. Mr. McClure asked if there were any questions regarding the discussion. Several residents commented then the Meeting adjourned.

Chairman Diotte, asked if there were any errors and/or omissions. Hearing none he moved to approve the minutes, Pat Holmes provided the second. A vote was called to approve the minutes with a show of hands- the motion was approved by general consent.

The next item discussed from the agenda was the General Manager's report.

Tanya Cannady presented the annual report on the behalf of the Board of Supervisors. The focus was to invest in the Community infrastructure and amenities. The goal is to make The District a premier destination within Highlands county and Central Florida. Ms. Cannady presented highlights of 2015:

- a)** Completion of the Deer Run Golf Course path project
- b)** New tennis and pickle ball courts.
- c)** The paving of 2 ½ miles of District roads
- d)** Increase of water utility base rates from \$2.50 per month to \$7.75 per month. This amount still represented the lowest water rates within Highlands County.
- e)** Golf rate increase of 3%
- f)** New General Manager found for Golf Club and District
- g)** A portion of the re-forestation program took place with the introduction of 35 Oak trees and 400 pine trees planted on the golf courses.
- h)** The District received a property tax exemption of approximately \$24,000.00 for golf courses and public recreation areas.
- i)** 13 new residential homes were permitted for construction
- j)** A new 40 unit development broke ground on Sun 'n Lake Blvd.

Golf and Restaurant operations continued to perform well financially, with the Golf revenue increasing over \$114,000. This represented an increase of 6% in comparison to the previous year. Restaurant revenue increased approximately \$90,000 a 17% increase from the previous year. The Operation bottom line continued to be at a loss with the District assessment decreasing further by \$243,000 from the previous year.

The Deer Run Golf Course Path Project was completed along with other repairs and maintenance to this course in the amount of \$316,000. Golf will continue to be a focal point of the Community. Tournaments such as The Sertoma, Firemen, and Veterans set the stage for premier Golf in Highlands County. By hosting the PGA tour, Latinoamerica and U.S. qualifiers the District has been put on the map. Other District events and programs include: Pickle Ball Clinics, Pickle Ball Tournaments, Zumba classes, water aerobics, spring and fall events, 5k's and Independence Day celebrations.

Last summer was the 2nd year for the Sun 'n Lake Kid's Club Camps. These camps are self supporting, bringing in over \$17,000 in revenue with 246 campers over an 8 week period. Community outreach continues with events held at the Islandview Restaurant including: "It's your Bridal" expo, "Dolly and me Par-tea", October Fest and "Pilgrimpalooza".

Ms. Cannady proceeded to discuss the General Operation and Residential Maintenance assessment rates which have remained the same for 7 years. The General Fund continues to be strong for fiscal year ending September 30, 2015 at \$560,000. This amount is deducted from the reserves but the District budgeted \$1.76 million. These projects were carried over to the next fiscal year. The General Fund Unrestricted reserves are approximately \$4.5 million dollars, which is equivalent to 14 months of operation revenues.

The new tennis and pickle ball courts opened October of 2015, along with several streets in Unit 15. In addition to this Unit 25 and a portion of Cortez road were paved in the spring of 2015.

For the 2015/2016 fiscal year, the District budgeted over \$1.4 million for a new maintenance facility which is expected to go to bid in March of 2016. Other major projects for the General fund 2015/2016 fiscal year include: Signage and Landscaping as well as the restroom and storage facilities at the Racquet Club.

Highlands County is now a major landowner in the District owning more than 12,000 lots acquired through the "Escheatment Process". It is unknown at this time how the County intends to sell these lots.

The Utility fund continued to perform well, as a Utility Operation with more than \$2 million dollars in operating revenues this year and a \$136,000 operating revenue gain over budget. The funds net position was just over \$11,000 including \$560,000 of depreciation.

A contract was executed last month with Excavation Point to begin the second phase of the Maronda Homes drainage project. This included the waterline extension on Frontage road and Ponce De Leon Blvd. and the installation of a new pump. This \$333,000 project is expected to be completed by July 2016, and the Contractor has provided the District with a payment and performance bond. All projects mentioned, including the equipment replacements have been paid or will be paid for with cash. The District remains debt free. Ms. Cannady thanked the residents for their participation in this meeting and continued to thank the Board of Supervisors for the opportunity to be part of the team to present the General Managers' report on their behalf. Chairman Diotte asked if there were any questions for Ms. Cannady and if so the individual would go to the podium ensuring to state their name. Ms. Cannady mentioned a copy of the report was available at the entrance.

Bill Jackson- Wanted to take a moment to thank Mr. Miller and the Board for their excellent management of the District. To accomplish as much as the Board has without raising taxes, and to have it go this way for such a length of time represented a sign of the Board's qualities and skills in Management. Mr. Jackson wanted to personally thank the Board members who helped to make this possible, and mentioned how he hopes this will continue.

Steve Honimar- Inquired about the Maronda Homes project. He stated they were not informed on anything i.e. if their land was going to be dug in to, if the pipes would be installed on their front lawns. He was told contractors were finished and had installed the retention pond. He sees the second phase will begin and is concerned because he was advised there would be three phases. Ms. Cannady responded that the phase two project does not go through the neighborhood; it's a drainage project on Ponce De Leon Boulevard and Frontage road, along with a new waterline extension in that area and a pump for the retention pond. There will be nothing within the neighborhood of Maronda homes. Mr. Honimar asked if this would correct the "water problem" further elaborating he has Walking Catfish and Frogs living in his yard. Ms. Cannady replied the installation of the pump would not correct that. She further stated that the area was developed when it should not have been and this is unfortunate for the Community of Maronda Homes. She advised that the District is continuing to look into the Maronda Homes area issues. Mr. Honimar recapped saying nothing would happen with regards to the "water problem". Ms. Cannady disagreed stating currently in the budget process the phase two of that project would be the focus. Mr. Honimar rebutted stating even so it would not correct his "water problem". Ms. Cannady confirmed. Mr. Honimar asked what is on the schedule for the Maronda Homes "water problem". Ms. Cannady advised that nothing is currently scheduled.

Mr. Honimar stated he could not see a compensation for people who live in Maronda Homes. Ms. Cannady affirmed the District and Board of Supervisors are aware of the water issue. Mr. Honimar contended nothing is being done and thanked Ms. Cannady.

Sharon Havener- Told all present if they want something to be done they would need to present a petition. Ms. Havener presented a petition last year for Unit 5's water problem. She stated drainage was making its way over to recreation and she is fine with money going into that but Unit 5 has a lot of people in it and she felt it's a lot of assessment taxes being paid for the privilege of drainage. She continued stating she doesn't see anything being done but it's listed for the 2016 project schedule. She further explained that the ditches had not been cleaned by the District in years, resulting in a standing water problem and so mentioned her disappointment. Ms. Cannady responded this project would be put to bid in two months and would include the first four streets. She advised her General Manager's report covers 2015, and the drainage project for Unit 5 is for 2016. Homeowners affected have already been contacted. She added 7 homes in total will require driveway replacements on the first four streets of Unit 5. She asked Ms. Havener what street she is located on to which Ms. Havener responded. Ms. Cannady confirmed Ms. Havener's street is one of the streets that will have ditch cleaning and culvert cleaning performed.

Deborah Buckingham- Brought up her concern for water and provided photos stating she felt no one would put up with this type of problem. She confirmed that a letter had been sent in May of the previous year and a response was received that it was the resident's problem. Ms. Buckingham asked what needs to be done as a member of the District to get this problem resolved. Ms. Cannady advised the first thing she had done when she took over as General Manager was visit Tarrega Street. She recognized the Sock Pipe underneath the driveway is clogged. They identified the location of the clog and decided removal of the Sock Pipe was the best way to handle it. She will submit a proposal for the project to the Board of Supervisors. Ms. Buckingham requested a time-line as to when this would be presented. Ms. Cannady stated she would plan to present this during the Budget Process in June 2016.

(Member of Audience-Unknown Name)-inquired as to the location on Tarrega Street Ms. Buckingham resided. The audience member requested to see the photos that Ms. Buckingham presented. Ms. Cannady advised that the photos would be passed around. Ms. Buckingham explained further issues regarding the landscaping professionals who are having difficulty with mowing the lawn.

Ms. Cannady responded that unfortunately the development was built on a “cutthroat seep” and if Ms. Buckingham researched the term she would see it is not an easy fix. Ms. Buckingham said when the home was purchased it was during a dry spell, and there was no way to know that there would be problems with drainage.

Rusty Carino- Advised the work was shoddy, and residents have legitimate concerns; he was concerned there are no building permits and resident’s hands are tied. There should be more involvement regarding building permits to put the drainage in. This would ensure the houses are raised to a certain level so that this kind of problem wouldn’t exist. He mentioned any builder should do this otherwise all falls back on residents. He further mentioned the area when being developed, should have been demucked and it wasn’t. He added it was the Board of Supervisors at the time’s who is at fault because their goal was to sell the land to Maronda Homes. He asked that protocols be implemented to keep this from happening again.

Chairman Diotte asked if there is a way of advancing the project instead of waiting until Budget Process in June 2016. Ms. Cannady stated she could discuss it with the Board of Supervisors but typically new projects are brought to the Board as part of the Budget process.

Monica Honimar- Mentioned that she had spoken with all the residents on her street and are at a loss as to what to do in terms of a petition. She said when her family and she moved in four years ago they were advised by a District representative they shouldn’t bother fixing it or hiring a different contractor as it would be handled by the District. The representative mentioned a three step process, advised her of the retention pond and a pump to make sure it was drained. Ms. Honimar wanted to know how much of the property is owned by the District before it becomes the resident’s property. Her belief is that it’s a 7 foot easement and exactly where the problem lies. Ms. Cannady asked for clarification to the question and if it involved the 7 ½ foot easement. Ms. Honimar restated that she was told that the District owns 7 feet into her property and that’s why it should be addressed because it was owned by the District. Ms. Cannady confirmed that 7 ½ feet into Ms. Honimar’s property is her easement, but from the center of the road 15-25 feet is District property. Ms. Cannady advised Ms. Honimar that she is welcome to start a petition. Ms. Honimar asked about the signature requirement. Ms. Cannady replied that 66% of the residents in the Community are required for the petition.

Russ Buckingham- Stated he witnessed his neighbor across the street on both sides taking their shoes off in order to get from the car to their dwelling.

Tom Kosty- Said this issue had been discussed at the last 4 Landowner meetings and at several Board of Supervisor's meetings the District's founding documents included an initial public offering, which is on file with the state of Florida and the Federal Government (available at the District office) stating that buyers in that particular area are advised to do their due diligence. It was known by the original Developers that the area was low and there could be in the future water and drainage problems. It was decided when N.R.P.I purchased the property to not follow the directions of the initial designs by the District Engineer. It was all under the control of Maronda and N.R.P.I. Mr. Kosty understands the resident's frustration with the District because it has to be fixed, and it's been discussed. He stated that there isn't a connection between building permits for the District and the County. The County issues the building permits, The District issues driveway permits. However in District documentation before a driveway connection permit would be issued complete sets of plans and specifications for new building had to be submitted to the District for approval. Mr. Kosty speculated the District didn't see those plans despite it being a requirement. Mr. Kosty suggests that the relationship between the District and Highlands County be examined and that a better communication line be extended between the two.

Gene Gangemi- said he feels this really became a problem 7 years ago. He suspects the County had knowledge of the problem but still generated the permits. He expressed sympathy for these residents because as of last year Maronda Homes was still in business. Mr. Gangemi suggested the residents get their money back from Maronda and feels the County has an obligation to fix the situation. Mr. Gangemi feels the residents have a legitimate claim against the county.

Rex Bond- Stated the District's greatest responsibility is roads and drainage, and that the problem is not just between units but all over. Mr. Bond stated these problems are mostly maintenance and the District failed the residents throughout the year in handling the maintenance of the roads and drainage ditches. Mr. Bond suggested the focus be a program to review the drainage system in the District and do something about it. Mr. Bond went on to say that the Board of Supervisors who was present at the meeting would go back to lead the program and instruct management on what needs to be done, and that Management is fully capable but limited. Mr. Bond stated the Board of Supervisors can put the plan in motion.

Chairman Diotte asked for further public comment and hearing no response, Chairman Diotte commented the District had acknowledged the issue and is getting it started. Chairman Diotte was of the opinion the sooner the better. Chairman Diotte asked if there was Unfinished Business.

Hearing none Chairman Diotte continued to New Business. He extended his thanks to the Landowners for their attendance. Chairman Diotte called for a motion to adjourn. The motion was made and seconded. **The meeting was adjourned at 9:51 A.M. by general consent.**