

SUN 'N LAKE OF SEBRING IMPROVEMENT DISTRICT
ANNUAL LANDOWNERS MEETING
Friday, January 23, 2015

MINUTES

The Annual Landowners Meeting of the Sun 'N Lake of Sebring Improvement District was held Friday, January 23, 2015, at the Community Center, 3500 Edgewater Drive, Sebring, FL 33872.

ORDER OF BUSINESS:

President Miller called the meeting to order at 9:06 a.m. There were approximately 26 people in attendance. Acknowledgement of quorum present. President Miller requested nominations for Landowner Chairman.

Member of audience (speaker unknown) nominated Rex Bond Chairman and David Halbig seconded the motion. There were no other nominations; nominations were closed. Rex Bond was approved as Landowners Chairman by acclamation.

Chairman Bond requested nominations for the position of Landowners Secretary.

Member of audience (speaker unknown) nominated Kayla Lockhart as Secretary and was seconded by Rick Hulbert. There were no other nominations; nominations were closed. Kayla Lockhart was approved as Landowners Secretary by acclamation.

General Manager, Michael Wright, highlighted the minutes from the 2014 Annual Landowners Meeting. President Bond asked if there were any additions or corrections that needed to be commented on by anyone in the audience. Seeing none he called for a motion to approve.

Member of audience (speaker unknown) moved to approve the minutes, second was received. With no discussion on the motion it was put to a vote and the motion was approved.

President Bond presented the agenda item regarding mail out polls to gauge public support to pay for the cost of burying utility lines on Sun 'n Lake Boulevard and he asked Mr. Dick Miller to come to the podium. Mr. Miller stated that over the past year or two the question of whether or not to bury the utility lines along Sun 'n Lake Boulevard has come up but the cost for this would be at least \$2.5 to 4 million dollars to bury it and because of the cost the Board did not feel comfortable with making this decision without the public's involvement. It was his idea to

put this out to the community to gauge what kind of support there is for this item because it will be a financial impact to all landowners in the District and he has asked Tanya Cannady and Michael Wright to generate numbers for the cost of such an undertaking. Mr. Wright stated that the preliminary project costs would be somewhere between \$4 and 5 million dollars and there would be roughly 9,000 or 10,000 ballots that would need to be mailed. Another item that has been discussed was only mailing to those who are eligible to vote in the landowners election, which would be property owners who are current in their assessments, and there are approximately 5,000 of these owners. The cost per ballot would be about \$2.50 - \$3.00, depending on whether a self addressed, stamped envelope is included in the mailing. Mr. Miller questioned what the financial impact would be to each property owner if they decided to bury the lines and Mr. Wright stated that it cannot be done as a special assessment so the money would need to be borrowed or taken from reserves and then estimate 130% increase in assessments over 5 years. Mr. Miller asked Mr. McClure if there was a specific time frame that would have to be adhered to in terms of amortizing the expenditure. Mr. McClure said there is no limitation on the short end of the spectrum but it cannot be extended beyond 30 years. Mr. Miller said that this will be likely be the biggest single project the District has undertaken and he believes that this should be put in front of the community to decide whether or not this project is important enough to obligate us for the financial burden.

Carl Ulhringer – He wanted to know why this project needed to be done and also questioned whether the utilities would participate in any way. Mr. Miller answered that the project does not have to be done but the issue has come up from time to time and there seems to be strong opinions on both sides so he wanted to poll the public to determine what kind of support or resistance there was to the project. Mr. Wright stated that the utilities will not participate in any way on this project.

Pat Gangemi – She stated that she has been present at several of the meetings where this issue has been discussed and she thinks it is a group who objects to the wires but she feels that \$5 million dollars could be better spent in the whole community on different projects. She stated that she believes that in the past the District has paid Duke Energy \$10,000 to do a study to see how much this would cost and at that time they came up with a \$2-3 million figure. She does not feel that burying wires will bring people into the District, she feels that good management, good amenities and good people will bring people.

Gene Gangemi – He said that this issue has come up several times over the last few years and he still he is still unsure who is behind the push to bury the lines questioning whether it was just one, two or three people. He felt that burying the lines would cause problems with running into water lines and he does not think that the businesses have been approached about burying the lines or if they would contribute to it. He feels that there are a lot of amenities that could be added to this area rather than spending a large sum on burying power lines. He feels that

spending thousands on a mailing to gauge interest would be a waste of money as well. There has not been an assessment increase in 3-5 years and does not feel that this project warrants an increase.

Mr. Miller stated that if there was no support he wanted to just put the issue to bed and move along. President Bond asked the audience how many would like to see the project started and would like to see the Board approve it and how many would like the issue to be tabled. It was his opinion that the negative vote carried and he thanked the audience for their help.

The next item on the agenda was the discussion of current land owner voting process. President Bond said that there is a regular landowners meeting once a year and there are monthly meetings of the Board of Supervisors, which represent all of the land owners but there are issues that arise where the supervisors need help with it. Mr. McClure stepped away for a moment and while waiting for him to present this item the decision was made to have Mr. Wright present his General Manager's Report on the District.

Mr. Wright stated that he had been asked this year to summarize the report and distribute the report to the general public. He started by saying that some of the highlights of the past year include replacing the golf cart fleet which included a GPS on each cart, something that no other course in the area offers, and the club has been successful in selling advertising to help pay for it. Some of the habitat restoration on Turtle Run has been completed with the exception of some controlled burns that will be conducted when the weather permits. The reforestation efforts are ongoing with 500 trees planted and another \$25,000 in the budget for more. Financially the golf club is doing much better with revenues up by \$450,000 and the gap between operating costs and revenues reduced by \$350,000 last year. The District has reached out to try and attract new people to the District by participation in other events like the booth that was set up at the 12 Hours of Sebring, a float in the Sebring Christmas parade, last year was our 40th anniversary which included a number of special events such as: pickleball tournaments, golf tournaments, and a dinner that ended with a community easter event that was attended by over 1,200 people, with 500 participating in the first annual Dash and Dye 5k which we anticipate becoming a yearly event. The summer camp program was very successful and paid for themselves and there were over 2000 attendees to our Independence Day celebration. There was a second playground added and the drainage issues were remedied along with adding a safe rubber mulch surface to both playgrounds. The General Fund remains strong with revenues up by \$200,000 last year despite no increase in assessment revenue which brings our fund balance to \$4.7 million. There have been a number of people utilizing our recreational facilities such as the pool, tennis courts and fitness memberships with revenues increasing by more than \$20,000 in these areas. There were 13 new homes that were started last year which is more than in the last 5 years combined and that is a promising sign for growth in the District. The most significant challenge that we are facing is what will happen to all of the lots that the county is going to take ownership of through

the escheatment process. There was a call this week from the county purchasing agent who stated that they had 138 lots in the District and asking what to do with them. Mr. Wright informed her that there would be an additional 1100 coming and he feels that there is a need for a global discussion about what to do with all of the lots rather than just a handful. The last lots that they will acquire will be in Units 16 and 25 which have the more desirable lots for building purposes due to roads, water and sewer. The only lots that the county is taking ownership of are the lots where the taxes were not paid for two years and no tax certificates were sold on them. There are a number of capital improvement projects that will be taking place in the next few years such as cart path replacement on Deer Run, tennis court repairs, there is a contract in place with Don Bell Signs to design new signage for the District along with a new landscaping plan with that information being available to the general public in February. He is hopeful that in the next 60 days the District will be in a position to narrow down the three choices they are going to present and put out to bid the construction of the new signs and landscaping for all of the entrances as well as the golf courses. The Utility Fund continues to do well financially despite spending more than a million dollars on capital improvements there is still a cash balance of \$3.4 million in the capital improvement fund with \$700,000 in unrestricted cash. Mr. Wright closed with the announcement that this will be his last Annual Landowners Report as he is retiring at the end of this fiscal year. He has been in the business almost 40 years and he feels that it is time.

President Bond stated that Mr. Wright has been of service to almost every area of Florida and he appreciates the work that Mr. Wright has done and welcomed him to come to the meetings and hoped that he would be available if the need for help arises. He urged the audience to pick up a copy of the report and look back on it next year to see if the goals set forth are realized, as it is very tough to predict what can happen throughout a year in a political environment. President Bond also commended the recreation staff and the job that they have done with a very large program including pickleball and childrens programs.

President Bond stated that the audience had just heard the synopsis of the Annual Landowners Report and would now entertain a motion that it be accepted.

There was a motion to accept the report and a second was provided. With no discussion the vote was called for and the motion was approved.

With Mr. McClure present the discussion was brought back to the current land owner voting process. Mr. McClure summarized the history of the voting process in the District beginning with one acre, one vote and with the platting and sale of lots in the District it became one lot, one vote. Eventually a new law was passed calling for a greater voice on the Board of Supervisors for residents due to large land owners controlling the vote. The law stated that as urban density increases then there will be more votes for supervisors based on the popular election method. There is a law that specifies the percentages as the vote is transitioned from a landowner vote to

a popular vote. Within the District there was contention about urban density calculations and the feeling that there should be more than two popularly elected seats and eventually the county stepped in. The District was created by the county commissioners so when there are charter issues that need to be changed we have the ability to go to the county as opposed to going to the state legislators. It was ultimately determined that the District no longer elected supervisors on the basis of one acre, one vote because we were already one lot, one vote and therefore the law did not apply directly to the District. A compromise was worked out with the County Commissioners that the residents would be given control of the Board of Supervisors by mandating that there would be three popularly elected supervisors. The final change to the charter and the methodology of voting was when it was decided that your vote would equate with the financial burden you carry with the District. The hospital pays \$300,000 and has that number of votes whereas the vacant lot in the back which pays \$200 has 200 votes. There has not been an election in the District yet using the dollar method and Mr. McClure is unsure of when that will occur, it is dependent on someone stepping forward and actually having a contested election. The popular seats have control of the Board with three elected seats and the landowners have a voice in the election of the other two members with the reality being that there is no single large interest represented by a supervisor elected by a vote. Mr. McClure then asked if there were any questions from the floor that he could entertain.

Larry Stange – He stated that he is the president of the property owners association of Sun ‘n Lake and presented a letter from the attorney of Special District’s along with a letter from the Attorney General that Sun ‘n Lake is under State Statute 189. The lawyers from Sun ‘n Lake or Highlands County cannot change the law and he has a lawsuit that he does not want to have to file in lieu of talking it out with the Board of Supervisors and settle it within our District. It is his belief that everyone that pays money should have a say in what takes place within the District. Mr. McClure concurred with Mr. Stange’s opinion and stated that he tried to make very clear that the current methodology is based solely on those who pay money have a voice.

President Bond concluded the public discussion on the matter and asked if there was any unfinished business that needed to come before the assembly at this time and then called for new business. Mr. Bond stated that the business of the District is carried out by the Board of Supervisors, with three of them being elected in a general election and two of them being landowner votes, leaving control of the Board with the popular vote. With no further business, President Bond called for a motion to adjourn.

A motion was made to adjourn the meeting and a second was provided. The vote was called for and the meeting was adjourned at 10:01 a.m.