

**SUN ‘N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS REGULAR MEETING
Friday, May 27, 2016
MINUTES**

The Regular Meeting of the Board of Supervisors of Sun ‘n Lake of Sebring Improvement District was held Friday, May 27, 2016, at the Community Center, 3500 Edgewater Drive, Sebring, Florida 33872. The meeting was called to order at 9:00 a.m. by Vice President, Larry White.

SUPERVISORS PRESENT:

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

The General Manager, Tanya Cannady; Board Secretary, Chrissy Hardman; Community Service Director, Tenille Smith; Finance Director, Omar DeJesus; Jim Kurtzborn, Ron Wonderling and Andy Kessler, Billy Casper Golf and District Attorney, David Schumacher were present. There were approximately 37 people in attendance.

1. Call to order – 9:00 A.M.
2. Pledge of Allegiance
3. Announcements:
 - a. Next regular meeting is scheduled for Friday, June 24, 2016 at the Community Center, 3500 Edgewater Drive, Sebring, Florida at 9:00 A.M.
 - b. Please silence or turn off cell phones.
 - c. Supervisor White announced that President Miller would not be present as he was admitted to Florida Hospital Thursday, May 26, 2016.
 - d. Supervisor White announced that the new Sun ‘n Lake Entrance sign near Florida Hospital was set in place earlier in the week.

4. CONSENT AGENDA

Minutes of the Regular Board of Supervisors meeting held Friday, May 13, 2016, Golf Financials April 2016 and Treasurer’s Report April 2016

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

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

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

5. **ACTION AGENDA**

No items on the action agenda

6. Add-on items – None

7. Petitions and Communications – Supervisor White presented a communication sent by Mr. Brian Naylor of the Hampton Woods Homeowner’s Association. Supervisor White asked if Mr. Naylor was present in the audience, he was not. In Mr. Naylor’s letter he requested that the District take over the responsibility of maintenance for the road running through Hampton Woods. Supervisor White asked if there was Board comment, adding a request to Mr. Hurley that he perform an inspection of the road to ensure it is not in a state of disrepair before the Board makes its decision. Supervisor Gilpin asked Mr. Schumacher what the process would be to assume ownership of the road, Mr. Schumacher responded that he would first need to research if the road is platted as he believed the road is currently dedicated as a private road. If the road is platted it needs to be rededicated as a public road before it can be taken over. Another option would be to arrange for the road to be resurfaced then charge Hampton Woods at cost which is at a discounted price for the District. He agreed to look into both options. Supervisor Hulbert asked if a review of the deeds would be the first step. Mr. Schumacher answered that he believed the road is platted and not public, the Homeowner’s Association owns the road, and for it to become a public road it would need to be rededicated as such. Supervisor Hulbert summarized that the situation was a lot like the Magnolia Place Homeowner’s Association. Mr. Schumacher agreed. Supervisor White said that he didn’t see a problem with making the road part of the District if the road is up to code and inspected. He asked if a resolution would be required for the next Regular Board meeting. Mr. Schumacher confirmed that he would present his research on the road’s platted status and the different options to proceed at the Regular Board Meeting Friday, June 24, 2016. Supervisor White asked if there was Public comment.

Bill Jackson- Suggested that if the Board decides to take over the road it should be inspected then delayed 5 years before assuming the responsibility with the contingency that the road be repaired before the District does so.

Pat Holmes- Said that he rides his bike often through Hampton Woods and the road is in great condition. It had just been resealed and it is one of the best roads in Sun ‘n Lake.

Joe Eck- Stated that before the road can be taken over the County needs to inspect the road. Supervisor White agreed that Mr. Eck had a good point and asked that Mr. Hurley look into getting that accomplished. Mr. Eck suggested Mr. Hurley speak to Kyle Green for an inspection as he works for Highlands County. Supervisor White confirmed it would be discussed at the next meeting.

8. Staff Reports-

Supervisor White said that before hearing Staff Reports he first wanted Mr. Kurtzeborn to present an update on the Golf Report, specifically on the Financials. Mr. Kurtzeborn began summarizing the April 2016 Golf Financials saying it was a very good month for budget. Total revenue for Golf was the highlight of the month, along with revenue increases from green fees which had increased \$22,000.00 from budgeted amounts. April served to balance the Easter losses with Food and Beverage profit maintained although off in the line item’s total revenue. The remaining expenses were in line with budget. Supervisor White asked if there were Board comments and with no response, asked if there was Public comment. There also was no response.

a. Security Report- Mr. Hurley stated that he had nothing to add to his report and asked if there were any questions. The Board had no questions.

b. Code Enforcement- Supervisor White asked Mr. Hurley if he had nothing additional to add for this report as well. Mr. Hurley confirmed.

9. General Counsel Report – Mr. Schumacher confirmed that he did have a conversation with Mr. Belohlavek from Roper & Roper, which confirmed a motion to dismiss the case is up for hearing sometime in August. Mr. Belohlavek is hopeful that it will eliminate the “Intentional Torts” portion of the allegations.

If this goes through it will also ensure that the need to have Thompson, Sizemore, Gonzalez & Hearing represent the District will be countermand. The remaining claims are for “Negligent Torts” which are covered through the District’s Insurance. A request has been received for “Discovery” for the Griffin case. Both the District and Mr. Griffin’s attorney requests are due in 30 days, around early July. The document request submitted by Mr. Koji has been completed and provided to him. It is believed that a large portion of that information can be provided for the “Discovery Request” for Mr. Griffin, but some additional information may need to be provided. The mediation is scheduled for early October.

- 10. General Manager’s Report-** Ms. Cannady began by reporting the results from the Electoral Process Survey. 125 residents participated, 55 residents were in favor of no change to the process, 55 were in favor of changing the process to 5 popularly elected Supervisors, and 15 were in favor of changing the process to 4 popularly elected Supervisors. This represented 3% of the resident population within the District. Both Supervisor Hulbert and Supervisor White commented that the level of participation was disappointing. Supervisor White said no decisions on the survey would be made during the present meeting. Ms. Cannady continued her report providing an update on the North End Drainage Project. Excavation Point will lay the drainage pipe along Ponce De Leon Blvd the week of May 30th, 2016; this will result in road closures and the District will make sure to inform the Community and the Board. The project is approximated to be completed the end of May. The Unit 5 Drainage Project will begin in July. She discussed the contract for the Ponce-De-Leon sidewalk paving project which has been finalized and is awaiting Contractor review and signature. The District requested a 50% reimbursement from Highlands County Recreation and Parks Advisory Committee for the project however the sidewalk does not qualify as it is not considered a multi-use path. The final building plans for the Public Works Facility should be complete in June. The bid advertisement will run July 10, 2016 and July 17, 2016. The District is considering a mandatory pre-bid meeting with Contractors July 19, 2016 with a bid opening scheduled for August 16, 2016. All are preliminary dates. Ms. Cannady asked if there were any questions. With no questions she moved on to her final update with her attendance of the Florida Association for Special Districts conference June 7 – June 8, 2016 in Sarasota, and the Florida Government Finance Officers Association Conference June 13- June 15, 2016.

This conference allows Ms. Cannady to apply the time spent to her Continued Education hours for her C.P.A. license. Supervisor White asked Ms. Cannady about the Sewer Plant. Ms. Cannady responded stating that on Wednesday, May 25, 2016 she sent an email to the Supervisors regarding the Unit 23 Sewer Plant. She reviewed last year's inspection and it was noted that tanks were leaking, a year has passed and it has been found that the leaks are far worse than originally anticipated. The necessity to seal the tanks is imperative. The tanks themselves are 35-40 years old and the project is estimated to be \$200,000.00. Ms. Cannady asked if there were specific questions for Mr. Howerton who was in the audience. Supervisor Edgell asked Mr. Howerton what the cost to replace the tanks would be. Mr. Howerton said that it had been discussed and the replacement cost should be considered. He estimates it to be \$6,000.00-\$7,000.00 per gallon of treatment volume (the District is currently permitted for 700,000 gallons per day). He suggested that if the decision to replace the tanks is made that they increase the treatment capacity. He estimates the tank replacement will cost \$6,000,000.00-7,000,000.00. Mr. Howerton's cost assessment is for an entirely new sewer plant which means the old sewer plant parts can be utilized for repairs in the District's other plants. Supervisor Edgell asked if Mr. Howerton could research other cities methods for replacements of this magnitude and also find out if it's possible to purchase their used tanks etc. to handle the repairs. Mr. Howerton replied that it wouldn't be possible because typically fixtures such as these are built to fit, it's possible to move steel frames occasionally, although sewer plants are usually built with concrete and therefore are not portable. Mr. Howerton confirmed that the District's Unit 23 sewer plant is made out of concrete and prefabricated walls. Ms. Cannady said that there are loans available for local governments to fund projects like this. Supervisor White reverted to Ms. Cannady's previous statement on the County's decision to deny the District the 50% reimbursement for the Ponce-De-Leon sidewalks, he asked if there was a specific reason behind their decision or if more could've been done. Ms. Cannady explained that the size of the sidewalk is 5 feet wide and was designed strictly as a sidewalk the Recreation Advisory Committee specifically handles funds for recreation. The sidewalk did not fit the criteria. This concluded Ms. Cannady's report.

11. Unfinished Business –None

12. New Business – None

13. Committee Reports –None

14. Public Comments

Tom Kosty- Asked if Public comment would be allowed during the Budget Discussion portion of the meeting. Mr. Schumacher said it would be allowed however it wouldn't be during the entire Budget process. It would be at the end of the discussion.

Bill Jackson- Said that he was surprised to hear about the Sewer Facility in Unit 23 however it was inevitable. His concern is that the District has money allocated to projects such as the pool, EMS station and a new administrative building. He feels the sewer plant should be a priority over the other projects.

Joe Eck- Wanted to discuss the Electoral Process Survey stating that no action should be taken on it as it wasn't a properly conducted survey and is not an accurate account of the District's population. He said the newsletter has too many advertisements, and not enough District news. He gave an example of a recent situation. Mr. Eck asked if on the proposed budget there will be an increase on property owner assessments. Supervisor White responded it would be discussed during the Budget workshop. Mr. Eck said he wouldn't be there so he wanted to discuss it now. Supervisor White said that no decisions would be made during the Budget discussions and that there will be additional meetings before the Budget is finalized. Mr. Eck brought up Maronda Homes asserting that the District is responsible for fixing the situation as the District signed off on it.

15. Discussion to/from Board

Supervisor Gilpin moved to authorize the General Manager to remove the incentive fee out of the Billy Casper Management agreement. Supervisor Edgell provided the second. Supervisor Gilpin explained that he feels the way the contract is constructed is unfair to the District, and is a reason for many issues with the Golf Course and the Clubhouse.

Supervisor Edgell spoke up stating the formula in calculating the incentive does not include the Operating expenses funded by the District which enables Billy Casper to attain the bottom line it does. Ms. Cannady asserted that it is factored in the calculation. Supervisor Edgell asked Ms. Cannady if they are considered separate items. Ms. Cannady agreed.

He continued that if the Operating expenses were included in the incentive formula it would provide a clearer picture of how there is in fact a loss of \$279,000.00. Ms. Cannady agreed. Supervisor Edgell reiterated that he is not stating that there shouldn't be an incentive fee, he just feels the current incentive fee formula is not conducive to the welfare of the District and should be reviewed. Supervisor White said that he likes the idea of an incentive fee however he agrees that the current incentive formula is wrong. He said last fall the District was short changed because of it and that's why the Golf Course is in the condition that it is in. Supervisor White added that he felt a clause should be added to include the condition of the Course. Supervisor White asked if Ms. Cannady could proceed with the negotiations. Mr. Schumacher interjected that his recommendation is that all Supervisors individually construct a letter with their recommendations on revisions for the Contract. Upon receipt Ms. Cannady along with himself would combine the recommendations into a single draft and present to the Board. If agreed those revisions would then be presented to Billy Casper for their review. Supervisor White asked if Supervisor Gilpin or Supervisor Edgell would lead the task. Supervisor Gilpin volunteered. Supervisor Edgell asked how to proceed with the motion. Mr. Schumacher explained that since this is not an action item, the discussion occurred and there isn't anything that requires a vote. Once the suggestions are received the revised contract would be brought back to the Board for vote. Mr. Eck from the audience stated the motion would need to be withdrawn, Mr. Schumacher restated that it would need to be tabled until the proposal is brought back for vote. Supervisor Hulbert moved to table the motion, Supervisor Gilpin provided the second. Supervisor White asked if Public comment should be taken on the motion, Mr. Schumacher confirmed it was not necessary, stating that once the tabled motion was brought back to the Board, Public comment would be asked for. Supervisor White asked if there were further comments. Supervisor Edgell commented that the Golf Course is in trouble. He has been working with Mr. Kurtzeborn on solutions. There are funds allocated to the Golf Course that need to be applied to correcting this now, not further down the road. Supervisor Edgell suggested assigning a Supervisor to be a liaison between the Board and Billy Casper Golf to look at what needs to be done and ensure that it's being addressed. A report should be given by that Supervisor at each Board meeting. He stressed the importance of fixing the grass, and doing these repairs before October 1st when part time residents return.

Supervisor White announced that the Board was ready to begin the Budget Workshop portion of the meeting but before proceeding he reminded everyone that Public comment would only be allowed after the Budget Discussion not before. The Budget would be reviewed page by page and covered in order. Supervisor Edgell asked that Mr. Kurtzeborn be allowed to present his report on the Golf Course prior to the Budget discussions as it revolved around the current year's budget. He asked Mr. Schumacher to confirm how to proceed. Mr. Schumacher said that this would all need to be addressed next meeting as no items were listed for the action agenda; he recommended that Mr. Kurtzeborn review his report but no actions be taken until the next meeting. Mr. Kurtzeborn began his report covering the issues discussed with Supervisor Edgell. He explained the El Nino Effect and how it's effecting overseeding and golf course conditions. He spoke about Turtle Run and how it doesn't seem to be receding at all in comparison to Deer Run. Turtle Run is improving at a rapid pace. There is a nematode infestation on Deer Run and repeated overseeding does not seem to help. Additional funds will be required to get Deer Run in better shape. Curfew is the recommended treatment for nematodes which at one time was restricted for the amount of applications per year. That being said the current nematode counts are 20 times the measure for reapplication and so the Curfew needs to be reapplied. This is a huge weapon to use on the nematodes. As a result of these findings he recommends that the application of Curfew be increased to continue the change over process from an overseeding operation to a non-overseeded operation. He suggested that an additional 40 acres of pesticide treatment be applied to the Course (primarily Deer Run) with some on Turtle Run. He recommended an additional 3 acres of Curfew be applied to the greens both on Deer Run and Turtle Run with a double application applied to difficult greens with extremely high nematode levels. From there the focus would be on the turf itself and nursing it back to health, to do so would require an additional 2 fertilizer applications to strengthen turf. He explained how these are foundations needed to bring the Course up to an acceptable standard. The final phase would be more of a visual direction, with the goal focused on fixing items that can be seen immediately instead of waiting 5 or 6 months. Turtle Run has received Bahia grass installations which looks good, is cost effective, environmentally friendly and less susceptible to nematodes. He asked for 2 acres of improved sod, consistent mainly of Bahia grass. Again, the installation would be focused on Deer Run (holes like 14, 12, 4 & 3). The total cost for these recommendations would be \$70,000.00.

Supervisor White asked if money had been drawn out of the current year's budget. Mr. Kurtzeborn said Ms. Cannady could confirm but his understanding was that statement was correct. Supervisor White asked how much from the current budget could cover the \$70,000.00. Ms. Cannady responded 100%. Mr. Kurtzeborn said that the budget obligations can still be met despite taking the \$70,000.00 from the budget. Mr. Schumacher recommended that this be put in the form of a proposal submitted to Ms. Cannady which would then be presented as a resolution at the next Board of Supervisors meeting for Board vote. Supervisor Gilpin asked Mr. Kurtzeborn how much \$10,000.00 would purchase in Bahia grass. Mr. Kurtzeborn said he believed it was 21cents a foot for Bahia grass. Mr. Bell stepped in stating that \$10,000.00 would cover about an acre of Bahia grass. Supervisor Gilpin said he's concerned a proposal will be drafted but the amount proposed will not be enough to ensure success. Mr. Kurtzeborn said that the money being spent on Curfew and Fertilizer will have a long term effect and the Bahia grass would be for the immediate needs of the Course. Supervisor Gilpin asked Mr. Kurtzeborn if significant improvement would be visible by October. Mr. Kurtzeborn said he believes that it would be effective in showing signs of significant improvement. Supervisor Hulbert asked about the condition of the fairways and how they are going to be handled. Mr. Kurtzeborn replied that the holes Supervisor Hulbert was talking about are scheduled to be filled during the next closures. Supervisor Hulbert asked about the tee boxes. Mr. Kurtzeborn replied that he needs at least 30 days to get not only the tee boxes in shape but the Course as well. The tee boxes on Turtle Run look good and the ones on Deer Run are recuperating. In 30 days the Board will be able to see the difference. Supervisor White said that he feels that employees also should be considered. He requested that a plan be drawn up to provide incentives for employees so that they are provided motivation. Mr. Kurtzeborn agreed and said he has looked into a program to build on that. He explained how most Golf Course labor hired are individuals who do not play golf. Helping these employees understand what they're a part of is a great suggestion. Supervisor White asked if Ms. Cannady would begin the Budget discussion by summarizing what would be discussed. Ms. Cannady said she would but needed a moment. Mr. Schumacher suggested recessing the meeting. Supervisor White asked if Commissioner Handley was in the audience. He was not. Supervisor White recessed the meeting through unanimous consent.

The meeting was recessed at 10:05 A.M.

The meeting reconvened at 10:15 A.M.

16. Budget Discussions

- a. Golf- Mr. Kurtzeborn introduced the Budget assumptions for the 2016-2017, fiscal year stating that the focus will be on a service level basis for the membership, residents, and their guests. Additionally the condition of the Course and the customer experience in the Food & Beverage outlet; with a better rotation of the menu and improved communication with members through media outlets such as newsletters, surveys and the Golf Committee are all a focal point of the proposed Budget. The current membership totals came to 337 members as of April 30, 2016. There are 9 additional members then the previous fiscal year. Membership changes include a loss of 23 family memberships, of the 23 losses- 7 were found to be a result of members turning 80+ years. There was an increase of 13 members in the 5 month membership category, which brought the total to 41. An increase of 15 monthly memberships has brought the total for that category to 29. Mr. Kurtzeborn stated that he went back and looked at the membership patterns from the past 4 years and ascertained that there aren't enough new members, and not enough younger players. This compounded with the rate the current membership is aging is evidence that there is a serious membership problem. In 2013- 61% of the play was member play (seasonal memberships were not available during this time), 2014- 52% of the play was member play showing a 9% decrease in membership, 2015- 54% of the play was member play (when the seasonal memberships were active and applied) but if not considered only 49% was member play. In 2016, not considering seasonal players, the member play decreased further to 45% confirming that the membership is aging and not being replenished fast enough. Mr. Kurtzeborn said that the Canadian Dollar exchange rate is affecting Canadian players who are either not purchasing or reducing their memberships. It is projected that the 2017 membership levels will stabilize to almost 300 memberships. Mr. Kurtzeborn anticipates that there will be 20 additional new memberships in the 2016-2017 fiscal year based on analysis of previous seasons and losses. He is also proposing a membership fee increase of 1.5%. Initiatives for the 2017 fiscal year will include the continuance of the membership referral program. Incentive pay outs will only be applied to yearly memberships, specifically to the referring member. The proposed referral fee pay-out is 10% of the membership's dues for the referred member (rounded to the nearest \$50.00 increment).

Additional proposals for 2017 initiatives will include the extension of the new homeowner incentive offering a free 1 year membership with the purchase of a new construction home or resale. By extending this offer an additional year, it allows Billy Casper to fully analyze the program's effectiveness. In conjunction with this plan it is also proposed that the Green fees be increased by 2 to 4%. The assumption is that there will be a minor loss in play, however, it is estimated that there will be a 1.5% increase in Green fee revenue. Mr. Kurtzeborn advised that there was a change from his initial report for the 2017 Budget assumptions. The Budget projection increased from \$871,000.00 in Food & Beverage to \$925,000.00. Mr. Kurtzeborn disclosed that a competitor to the south has attracted a lot of the wedding-banquet revenue. This is attributed to tighter client budgets, and as a result there is a decrease in projections. Operating expenses are budgeted to increase less than 1% once the Billy Casper Golf incentive and the \$60,000.00 increase for Golf Course maintenance is factored. Included in the proposed Budget is donations to Associations for the following amounts: Men's Golf Association and Women's Golf Association are to receive \$3,500.00 each with an additional \$2,000.00 going to the M.G.A. for mixed events. \$750.00 will be provided to the Ladies Golf Association. It is required that all donated funds given to Associations are to be spent in the Club including the Food & Beverage outlet and the Pro-Shop. With regards to advertising and marketing there will be a continued placement of advertisement in Highlands Today, along with coupon books, R.V. park maps and radio advertising. Social media outlets such as Facebook, Twitter, Instagram, Pintrest, Google, Yelp and Trip Advisor will also be utilized in conjunction with the current Sun 'n Lake website. The Women on Course program will now be handled by Sun 'n Lake. Mr. Kurtzeborn is recommending \$419,815.00 for assessment revenue (an increase of \$91,358.00 compared to last year). He said that this would ensure continued service and Course condition upkeep. Proposed Capital recommendations are \$291,500.00. This would cover the 5-year equipment replacement plans, a Fertigation system, tee expansion, irrigation expansion with improvements to existing irrigation, replacement of the yardage markers and the addition of 2 lake fountains. Together with these Capital recommendations the proposed funding will also include the purchase of a replacement Range Ball Washer and a Plot printer for Golf Operations. Mr. Kurtzeborn asked if there were any questions. Supervisor Hulbert asked why there is a \$2,000.00 additional donation to Associations for the mixed events. Mr. Kurtzeborn said it was a decision based consequently on the surveys conducted.

The survey's results had shown that the Couples events are very popular. With the M.G.A. planning to decrease the amount of Couples' events (which have always been funded through the M.G.A.) the club will have to take over the event. Supervisor Hulbert asked why the W.G.A. hasn't put funds into the event. Mr. Kurtzeborn replied that the idea could be considered, although from his standpoint he was looking at what is presently done and how to expand on it. Supervisor Hulbert said that the M.G.A. has been the source of funding for the Couples events with the W.G.A. not contributing to the event at all. Mr. Kurtzeborn agreed to meet with the W.G.A. on the subject. Supervisor Hulbert reiterated that he isn't happy with the idea of an additional \$2,000.00 donation. Supervisor Edgell said that he reviewed the marketing and advertising plan listed in the Budget and was shocked at the amount put in, he asked Mr. Kurtzeborn what he thought would be the effect of competitors closing their Courses on the District. He asked Mr. Kurtzeborn if fees should be raised to curtail play, adding you can raise fees and lose players but still make the same amount of money, resulting in less wear and tear on the Course and equipment. Mr. Kurtzeborn agreed that he hopes that Highland Ridge closes or that someone takes over and continues to keep the Course in good standing. He added that despite his opinion that Sun 'n Lake is too far for Highlands Ridge members to consider Sun 'n Lake as a golfing venue he hopes that they would come and see the Course when it's in optimal shape. He added that as long as Highlands Ridge is open golfer in Avon Park will continue to choose that location over Sun 'n Lake. The best thing for the District would be for the weaker Courses to close because they decrease the average rate. Supervisor Edgell said he thinks that is a good start once the Course's condition has been improved the prices need to be reconsidered. Mr. Kurtzeborn agreed that Supervisor Edgell had a good point and when raising rates he recommends it be done slowly. Supervisor Edgell mentioned that with groups he would like to see an increase in slots. Mr. Kurtzeborn said that he's been looking into the costs with pros and cons for adding additional slots. Supervisor White began the Golf Fund Operating Budget discussions and asked Mr. Kurtzeborn about the Driving Range Revenue of \$44,000.00 and if it was correct to assume that the number doesn't include driving range memberships. Mr. Kurtzeborn confirmed Supervisor White was correct further elaborating that the item is considered "Cash Money". Supervisor Gilpin asked about Banquet/Rental income and where he could find those totals. Mr. Kurtzeborn advised he could provide Supervisor Gilpin with a report on those figures separately.

Supervisor White said that the Proposed Budget was \$419,815.00 an increase of 22% from last year and went to the Food & Beverage Cost of \$40,000.00 which depicted a 9% increase. He concluded that when reviewing the expenses for that department it seemed a \$40,000.00 increase was present in labor. Mr. Kurtzeborn explained that when reviewing the Budget after meeting with Ms. Cannady and Mr. Wonderling it was agreed that certain costs should be increased, as a result other line items increased too. Supervisor White said from what he understood \$430,172.00 budgeted in 2016 increased to \$470,250.00 (a \$40,000.00 increase) which is acceptable however the next page under Labor increased from \$459,205.00 in 2016 to \$499,800.00, \$40,000.00 was lost in Labor. Mr. Wonderling explained that revenue increased to \$73,500.00 compared to the 2016 trend, some of that \$73,500.00 is absorbed into purchasing food and alcohol, a fluctuating cost. The labor trend from 2016 when reviewed in comparison to 2017's proposed Budget comes to about \$490,000.00 in labor, the Budget was \$459,000.00 meaning the final amount was over Budget, however revenue was also over. Supervisor White asked about Bank fees which totaled \$2,500.00 in the Proposed Budget for the 2015-2016 fiscal year but in the 2015-2016 Final Budget figures the total was \$4,500.00, and now for the Proposed Budget for the 2016-2017 fiscal year it is proposed at \$2,500.00 again. He said though he likes the fact it had an 80% reduction he was curious to the reasoning behind it. Mr. Wonderling explained that in the current fiscal year it was budgeted for \$4,500.00 but the trend is that only \$2,500.00 will actually be used. Ms. Cannady said that in the previous year the amount was over estimated. Supervisor White commented that he was fine with that, and asked if there were any questions. Supervisor Edgell noticed the Billy Casper Golf incentive had not been entered. Mr. Wonderling replied that it's not typical to budget that kind of incentive, it's figured in once the fiscal year is over and the audit is completed. Supervisor Edgell agreed that he is aware that is how it's handled however he wants confirmation that it will affect the overall bottom line. Mr. Wonderling agreed, stating that other Cities enact a Budget amendment to include the incentive before the end of the fiscal year. Supervisor Hulbert asked about the Cell Phones line item and why one budgeted amount was \$1,800.00 and another was \$12,000.00. Mr. Wonderling acknowledged that the line item for cell phones was not just one cell phone and diverted to Mr. Kurtzeborn to say who is in possession of each cell phone. Billy Casper Golf does pay cell phone bills for Management staff because these team members are on call 24 hours a day, if something happens they need to be reached.

Mr. Kurtzeborn said the \$12,000.00 amount is for land lines in the Club not cell phones. Supervisor Edgell asked what the definition of “Pre-Emergent’s” was. Mr. Bell said that “Pre-Emergent’s” is an herbicide used to treat turf prior to weed extermination. He said the proposed Budget amount was directly related to not overseeding, describing how when overseeding is done the Pre-Emergent applications are different as a result the funds are still available but are being moved over from the Pre-Emergent’s line item to the Fertilizers line item. The chemical portion of the treatments continues to stay in the Pre-Emergent’s line item. He went on to explain that the current trend is \$111,000.00 in total chemical expenditures. It is proposed that in the 2016-2017 fiscal year \$133,000.00 be allocated because of increased applications of Curfew and Wetting agents for tee boxes and Greens in an effort to increase turf. Another trend for the current year’s Budget is \$87,000.00 for over all Fertility. The 2016-2017 Proposed Budget would need \$154,000.00, due primarily to the Pre-Emergent line item shifts and additional Fertility purchases for Course condition enhancements. Supervisor Edgell asked Mr. Bell to confirm that Fertility and the Fertigation system are not included in line item 7008-60-000 to 7009-60-000. Mr. Bell responded that there are dollars allocated for a Fertigation System if approved on Capital Expenses. Supervisor White asked how close the \$100,000.00 amount is to what is actually needed, and if the roughs will be lightly fertilized. Mr. Bell agreed that the roughs would be lightly fertilized. He said that if he could take funding from anything to put towards other items due to the unforeseen he recommends and requests that fertilizer and chemicals be left as is. It’s detrimental to the condition of the turf to adjust it. Mr. Kurtzeborn said the proposal will initiate Curfew and fertilizer for this year, and will aid in directing the condition of the Course to better quality. Supervisor White said he saw another line item for cell phones and assumed it was for Food & Beverage Management. Mr. Kurtzeborn provided an example on why it’s important to make sure Management has cell phones, attributing some of the need not only for emergency situations but also as a means to contact Management for employees. Supervisor White asked that all Supervisors meet with Mr. Hurley and/or John and see the condition of the equipment there. He spent 1 ½ hours inspecting the equipment with Mr. Martinez and was very disappointed in the condition the equipment was in. He asked if employees are responsible for the maintenance of equipment commenting that all the equipment including the Gators and the Mowers are filthy. Mr. Bell agreed that employees are responsible for cleaning the equipment. Once the job is done they return to the shop, refuel and rinse off the equipment in the wash-bay.

Additionally they do a deep cleaning on the equipment once a week. He said that they are proposing in the 2016-2017 Budget to replace the Gators because they are 8 years old and have over 5,000 hours due to everyday usage on the Golf Course. Supervisor White asked about the Blower's condition. Mr. Bell replied that the Blower had been purchased in 2005. Supervisor White asked about the John Deere tractor. Mr. Bell said it has approximately 4,300 hours and was purchased prior to Mr. Bell's arrival in 1998. Supervisor White asked if there were any questions. Supervisor Gilpin asked if the items being discussed would be reviewed in the Capital Fund. Mr. Bell and Supervisor White both agreed. Supervisor White asked about the Member Cart Fees section, as he was under the impression that there are members who do not pay trail fees and asked if that's what is generating the line item. Mr. Kurtzeborn said that the line item should be eliminated as it's generated for members who do not own a cart. Mr. Wonderling explained that the line item is there for members or new members who join and do not own a cart. If they needed to rent a cart the fee listed is what they would pay. If a member's cart is down for service they can use one of the Club's carts complimentary. Supervisor Gilpin said he didn't see Group rates included in the report and asked if they would be increased. Mr. Wonderling said that each year Group rates do increase incrementally. To do this you can either raise rates as Supervisor Edgell had previously suggested aimed at reducing the wear and tear on the Course or you can increase spacing and tee times. Supervisor Gilpin asked if the increase was included somewhere in the Proposed Budget. Supervisor White replied about three pages in. Supervisor Gilpin asserted that he didn't see it anywhere in the Budget. Supervisor White said it doesn't list the Groups just the rates. Mr. Wonderling explained that legally rates cannot be charged over what is budgeted. So when it comes to Tournament and Group rates they are always increased. Ms. Cannady asked where the group rates are listed in the Budget. Mr. Kurtzeborn confirmed that they are not listed in the Budget. Mr. Wonderling added that the increases fall under Green fees/Public play. Supervisor Gilpin asked if Groups pay a different amount than the Public. Mr. Kurtzeborn confirmed adding that it's based off the business they are bringing. Supervisor White asked if set fees are being charged for banquets. Mr. Kurtzeborn responded that the banquets line item has increased substantially. He reverted back to the membership trail fees line item, saying it doesn't make sense to him how a member who pays a trail fee whether they own a cart or not pays the same amount to play golf.

He suggested that a separate fee be implemented that if you do not own your own cart there will be a trail fee; this would also generate money to go towards the Budget deficit. Supervisor White agreed that it should be put into effect as previously discussed. Supervisor White moved on to Banquet rates and asked if there were any questions. Supervisor Hulbert asked if proposed membership fees are increasing. Supervisor White responded that the proposed membership fees will have an increase of 2%. Ms. Cannady asked Mr. Kurtzeborn to explain the 3-5 month membership increases adding she presumed it was more than a 2% increase. Mr. Kurtzeborn said that the 3-5 month membership price increase was agreed upon with the Sunshine Committee along with the decision for the implementation of membership start dates. The 5 month membership is more attractive than the other memberships but it was taking away from membership based revenue. It was decided to evaluate the memberships and the breaking even point, a 1.5% increase to the Full membership covered the loss of 5 full time members. The 5 month membership replaces 2 full time members. The 3 month membership replaces 1 full time member. Ms. Cannady presented figures comparing the Golf revenue versus last year per Board request. The totals listed that through April 30, 2016 56,651 rounds were played including public and membership play. Last year there were 59,000 rounds played showing a drop of almost 2,300 rounds this year. That being said the revenue collected amounted to \$807,000.00 this year in comparison to last year's \$782,000.00 showing that fewer rounds are being played but more money in revenue is being collected. Supervisor Edgell asked what Ms. Cannady thought about these figures. Ms. Cannady said she suspects it is due to rate increases. In the 56,651 rounds played this year, public play had been greater with membership play dropping since last April. Mr. Kessler said that he finds more people are paying the off the street rate and purchasing the Advantage Card which means more money up front. Supervisor Edgell explained the Advantage Card policy and that the purchase price is \$80.00. That purchase drops the per play rate from \$54.00 to \$41.00. He asked how long it lasts. Mr. Kessler said that the Advantage Card is sold on November 1st through October 31st. The first round is complimentary and every following round is \$41.00 plus tax. Supervisor Edgell asked if there is a way of measuring the effects of the card if it means that more rounds of golf are being played with more revenue coming in despite the loss of \$13.00. Mr. Kessler agreed and added that in order to save money with the Advantage Card you have to play 3-4 times. Supervisor Edgell asked if Mr. Kessler has seen players come in 15-20 times to play golf with the card.

Mr. Kessler acknowledged that he has seen cases like that and that over 300 Advantage Cards have been sold. Supervisor White asked Mr. Kessler about the Plotter Printer and if it is required for Tournaments. Mr. Kessler said Supervisor White was correct, adding that the current Plotter Printer was purchased in 2007 and has already been rebuilt. Supervisor White asked Mr. Kessler to talk about the Ball Washer. Mr. Kessler said that the current one had been purchased prior to his arrival 9 years ago and needs to be replaced. Supervisor Gilpin surmised that the fountain purchase would be to replace the current fountain on Deer Run- hole 16 and take the original fountain and install it on hole 5. Mr. Bell explained the current fountain on Deer Run-hole 16 has had repair issues. The current proposed fountain purchase is to replace it all together. The pond on Green-5 could have electricity ran to it for a minimum cost to put a fountain there as well, so the purchase would be for a total of 2 fountains. Supervisor Hulbert asked if the pond on hole-5 would hold enough water to install the fountain. Mr. Bell said that the water level is maintained regularly and the only time there is an issue is when there is an attempt to raise the water levels past the base. Supervisor White asked Mr. Bell to discuss the Kirby Markers. Mr. Bell said that the markers are in the ground and the only part being replaced is the tops of the markers. Supervisor White asked if the markers are plastic or metal. Mr. Bell said that they are plastic and are spring loaded to rise over the years. Mr. Bell reviewed the Tee construction, attributing the necessity of this line item to the complaints received of the current condition of the tee boxes. It has been suggested that the area where the tee boxes are should be extended. Supervisor White asked if in-house staff could be used to move the dirt. Mr. Bell replied it could be examined considering the material being used is on property that being said ideally it would be bid out to a Contractor who would be responsible for hauling the dirt. Supervisor White asked if there is staff capable of handling that. Mr. Bell said that the Golf Course doesn't have the equipment but the District's Roads Department does. Mr. Kurtzborn said that looking at it you can see most of the dirt is already there and it would save money to transport the dirt in-house. Supervisor White asked if it would need to be sprigged or if a mat would need to be laid down. Mr. Kurtzborn said he would prefer to sprig the tee tops. Mr. Bell added that it would also depend on timing it'll take 8-10 weeks before it could be played on if sprigged. If sod is used the time would change to 4-6 weeks. Supervisor Gilpin asked if \$35,000.00 is enough money for that project. Mr. Bell said that it's a good estimate but he wouldn't know definitively until the project is bid out.

Supervisor Edgell asked what holes need work. Mr. Bell responded holes 6-8, 11, 13, 14 & 18 on Deer Run. Mr. Kurtzeborn said that he met with Contractors to discuss numbers but hadn't received a solid figure yet. Mr. Bell discussed the next proposed Capital item Bahia grass. The funds requested would be allocated to the longevity and maintenance for the existing Bahia grass. It would also include additional Bahia grass on Turtle and Deer Run. Mr. Bell continued the Capital plan with the proposed purchase of a Fertigation system. The object of the Fertigation system would be to inject fertilizer into the irrigation to supplement nutrition to turf in between fertilization which takes place 4 to 6 times a year. With rain comes leaching a process that takes nutrients out of turf causing a bulk of the fertilization to be lost. When implementing a Fertigation system you don't replace fertilization entirely you supplement those nutrients. The cost proposed is for equipment and would include the purchase of tanks, pumps and fertilizer required for operation. Supervisor White asked what the expected life span is for this system. Mr. Bell said he would need to look into it and get back to the Board. Supervisor White asked if it's used 12 months a year. Mr. Bell responded it is year round, with the added option to use it when the turf is in duress. The tanks used in this process are Polyethylene tanks and do typically have a long life span. The pump would be something that needs replacement every 4-5 years. Supervisor White said he liked the idea although he wasn't sure it was something the District could afford. The next item Mr. Bell discussed was the proposed weather station listed under Irrigation updates. He explained that it's tied into the irrigation system and the current one is non-responsive. Attempts at repairs have been made but it was confirmed that the unit itself is obsolete and cannot be repaired, thus leaving the Course without a weather station. The weather station tracks all records for weather on-site and does possess a rain sensor. Once a certain amount of rain has fallen it sets up a delay on the irrigation for efficiency. Additionally tied into the proposed allocations is the communication system which is currently run by wire. Satellites in the field communicate through these wires to a central system located in the shop. The current wire is damaged and has been repaired several times. Right now it's causing interference and cannot communicate to the central system. He said that he is proposing to make it a wireless system from the new Maintenance Facility to the first satellite and the remaining satellites will communicate through wire. The replacement is an upgrade of the central system to make it a radio system.

Supervisor White asked to discuss the fertilizer spreader. Mr. Bell explained the current fertilizer spreader was purchased in 1999 and has reached its life span, the frame for this spreader was completely rebuilt 4 years go. Supervisor Hulbert asked if the Fertigation system was approved would the fertilizer spreader still be a necessity. Mr. Bell replied no that the Fertigation system is in addition to using the fertilizer spreader and therefore is a priority. Supervisor White said that there is another cart and asked if it would be enough if the Fertigation system is approved. Mr. Bell said that there is currently only one fertilizer spreader. Supervisor White asked what equipment was used in spreading the sand. Mr. Bell responded that Supervisor White was thinking of the Top Dresser, which was purchased last year. Supervisor Edgell asked Mr. Bell if the Fertigation system would be a continual usage item to stimulate thickness and growth. Mr. Bell agreed adding it also helps color. Supervisor Edgell had mentioned how he had seen an employee spreading Fertilizer by hand. Mr. Bell said when Bulk Fertility is completed, in order to get the bunkers and tight areas missed by the Adam spreader it has to be done by hand. Supervisor Edgell asked if there will be grass around the Bunkers. Mr. Bell said that they are working towards that goal. Mr. Kurtzeborn confirmed that it is a concern when a Bunker has more than a 2 degree slope because the ball keeps moving. Once the additional expenses are handled it would be the best time to change focus to the Bunkers. Supervisor Edgell asked if the Bunkers will be addressed now. Mr. Kurtzeborn affirmed adding that it always is a challenge because of the season. Further down when the Bermuda is growing it will be more effective. Supervisor Gilpin asked Mr. Kurtzeborn if he's spoken with employees about not cutting the grass so short during the growing season. Mr. Bell confirmed it had been dealt with. Mr. Kurtzeborn said that they have established a mowing log to keep track of how often the grass is mowed. The extra step used on the Bunkers will not happen during the winter season. The next capital item Mr. Bell discussed was the tractor, and how he highly recommends having the Supervisors visit the shop to look at the equipment. Supervisor White asked how much money has been spent on maintenance for the current tractor and if maintenance records exist. Mr. Bell said the preventative maintenance records are available however a lot of the bigger repair records do not exist. Mr. Bell acknowledged that he had spoke with Mr. Martinez about it and they're making progress in tracking these maintenance records. Supervisor White asked if that process had been implemented already. Mr. Bell acknowledged that it is in place and that when the Supervisors come to the shop he will review those records.

Supervisor White went on to the Equipment Lift. Mr. Bell said it is proposed for the new Maintenance facility stating that there is currently a lift however the metal rod over the top limits how high the equipment can be raised. The proposed new lift is different in structure. The next items for discussion are the mowers. Supervisor White asked if it's possible to lease the mowers due to the life span and maintenance costs in owning one. Mr. Bell said it is possible to lease the mower and (as previously researched) found it is better to purchase with cash because it would be more cost effective. The mowers owned now were purchased in 2011 and were used as the Greens mowers. 2 years ago 3 additional mowers were purchased and became the Greens mowers resulting in the 2011 purchase rotating to become the Tee mowers. In his 5 year plan Mr. Bell rotates 3 mowers every other year. The benefits being the mowers are replaced every 4 years and are covered under a 3 year warranty. This is very similar to having a 4 year lease. The current mowers still retain about 20% of its original value. He is of the opinion that when owning mowers over 4 years repairs like accelerators (over \$2,000.00 to replace) are not worth it at that point. The technology in older models when in need of repairs is also expensive. Supervisor White suggested that Mr. Bell enact his 5 year rotation plan for the Gators too. Mr. Bell discussed the current proposed purchase of new Gators. The ones currently in operation were purchased in 2008 and have over 5,000 hours, and are valued at less than \$500.00. Supervisor Edgell asked if it would be better to keep the current Gators to use for parts. Mr. Bell said that it's possible and that all the Gators are worn out. The final piece of equipment discussed was the Blowers, which was purchased in 2005. Supervisor White asked if the engine is going bad. Mr. Bell confirmed that Mr. Martinez had worked on one of the cylinders but it's worn out. Supervisor White asked if there were any additional questions. There was no response. Supervisor White asked for Public comment. There was no comment. Supervisor White asked if the next part of the Budget discussion would be quicker. Ms. Cannady suggested recessing the meeting as the next portion would be longer. She summarized the Budget saying that in order to balance the Budget 16.6% revenues from the General Fund would be required it would include the subsidies and the Capital. Supervisor White recessed the meeting through unanimous consent.

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

The meeting reconvened at 1:00 P.M.

- b. General Fund- Ms. Cannady began stating that the proposed budget for the General Fund is \$4,416,000.00. This total includes all equipment purchases in the Capital Plan. All budgeted revenues being proposed are the same as the previous year and include assessment rates. She said that assessment rates have remained where they are for 7 years and asked if there were any questions on assessments. With no response she explained line item 001-3849000 and how in order to balance expenditures; funds would need to be taken from reserves because the District's current revenues are unable to support the proposed equipment purchases. For revenues and other sources there are some revenues on target and some that are not. The GPS Advertising Revenue for instance is an item that is not on target. When the GPS units were purchased a GPS advertising program was implemented by Billy Casper Golf. Mr. Ford, General Manager for the Club at the time sold advertising for the GPS units, of which the revenue from the units is distributed to the General Fund in order to offset the cost of the GPS units. The budgeted \$25,000.00 revenue for this line item is not anticipated to come through. She explained how the revenue is dependent upon how many advertisements the District can sell. The goal was to sell \$25,000.00 of advertising however it is expected that only \$13,300.00 of GPS revenue will actually be received. She proceeded with Administration Expenditures, explaining that this line item includes proposed merit increases which are budgeted yearly for each department. Merit increases are determined through yearly employee evaluations and are allocated and approved through department heads. She addressed attorney's fees reporting that the current year's fees are more significant than in previous years due to the necessity to hire individual attorneys for the Sunshine Law Violation allegations. Fees currently are being paid to Thompson, Sizemore, Gonzalez & Hearing, the attorneys involved with the Ayala vs. Sun 'n Lake Case. The case should be concluded sometime this summer. The District has paid Thompson, Sizemore, Gonzalez & Hearing over \$100,000.00 in the past 4 years, as a result she has budgeted more funds than previous years for attorney's fees and placed additional funds into Foreclosures & Liens (another line item the District has redoubled efforts on). The District has a responsibility to ensure a lien is placed on Foreclosure properties before going through the County escheatment process. At this time there are around 1,200 properties in foreclosure. Each lien incurs an \$80.00 cost which pays for the lien to be recorded. She is proposing that for the 2016-2017 Budget \$175,000.00 be set aside for this line item.

Land Acquisitions for the 2015-2016 fiscal year was budgeted at \$25,000.00. Presently there have been no acquisitions of land. This line item was created due to the extension of Cortez Road to Schumacher Road and the need to acquire certain lots to complete the project. She is still in the process of acquiring those lots, along with lots in Unit 16. Additionally the lots in Unit 16 are required for drainage. During the time lots were sold to N.R.P.I. many lots should not have been sold because they were not buildable, were considered wetlands, or were maintained for drainage. As a result the District is attempting to reacquire these lots. Supervisor Edgell asked about the Legal Fees line item and if the District has insurance to cover it. Ms. Cannady said that it depends on the case and provided the Griffin lawsuit as an example of a case covered by the Insurance Company. Supervisor Edgell asked if the insurance covers legal fees. Ms. Cannady confirmed Supervisor Edgell was correct. Supervisor Edgell asked what the \$160,000.00 total is allocated for in the Legal Fees-General line item. Ms. Cannady replied that the funds are for Mr. Schumacher's fee which is an hourly rate along with Thompson, Sizemore, Gonzalez & Hearing's fees. She is of the opinion that the Ayala lawsuit will be concluded September or October of this year. Those are the primary attorney fees running from that line item. Carlton Fields the attorneys representing former Supervisor Halbig, Mr. Crowe who is former President Miller's attorney as well is included. A single payment of \$1,500.00 made this year to Mr. McCullough's Attorney was through this line item. Supervisor Edgell asked if the District's insurance covers that. Ms. Cannady responded that the insurance company does not cover those fees because the lawsuit was against those Supervisors individually and not the District. Ms. Cannady continued with Community Services stating that there aren't many changes to the proposed Budget in comparison to the current 2015-2016 budget. Ms. Cannady addressed Supervisor Edgell reverting back to his statement on marketing and advertising. She mentioned how both the District and Golf Department work together in their marketing efforts. Marketing for the District is budgeted out of the Community Services Department along with many of the Districts promotions. Ms. Smith spoke about some of the advertising outlets the District uses, mentioning the Midwest Golf Magazine and how the District is in its second year of advertising with them. She stated that Social Media is a successful mechanism for advertising. She spoke about how printed ads are becoming less relevant because newspapers and media outlets are posting online to get their material out. She's looking into advertising with the Highlands County Tourist Development Council through their initiatives.

Another useful advertising technique is Facebook. It has presented a good way to target different locations like Central Michigan or Canada and specific age groups. Facebook also provides statistics on the total amount of views on the District's Facebook page as well as getting material to individuals who like the District's page. Another form of marketing is Google-ad words. Ms. Cannady mentioned that the District's new website and mobile app is live. Ms. Smith explained to the Board where to find the app on Googleplay and further added that it's a way to view the entire website through a smart device or cell phone. Ms. Cannady said that the app had been running for about a week. Ms. Cannady continued on to the Recreation Department. She said that there will be a 68% decrease in this Department from the previous fiscal year because the Storage Shed and Racquet club Restroom project will be completed as well as the Basketball Court renovations and Community Center Paver project. The only purchase expected for this Department would be an additional piece of gym equipment. The Pool facility will require more maintenance than has been done in the past, because of a leak in the pool, 8 ft down beneath the pavers. The repairs for the pool are scheduled the week of May 30, 2016. Ms. Smith said that one of the return lines is leaking. Ms. Cannady continued that the repair company is from Fort Myers/Port Charlotte and spent roughly 8 hours with a leak detector attempting to leak identify where the leak was. Supervisor Hulbert asked why a local Pool company was not used. Ms. Smith said that she had initially contacted Pinch-a-Penny who told her that locally there are no companies that could work on a commercial size pool with a leak such as this, and it was decided to proceed with their recommendation. Supervisor Hulbert said he knows of a company called Spa's and Pool's who does work with commercial pools. Ms. Cannady reported the pool equipment is aging as well as the pipes and pumps. More funds have been built in due to these issues. She proceeded with the Finance Department, advising that there weren't many changes this year. There was an increase because of Real Estate taxes. The District pays a Non-Ad Valorem tax to the West Sebring Fire District. This tax is \$5.00 per vacant lot and \$150.00 per building; which comes to a rough estimate of \$5,000.000-\$6,000.00 extra a year. There was an addition to the proposed Budget for an added administrative position. Per discussions last year on the Purchasing policy it was decided that an Administrative Service Coordinator position was necessary. This is a position that was not built into the 2015-2016 Budget but is now built into the proposed 2016-2017 budget.

She went on to discuss Code Enforcement, there is a Full-Time Code Enforcement Officer and a position which rotates between Code Enforcement and Security weekly, with no anticipated purchases of equipment for this Department. She continued with the Security Department, confirming a 2% overall increase. She is proposing the purchase of a new 4x4 Pickup Truck because the current vehicle has an estimated 58,000 miles. Mr. Hurley explained that the District typically purchases replacement vehicles after 60,000 miles, adding that the current GMC will be given to the Water Department as a result of their need for a 4x4 vehicle. He said the new vehicle is a little smaller and doesn't have a back seat. Ms. Cannady moved on to Buildings/Ground Maintenance, mentioning that the big change in this Department is the new Public Works Facility. Originally it was budgeted out of this Department however for the proposed 2016-2017 Budget she established a Capital Projects Fund specifically for the Maintenance facility which is independent from the General Fund. She will present that portion of the Budget during the June 24, 2016 meeting. This project's total is \$1,420,000.00. The Don Bell Signage and Landscaping project was originally budgeted out of this Department as well and should be completed in several weeks, with the signs being completed today. Supervisor White asked if it would be lit today. Mr. Hurley replied that he hopes so stating that it's being worked on presently. Ms. Cannady said she believed the lights would be tested today. Power Line Enhancements were also added as a line item for this Department. The amount is \$20,000.00 for the temporary line Duke Energy moved for the District. She reiterated that the power line is only temporary, and the existing power line will need to be buried which the cost to do so has not yet been provided by Duke Energy. The temporary power line being used currently was Mr. Howerton's idea and he estimated that the cost to actually bury the power line would be between \$18,000.00-\$20,000.00 from his initial \$2,500.00 estimate. Since she doesn't know exactly how much the cost is she built in funds for the project in the proposed Budget. At the current rate Duke Energy is working this may not be completed until the 2016-2017 Fiscal Year. Ms. Cannady spoke about the Road & Drainage Maintenance Department. The first major item to be discussed is Drainage Maintenance. Currently the Budget for this line item is \$155,000.00; of this amount \$133,000.00 was set aside for the Unit 5 Drainage project. The amount proposed for the 2016-2017 Budget is \$175,000.00 and is to implement a drainage maintenance program. Mr. Hurley explained that with the funds the Department would be able to purchase equipment to begin.

This program would encompass the entire District and would focus on cleaning drainage, and culverts under driveways. It would require 2 staff members (which will not be new hires because they will just be moved from a different department) and the equipment. The equipment itself is around \$100,000.00. With water not moving, additional mosquito problems, and the creation of standing ponds more money is going out and could be saved by implementing this plan. Supervisor White said that though it may cost money it could save a lot of money in the long run. Mr. Hurley commented that it would also save homeowners money too. Supervisor White said he estimated that for the culverts on the ABC streets it would be \$2,000.00-\$3,000.00 to clean each one. Ms. Cannady said it would be \$2,000.00-\$2,400.00 per home. Supervisor White estimated 30-40 homes could be completed at that price. Mr. Hurley commented that he would be happy if 10 a day could be completed. Ms. Cannady asserted the District would prioritize areas which had been drawn up in a map. Units 5 and 2 among others would take priority. Mr. Hurley explained the benefit of purchasing the equipment. Workers would be able to move around within the District instead of staying in just one area like a Contractor would. Supervisor Hulbert said it wouldn't solve the ditch problem. Mr. Hurley said that ditches will be taken care of once everything is cleaned out. Supervisor White said the ditches would still need to be cleaned by a Contractor. Mr. Hurley said that the culverts in the back would also be cleaned out. Supervisor White asked how close is the proposed amount for the equipment purchase to what is actually needed. Mr. Hurley said that he did get prices on everything and it's very close. Supervisor White asked if the equipment would be purchased used. Mr. Hurley said no, that everything would be new. Supervisor White said he thought the Bobcat was used. Mr. Hurley affirmed the Bobcat is not used. Supervisor White asked what the lifespan is on the equipment. Mr. Hurley replied that according to one purchaser in Indiana they had owned the equipment for 8 years and performed no maintenance. If the maintenance is kept up on, the equipment will last even longer. Supervisor White asked if the Bobcat has tracks. Mr. Hurley agreed. Supervisor Edgell asked if the District will be responsible for culverts that are destroyed. Mr. Hurley replied that it's the homeowner's responsibility. Ms. Cannady added that they are also responsible for the driveway replacement before the culverts are actually cleaned an assessment will need to be taken on the culvert and its condition. It will be the responsibility of the homeowner if it's not in working condition and the District would have to work with the homeowner.

Supervisor White commented that according to Highlands County the culvert in a driveway is the responsibility of the homeowner including the concrete and it has been the decision of the District in the past to not get involved because then the District would have to replace every driveway. Mr. Hurley explained how it will be handled and that the District will give the homeowner time to fund the repairs. Ms. Cannady cautioned there will be a lot of issues to address in order to implement the program as it's only in the preliminary planning stages. Supervisor Edgell asked if Mr. Hurley thought this plan would require the purchase of pumps. Mr. Hurley answered it's possible. Ms. Cannady said that some of the concrete structures in the back are broken, and also need repair work. Supervisor Edgell commented that with the Zika virus being a very real issue he was curious if the Federal Government is offering funding for stagnant water. Ms. Cannady said she would look into it. She continued with the Roads & Sidewalks line item stating it had decreased exponentially from the 2015-2016 Budget. She said that the extension of Cortez Road would be kept in the budget, and though it was budgeted in the 2015-2016 fiscal year she was unable to acquire a single lot holding the project up because of this she placed those funds in the proposed 2016-2017 budget. Along with the Cortez Road extension included in this line item is the parking lot improvement at the Racquet Club. With the relocation of the Maintenance facility there is the expectation that damage to the parking lot will happen. She has put money aside to repair those damages or any repairs that may come up. There are no major resurfacing projects scheduled. She discussed the Equipment & Projects funded from Reserves/other segment. A total of 3 purchases funded on the proposed 2016-2017 Budget if approved would come out of General Fund reserves. The first is Signage & Landscaping Phase II. Don Bell designed many signs for the District but in Phase I it was decided that only 3 main signs be constructed. In order to complete the remaining signs it would cost \$244,024.00. The project is not one that has to be completed or done all at once. Depictions of each sign Don Bell designed was included in the Budget documents for the Board's review and is listed under Capital Discussions. It includes the details of the signs, pictures and pricing. Supervisor White said he volunteered to assist Ms. Cannady in looking at signs the District absolutely needs in order to lessen the \$244,024.00. In his opinion a good chunk of the proposed signs could be delayed and should be discussed in the June 24, 2016 meeting. Supervisor Gilpin asked if there are signs that the District must have. Supervisor White said he's concerned with Directional signs. Supervisor Hulbert stated he didn't understand why not just repaint the existing signs.

Ms. Cannady addressed Supervisor Hulbert stating to paint the signs would be an option. She requested that the Board look at the signs Don Bell drew up and list their opinions of what signs should be utilized. The second item would be the Skid Steer/Auger Attachment. This would be for the drainage program and is anticipated to cost \$105,000.00. This purchase may be done through a State contract or it may have to be bid out, more research is necessary. The last item listed was Golf Capital. This line item was discussed in great detail during the Golf portion of the meeting and in order to pay for the equipment previously mentioned the District would have to take money from reserves to pay for it. She explained it's not a must have item however to do the improvements proposed during the Golf Discussion it would be required to balance the budget. Supervisor Edgell asked if anyone knew what Mr. Bell's total purchases came to. Ms. Cannady responded \$291,000.00 which included tee construction and Bahia grass. Supervisor Gilpin asked Ms. Cannady how much is in the reserves. Ms. Cannady said she would provide that information at the June 24, 2016 meeting she estimates the reserves are about \$9,000,000.00, and not all the amount is considered reserves because funds have been designated to projects i.e. the Maintenance facility which hasn't been paid for yet. She spoke about the Golf Operating Transfer out and that the proposed requested amount is \$419,815.00 to balance the budget for Operations. She said that currently the Golf fund has not received any subsidy or assessment dollars. \$328,457.00 was budgeted for the current fiscal year but has not been transferred because the Golf operations cash flow has not depreciated as it does typically in the summer time. She does anticipate the need to transfer some of the budgeted funds within the next couple months. She said that the cash flow for assessment revenues has been \$3.5 million and last year the District did not meet budget, of the \$3.5 million received Golf is asking for \$419,815.00 to be transferred to their department so that their budget can be balanced. The amount requested has trended down through the years. She added that Operations and the Restaurant are doing well. Supervisor Edgell asked if Billy Casper Golf still requires \$419,815.00. Ms. Cannady said that amount is what is being requested. Supervisor White commented Billy Casper Golf is requesting 2 times more than what was requested in 2015. Supervisor Gilpin said the Golf Course's condition shows it. Supervisor Edgell said that he would need to think about this and asked Ms. Cannady to speak with him after the meeting because he had questions.

Ms. Cannady said the question is if they are going to need that money, and she responded that at this point she does not know but to maintain certain levels of service this amount is what Billy Casper Golf is asking for. Supervisor Edgell asked if \$419,815.00 was given to Billy Casper Golf then would the revenue cover their expenses, and the District break even with the Golf Operating fund. Ms. Cannady said that the funds aren't given at the beginning of the year, and that it depends on how Billy Casper Golf's revenues come in. Supervisor Edgell said if funds were given before the end of the year and Billy Casper Golf took all of it, would Billy Casper Golf still be making money like they say they have. Ms. Cannady said that Billy Casper Golf hasn't taken any money because they haven't needed to. Supervisor Edgell acknowledged Ms. Cannady's statement and said that the District is going into a slow time, and that theoretically they shouldn't need the full \$419,815.00. Ms. Cannady said that is what the District is hoping but to balance the proposed budget presented today that figure is what Billy Casper Golf is asking for. If Banquet sales or Green fee revenues come in higher than expected then it will be deducted from the \$419,815.00. Supervisor Edgell said that in his opinion the tone of discussion changed from Billy Casper Golf doing well to now they need money in order to make it to the end of the year. Supervisor White explained that in order for Billy Casper Golf to proceed with the repairs to the Course (if they don't take in more revenue by next year) Billy Casper Golf will require that transfer. Ms. Cannady added to that statement that Billy Casper does operate at a loss and if the financial statements are reviewed the report shows \$272,000.00. Anything over that amount the District subsidy is given. Ms. Cannady presented a table of the current District assessment rates for all properties. For illustration purposes both a 3% and 5% increase was included for comparison. She was able to balance the budget with the current revenues without these increases. Supervisor White explained the difference between an unimproved and an improved lot. In previous assessment studies it was determined that an unimproved lot should be \$95.00 and that the improved lot should be \$175.00 to \$200.00. Eventually the assessments will need to be adjusted despite everyone's disapproval. Per prior discussions if the unimproved lot assessments were dropped to \$150.00 and the improved lots to \$250.00 it would raise all assessments by 10%. Ms. Cannady confirmed Supervisor White was correct. Supervisor White said it won't be addressed presently however it is a priority and should be discussed sooner than later. Ms. Cannady said it could be done and that the current assessment rates were adopted by the Board in 2000, as recommended by the firm that developed the rates Burton Associates.

Several years ago the District used Real Estate Research Consultants to look at assessment rates. Their proposals for revisions were denied by the Board because it dropped the vacant rates so low that the Residential and Commercial rates were increased significantly all in order to keep the same cash flow. If the Budget were to decrease the rates could be revised accordingly. Supervisor Hulbert asked if Burton Associates was the firm who proposed a 15% yearly increase. Ms. Cannady responded that Supervisor Hulbert was correct. Supervisor White said that one of the things Burton Associates had stressed was the benefits from the increases, if you own an unimproved lot there are very few benefits, however if you own an improved lot you see more benefits, and if you own a lot on the Golf Course you have even more benefits. Supervisor Gilpin said that it won't be simple, but some part of the assessments needs review. Supervisor Hulbert mentioned residential property whether a single family, condominium, or multi-family unit receives the same amenities with the Golf Course, Swimming Pool, Community Center and Clubhouse, there shouldn't be a difference in the rates. Supervisor Gilpin remarked that he understood how Supervisor Hulbert could see it that way, saying that he doesn't think it's fair because the value of a single family home is more than a condominium unit. Supervisor Hulbert disagreed. Supervisor Edgell said that he looked into the 1998 Federal lawsuit: Sun 'n Lake vs. Venezuela a property owner who owned an unimproved lot in the District and failed to pay assessments because he inherited them. The Federal judgment was that he was to pay those assessments because of amenities like 24 hour Security, Roads etc. He understood were Supervisor Gilpin was coming from because of how other Counties handle assessments by property appraisal or a certain percentage of it, and agreed that it would need to be reviewed. Ms. Cannady said the County Ad Valorem tax is based off of the value of the home however the District is not ran that way. Ms. Cannady presented a table that summarized assessment collections over a 6 year period. It represented the trend of assessments and that some years collected more than others. If more foreclosures could be collected on a trend closer to 2013/2014 could be possible. Supervisor Gilpin asked if the bulk of Foreclosures was on land. Ms. Cannady responded that it's all improved properties with a few vacant lots. The District is now in possession of 7 acres on Frontage Road because the original owner was in California and didn't want to pay assessments anymore so he deeded the property over. Supervisor Gilpin asked if assessments on unimproved lots were lowered would the people still stay in the District.

Ms. Cannady's impression is if they're not paying now they probably won't pay in the future, once the District forecloses on a property and is in possession of the land nothing can be done with it anyway. Supervisor Hulbert commented that the District is not in the real estate business. Supervisor White purported the District would then have to pay County taxes on the property. Ms. Cannady said that attorneys would need to be paid for enacting the foreclosure, and the property would just sit in the District's name and be worthless. Supervisor White asked if the District is collecting on 9 or 10% of unimproved lots. Ms. Cannady answered that she would have to confirm the number. Mr. DeJesus said that if rates were lowered it would be done with the goal to sell lots. At \$499.00 a year the District would be in the same position with no one wanting to pay on a vacant lot. Ms. Cannady said in a meeting with Highlands County regarding County owned lots it was pointed out that with an assessment being that high they could not sell the lots. The County is hoping to sell the lots for development. Mr. DeJesus said the District is currently collecting on 38% of improved lots, and 13% of unimproved lots, of the \$1.1 million assessed the District only collects about \$155,000.00. Ms. Cannady explained how Cortez road splits the District in half and at the West side there are 45-50 homes ran off of septic systems, and well water. East of Cortez has District utilities. Supervisor Gilpin said if those lots were sold to Developers wouldn't the same problem happen of a developer not wanting to pay assessments and then walking away. Ms. Cannady agreed and concluded her report. She gave the floor to Ms. Smith to discuss marketing and proposed rate increases for Community Services. She gave a summation on what has already been spent for marketing and what will be spent throughout the remaining year. The Midwest Golf Magazine is one of the only printed ads the District will continue advertising with next year. The District be placing the feature ad for the July/August issue with the mindset that people are planning for their winter retreats and will see the feature story along with pictures and choose the District as their vacation location. She will provide a copy to the Board once released. Membership prices have not changed in 6 years. She is proposing a decrease for the Island /Picnic Pavilion rental deposit. It was decided that the existing deposit of \$250.00 is too high and should be dropped \$100.00. She went on to discuss pool attendance; since May 2015 attendance has been tracked for the pool and has shown a steady pattern of reaching capacity, a capacity of 69 people maximum. She provided graphs that depicted attendance numbers and showed days with attendance numbers greater than 100. She suggested that the pool be considered during capital discussions.

At this time the life span for the pool equipment has been reached and now items like the pool pump which was replaced recently for \$6,500.00 are becoming more frequent. Supervisor Hulbert asked if the pool is a salt water pool. Ms. Smith confirmed it is. Supervisor Hulbert asked if converting to a salt water pool is saving the District money. Ms. Smith said it's hard to say, she can confirm that in the past few years the District has spent less money in chemicals. She added that residents prefer a salt water pool but the chemical balance of the pool must be maintained. Ms. Cannady said that a Master plan is under development in collaboration with Jennifer, planning Director for Central Florida Regional planning council. This would be for all District amenities; one part of that plan is a new pool facility to be constructed near the current pool. Capacity is good for revenues but residents are turned away from facilities which they purchased memberships for. The pool was not originally built to handle these numbers this is also a situation in the Fitness Center. There are currently over 400 memberships to the Fitness Center and complaints are there. If these facilities aren't expanded the District will have to stop selling memberships. Ms. Smith confirmed that over 800 memberships have been sold for the pool including family memberships. If there are 6 people in a home that figure is actually more not to mention members who bring guests. There may need to be a limit on the amount of guests a member can bring. Supervisor Gilpin asked about the Trick-or-Trot event and if the expenses included Mr. Hurley's staff. Ms. Smith replied that no labor was included in the expenses. Supervisor Gilpin said that the reality is that the expenses are more than what is presented. Ms. Smith agreed. Mr. Kosty in the audience asked if there would be Public comment, Ms. Cannady explained that there were additional items for the Budget discussions to take place but she would leave the option to Supervisor White. Supervisor White said it was ok for Mr. Kosty to comment.

Mr. Kosty- Mentioned he had visited President Miller in the hospital and that he is looking more comfortable than the previous day. President Miller asked that Mr. Kosty update him about the meeting. He returned to the assessment discussion and that the District has been denied the ability to tax for Ad-Valorem. He said the relevance of this being the Florida homestead exemption of \$50,000.00 for residents over 65. On a home worth over \$100,000.00 if the same assessment was levied as the City of Sebring the total would amount to \$250.00 instead of \$700.00. Not including other exemptions like Military exemptions.

He commented on the Master Plan discussion stating that in 2009 when the new clubhouse was under construction, the District paid for a Master plan. He doesn't understand why a new Master Plan is being created. He asked what was done with the original Master plan. Ms. Cannady said that she is aware of that Master Plan.

Ms. Cannady reviewed the Capital Plan for the General Fund. The first items were the Server & Firebox upgrades; normal operational upgrades required yearly for computer systems and are paid for through the Administration Department. The next item was a new vehicle purchase for Administration to be used by Departments for conferences and educational seminars. She proposed trading 2, Ford Explorers for a Sedan. The 2 Ford Explorers to be traded are 2007's and have a Kelly Blue Book value of \$4,000.00. One of them is in poor condition and has a lot of miles. This vehicle purchase can be done through State Contract. The Equipment replacement for the gym is for \$1,000.00. There is another vehicle purchase for Security at a cost of \$32,000.00, and could be purchased through state contract. Supervisor White asked Mr. Hurley if it has to be a 4 wheel drive vehicle. Mr. Hurley confirmed it had to be because there are circumstances like the recent fires or when staff has to go the back roads because of dumping. She continued with Buildings and Grounds, signage and landscaping purchase which would be for \$244,024.00. It was previously discussed and agreed that both Supervisor White and Ms. Cannady would look at the signs and bring recommendations back to the Board. She explained the Security Camera replacements for Buildings and Grounds and how there are areas in need of surveillance both in the District office and the Golf clubhouse. The cameras in the clubhouse are as old as the building and need to be replaced. As far as the District office there are only 2 cameras which were put in 3 years ago due to security concerns and no cameras on the outside. Supervisor White asked if the cameras being proposed for purchase are the same as the ones installed around the Community Center. Ms. Smith confirmed. Supervisor White asked if the cameras are working out well. Ms. Smith agreed they are. Ms. Cannady said the estimated cost would be \$4,350.00 for Roads & Sidewalks, Ms. Cannady stated that the extension for Cortez Road is still in the proposed budget along with improvements required for roads throughout the District. She said \$110,000.00 is an estimate. Supervisor Edgell asked about the laying of pavement he witnessed by a Private company. Mr. Hurley replied it was for the Speed Hump. Supervisor Edgell asked if that was bid out or if it was given to a general contractor.

Ms. Cannady said that since the project cost less than \$5,000.00, Mr. Hurley at his discretion used a private company. Ms. Cannady presented a Road assessment report to the Board which rated the District's road by condition level. She added the report came from the County about 3 years ago and is being updated internally. Supervisor Edgell asked if there is a condition assessment number that shows it absolutely needs to be repaired right away. Ms. Cannady advised that the score 60 is a good score. Supervisor Edgell asked if a score of 55 was still an ok score. Ms. Cannady advised that she is recommending that roads with a score of 50 or less be considered. She explained how a score of 50 is not great and is a level in her opinion that would need to be replaced within 2-5 years. Ms. Cannady provided a map of the District that shows information on drainage and the different priority areas. She presented this to the Board for reassurance drainage concerns are being reviewed and looked into. She moved on to the Roads & Drainage purchase for a Dump Truck. This purchase would be in addition to the one currently used in an effort to improve productivity for Roads Crews. Mr. Hurley explained that the current Dump Truck is 10 years old and is used every day by the Golf Course and Roads Department. He added projects would be handled a lot quicker if the District was able to run two trucks a day. Ms. Cannady moved onto the next Roads & Drainage purchase, a 360 Quad mower which is necessary to replace an older zero turn mower. An enclosed mower is requested to protect the operator as well as to provide all weather usability. 2 of the older zero turn mowers will be given to the Utilities Department and will not be sold for surplus. Supervisor White asked if one or two mowers were needed. Ms. Cannady responded one mower. Ms. Cannady asked Mr. Hurley how old the two zero turn mowers are. Mr. Hurley said one is 8 years old and he wasn't sure about the other one, mentioning that parts had been taken from one to keep the other running and that the 2 will be kept for parts. The next item is a Rhino Mower which has a 7 foot deck on it. Ms. Cannady said that if the Supervisors have an opportunity to meet with Mr. Bell for an inspection of the equipment they should also make it a point to look at the District's equipment too. Ms. Cannady advised the description had a misstatement and should've read Batwing not Rhino Mower. Supervisor White asked Mr. Hurley if the price is about the same as a John Deere mower. Mr. Hurley agreed. He said this is what Mr. Loyd requested and that through a state contract this purchase could be done. Mr. Loyd is pleased with this item as he has one already. Ms. Cannady said that the \$6,000.00 request on this purchase is for a Batwing mower attachment and not a mower itself. She further elaborated that it is from the Rhino brand.

She continued with the Skid Steer and Culvert Cleaner purchase. The estimated cost of the Skid steer is \$85,000.00 with the Culvert Cleaner attachment estimated at \$20,000.00. Ms. Cannady asked Mr. Hurley if there are multiple companies that offer the attachments. Mr. Hurley responded that this is the only company that got back to him. He explained the different attachments and amenities of the package confirming it's the entire package being purchased to do the job. Ms. Cannady said the District does own a skid steer and it does see a lot of usage between the Roads and Golf Departments. Supervisor Hulbert said he thought Mr. Hurley commented it would be on tracks. Mr. Hurley said it will be on tracks, the picture didn't show it. Ms. Cannady asserted it would be discussed more at the June 24, 2016 meeting and reiterated that in order to purchase this equipment money would need to be pulled from the General Fund reserves and not the General Fund Operating revenues. Ms. Cannady moved on to the next item which was Drainage and Structure Renovations, which she built in \$175,000.00 for the current year budget, and for future years she is proposing \$200,000.00 per year. These are funds set aside to eliminate drainage issues throughout the District, and concluded the General Fund capital portion of the meeting. She asked if there were any questions. Supervisor Gilpin asked Mr. Hurley about the movement of equipment to the new Public Works facility and if it would be done through the parking lot. Mr. Hurley explained that Mr. Loyd and his team will move some of the equipment to the Sewer Department, and Mr. Bell will have some of the equipment by the dumpsters. Supervisor Gilpin asked if there would be any cover. Mr. Hurley said he is looking into leasing a tent or purchasing one as leasing is very expensive. Supervisor Gilpin asked Mr. Hurley if he thought it was going to work. Mr. Hurley said he's confident that the only place equipment can go and he's in agreement with Mr. Loyd, Mr. Martinez and Mr. Bell on this issue. Ms. Cannady said she is hoping it doesn't take over a year to complete but closer to around 9 months. The building structure is delivered prebuilt but there is more to the facility than just the building. The ground will need to be raised and fuel tanks will need to be installed. Supervisor Gilpin said it's not going to look pretty, Ms. Cannady agreed. Supervisor Gilpin commented that the recycling bins will look better. Ms. Cannady said that Highlands County did not approve the recycling contract but she is hoping they do so by January 2017.

c. Utility Fund- Ms. Cannady asked if there were any questions and if the Board wished to move on to the Utility Fund. Supervisor White said it was ok to proceed. Ms. Cannady proposed that the Water and Utility rates remain the same. She said that the rates had increased in October 2015 \$2.50 per month/per customer. The increase generated \$111,000.00 additional which will be placed in the Utility Renew and Replacement fund, a District savings account that will pay for the new Maintenance Facility. Last year it was mentioned that the rates should increase an additional \$2.50 to begin October 1, 2016. She is proposing the rates remain the same however it is up to the Board if they recommend the increase. For the current fiscal year \$426,000.00 of the Operating Utility Revenues will be placed into the Savings account, the URRIF fund, and if the rates are increased an additional \$2.50 per month/per customer it will bring an additional \$110,000.00-\$115,000.00 in one year. Supervisor White said that it had been discussed a year ago and commented that he is aware Supervisor Hulbert does not like to raise rates but somewhere along the line funds will be required to put towards these projects. He said the District's water rates are a lot less than Avon Park or Sebring. He suggested that an increase of \$2.50 or \$5.00 be considered. Supervisor Hulbert said there are things that the District doesn't have to do and though the items discussed are very important he feels some of the items don't need to be done immediately. Supervisor White said he understood but somewhere along the line a decision will need to be made. Supervisor Edgell asked how the District's rates compare to Avon Park and Sebring. Ms. Cannady said she would send Supervisor Edgell a chart on it as she does have that information. Supervisor White asked that Ms. Cannady send it to the entire Board. She agreed. Supervisor Edgell asked if Ms. Cannady could also include a comparison between a \$2.50 increase and a \$5.00 increase. She confirmed she would. She proceeded with the total revenues for the Utilities Departments which are \$2,193,000.00, mentioning that the proposed budget is balanced. For Customer Service there aren't many changes, only a 2% increase for salaries and benefits. For Conservation and Resource Management there is a major decline in expenses because of completed projects, included in this Department: one employee, the mosquito spraying program, and other labor in Conservation areas. For Operations there is a 41% decrease in costs due to completed projects. The only purchases for equipment in the 2016-2017 proposed budget for this department is the Security cameras which amount to \$10,000.00 and a John Deere Gator in the amount of \$9,000.00. Additionally there is some wiring upgrades required in the Sewer and Water plants which amount to \$60,000.00.

There is a proposed purchase of 2 Lift Station grinders in the amount of \$20,000.00 each. She explained what a Lift Station Grinder is and why it's important to have them as the Grinder handles the destruction of items flushed down that cause blockage. Mr. Hurley added that this purchase would save a lot of money in repairs and would save residents the inconvenience of a shut off due to repairs. She reiterated how not having a grinder could be catastrophic. She discussed impact fees received from new construction describing them as steady but not significant. She said that in the last year there have only been 12 new homes, and nothing for new businesses. Supervisor White asked if the new units Raymond Hornick is developing would be complete soon and if impact fees will be received. Ms. Cannady said she will be reaching out to Mr. Hornick for an update. She provided a water and sewer rate chart showing rate changes from 1990 to the present and how the rates have only changed 4 times in that time frame. She commented that the rates being paid are almost the same as 15 years ago. She asked the Board if they had any questions. Supervisor White said that Ms. Cannady had done a good job going over it and presented a lot of information. He said that the information presented was a lot to take in and he felt the new Board members needed to take it home and review it. The Budget needs a lot of work but with this material the Supervisors can look through it and bring it back for the June 24, 2016 meeting. He asked if there should be an earlier meeting in June. Ms. Cannady said that it's up to the Board's discretion and listed the additional evening Public Hearing on July 14, 2016 and the July 22, 2016 meeting. Supervisor Hulbert said the Public Hearing needed to be published. Ms. Cannady confirmed it had already been published and advertised. She suggested that if an additional meeting was required it be scheduled for August. Supervisor White asked what time the evening meeting in July is. Ms. Cannady confirmed it had been scheduled for 5:30 P.M. Supervisor White commented that it was an odd hour and that he would rather have the meeting at 7:00 P.M. Ms. Cannady said it could be rescheduled and would be advertised. Supervisor White thanked Ms. Cannady and her staff for the time put in to this Budget and asked Mr. Kosty if he had any comments before the meeting was adjourned. He had none, with no further comments the meeting was adjourned.

The meeting was adjourned at 3:21 P.M.