

MINUTES OF MEETING
VIERA EAST
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Viera East Community Development District was held Wednesday, May 24, 2017 at 2:00 p.m. at the Faith Viera Lutheran Church in the Multi-Purpose Room, 5550 Faith Drive, Viera, Florida.

Present and constituting a quorum were:

Paul McCarthy	Chairman
David Bedwell	Vice Chairman
William 'Bill' Oakley	Secretary
Jo Walsh	Treasurer
Melinda Thomsen	Assistant Secretary

Also present were:

Jason Showe	District Manager
Tim Melloh	General Manager

FIRST ORDER OF BUSINESS

Roll Call

Mr. McCarthy called the meeting to order at 2:00 p.m.

SECOND ORDER OF BUSINESS

Public Comment Period

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes of the April 26, 2017 Meeting

Mr. McCarthy: Are there any additions, deletions, or comments on the minutes? Not hearing any,

On MOTION by Ms. Bedwell, seconded by Ms. Walsh, with all in favor, minutes of the April 26, 2017 meeting were approved.
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FOURTH ORDER OF BUSINESS

Unfinished Business

There being none, the next item followed.

FIFTH ORDER OF BUSINESS

New Business

A. Consideration of Resolution 2017-05 Providing the General Manager with Discretionary Spending Authority Under Limited Conditions

Mr. McCarthy: This Resolution was discussed at our last workshop. We have limited conditions. I thought we would discuss that before we voted on it, so everyone has clear understanding of what we want to do. The idea was to have \$10,000 that the General Manager can use. My recollection is that the General Manager would contact the Board members within 24 hours, and each Board member would have an opportunity to object. We also discussed putting something out for bid. I don't know if that's the direction we want to go in, because it will slow the process down. This would be something where, all of a sudden, if Scott had a phenomenal buy on a piece of equipment for \$7,000, Tim could approve it, based on the conditions. Let's discuss this.

Mr. Bedwell: Item E, almost negates giving him the authority because all Board members must approve it.

Mr. Showe: It says that he must email, call or put the request in writing and then Board members have 24 hours to comment.

Mr. McCarthy: One of the things that we said, was if the Board did not respond, it would be considered an acceptance. If someone disagrees, it does not get approved.

Mr. Showe: Items E and G say "District Manager" instead of "General Manager". I will correct that.

Ms. Thomsen: Do we need to have a limit of how many times in a given year, this \$10,000 would be available, as an option? Obviously, he could have a large expenditure one month and two months later, he has another large expenditure. The difference between using the \$7,000, for example, you can say that we have \$3,000 left, but that's what we are talking about here. We are talking about per incident and per issue. Is there a need for a limit? If not, it could go on forever. It could be once monthly or twice monthly.

Mr. McCarthy: I think Tim demonstrated very clearly that he's conservative in terms of what he does.

Ms. Thomsen: Sure.

Mr. McCarthy: I don't think we have any concerns about that. He's not going to ask for ten things and \$100,000. That's not going to happen. This may never get used in the next couple of years. It's just for extraordinary items that might come up.

Mr. Oakley: Could we put wording in there that the General Manager determines that the issue cannot wait until the next Board meeting, and that it has to be up to this amount? To answer her question, you can use this for three months in a row for irrigation.

Ms. Walsh: Yes, but then one of us or any of us has the ability to stop this right away.

Mr. Melloh: Because it is a Resolution, the Board can change it at any time. If you feel that, in six months this isn't working and you want to put additional restrictions on it, it's not a big challenge to do another Resolution.

Mr. Oakley: If one Board member says no, it's done.

Mr. McCarthy: It's done until the next meeting.

Mr. Oakley: Tim and I reached an understanding. The only thing that I look at, is if there's a major expenditure of \$8,000 or \$9,000. As long as he can justify it with a second quote, and it doesn't have to be a bid or go through a bid process or anything of that nature, I don't have a problem with it. In other words, the pump was \$5,000 or \$6,000, and the day that it broke down, Tim should've ordered it. This will allow him to do that. I think it will make things a little easier for him to have the authority to do that. He would just email everybody. If we don't respond, he orders it.

Mr. McCarthy: If an emergency comes up, he can contact the Board members and get approval. This is just taking it a step further, if something comes up for auction or someone calls and has a great deal.

Mr. Showe: I think Tim always had this ability, but we talked with the Board individually, if it was an emergency. All this really does, is formalize it in the form of a Resolution, so if in the future, somebody questions why Tim made a \$6,000 purchase without coming to the Board, you can show them the Resolution.

Ms. Walsh: I think it's a legacy for the future. We know that Tim is going to be here a long time, but he has to do this in terms of what we leave behind, as far as resolutions and standard operating procedures.

Mr. Showe: Because this is a resolution, you can change it at any Board meeting, if you feel that it's not working. It's not a rule process, so it's not advertised and it doesn't go through that cumbersome mess of a rule process.

Ms. Walsh: My thought is, that he absolutely should have that spending authority. We had an incident four years ago, when Dave was at the PGA Conference and we needed a new

ball machine. We got a great deal on it, but they were all the way at the Convention Center. Those things do arise, occasionally, and it's nice giving him that authority. If we had a new hire, we would make a Resolution to reverse this. It's not a problem. He should have that authority. I thought he did.

Mr. Showe: I think the Board discussed this as a policy but we couldn't find anything that was formally adopted.

Ms. Thomsen: I'm all for it. I find Tim to be responsible.

Mr. Oakley: I think the old one was left up to the Chairman.

Mr. Showe: It may have been. I'm not sure that a full resolution was ever passed. I think the Board decided what to do if the situation arose. This gives you more formality and some continuance.

On MOTION by Mr. Bedwell, seconded by Mr. Oakley, with all in favor, Resolution 2017-05 Providing the General Manager with Discretionary Spending Authority Under Limited Conditions was adopted as amended.

B. Consideration of Resolution 2017-06 Approving the Proposed Fiscal Year 2018 Budget and Setting a Public Hearing

Mr. Showe: This Resolution approves a proposed budget, which is attached as Exhibit A, sets the public hearing for August 24, 2017 at 6:00 p.m., in this room and directs the District Manager to present it to Brevard County and the City of Rockledge. We are required to do that per the Florida Statutes, at least 60 days in advance of the public hearing. This is the beginning of the budget process. We can go as in-depth as the Board wants to go. We will be starting the workshop process at your next workshop meeting, for everything except the Golf Course Fund. We will have time, at that time, to go through each line item. At this stage, you are sealing your assessments. At the last meeting, the Board did not want to raise assessments, so we set a budget with level assessments. The Board has flexibility on any of those account items to move funds between accounts or securing your priorities for the year. Unless you had any specific questions, we typically, at this point, seek approval for the Resolution, knowing that we are going to spend a lot of time going through each line item at the workshop. I distributed a revised Page 11, with some transfers that were not reflected in the Capital Project Fund. The revised page has the updated transfers of \$34,000 and \$30,000, which is more in line with what you typically transfer.

We just made a few minor adjustments. Other than that, everything is standard. We are going to work with Tim and the Board, over the next two weeks, between now and the workshop, and you can provide any comments on line items that you see in there. Tim wanted a line item for some sidewalk repairs, since we repair them every year. There are some items that we can allocate funds from to accomplish that.

Mr. McCarthy: Are there any questions for Jason?

Ms. Walsh: I just had a quick question. For "Property Appraiser", no funds were allocated in 2016 and now there are funds allocated for 2017. Is that something we have to do on a yearly basis?

Mr. Showe: Yes. I will have to look to see why it was not budgeted in 2016. I'm guessing in 2016, you didn't have the budget for it. We weren't informed that they were going to start collecting that fee, until after we had completed the budget. In 2016, there were no expenses, because at that point, the Property Appraiser was providing us the roll at no charge. They revised their agreement to charge \$1.00 per parcel. That's what the fee was. Unfortunately, there is no other method that I would recommend to you to collect your assessments, other than on the tax bill. If it's an extra \$2,000 to get the assessments, then I think that's better than sending out 4,000 direct bills and hoping to collect. It's a much more cumbersome process.

Mr. Oakley: On Page 16, for "Golf Course Repair and Upgrade", we put \$50,000 in the budget for this year. There is no estimate for spending any of that money this year. Next year, you are putting in \$25,000.

Mr. Melloh: That's just their formula.

Mr. Oakley: Are you thinking about changing that?

Mr. Melloh: Yes, because we will be spending it.

Mr. Oakley: The pro shop salaries are going up but it's down from last year's budget, so I don't know what to think about that. Last year it was \$88,000, and this year it's \$81,000. Your best estimate is \$73,000.

Mr. Showe: They do a salary schedule and allocate for the entire year. Tim has the flexibility.

Mr. Melloh: The budget process is not always 100% reflective of what really happens. We will talk about the pro shop later, but the payroll in the next several months is going to be

higher, so we will probably use all of those funds. To do the projections that GMS has to do, they use existing figures. We will probably be right at \$88,000, by the time we get there.

Mr. Oakley: I was amazed about the increased rounds. The big impact, as far as percentage increase, is that we are going to be way over what we budgeted, and next year it's going up. People used to go home early.

Mr. Melloh: We are starting to do that right now. We use both the Starters and Rangers, in season, and they are here until 2:00 p.m. Now sometimes we let them go home at noon. We will be saving hours.

Mr. Oakley: So you are saying that the best estimate of \$64,000 may be high.

Mr. Melloh: Yeah. Our golf shop labor increases. It's always been called "Golf Operations/Labor", and includes all of the pro shop staff, Head Golf Professionals, Starters and cart barn staff. It is good that it's broken out, compared to year-over-year. We are working on our budget, five months in advance.

Mr. Showe: It's actually six months in advance, because these projections only take into account through March. It is like a moving target, when we are trying to project with only six months of actuals.

Mr. Oakley: I understand.

Mr. Bedwell: I didn't realize that Tim had hardly any input into this.

Mr. Melloh: This is just a starting point.

Mr. Showe: Over the next two weeks, we will take all of this feedback for the General Fund Budget, along with the Board's feedback, and then move to the Golf Course Fund.

Mr. Melloh: Through the year, I keep a special file of notes. We will make it right.

Mr. Showe: I distributed the Capital Improvement Plan (CIP), using the starting point that we have. Tim identified projects that he will need to do over the next five years. The cash flow shows that you have an extra \$40,000, if everything holds the same way that we are holding now, and he's able to do all of those projects.

Mr. Melloh: It is a wish list of items like a new A/C system for the Clubhouse. They are running fine right now, but within the next five years, you can foresee that will not be the case.

Mr. McCarthy: Could you add renovation of the pro shop and painting the offices?

Mr. Melloh: Yes. This is the five-year plan.

Mr. McCarthy: That needs to be done in the next five years.

Mr. Melloh: The bathrooms need to be done before the pro shop.

Mr. McCarthy: I agree.

Mr. Melloh: We need to keep this a reasonable figure. The big list was \$1.6 million.

On MOTION by Ms. Walsh, seconded by Mr. Oakley, with all in favor, Resolution 2017-04 Approving the Proposed Budget for Fiscal Year 2018 and Setting a Public Hearing for August 24, 2017 at 6:00 p.m., at this location, was adopted.

C. Presentation of Number of Registered Voters – 7,049

Mr. Showe: This is an administrative item. We are required by Florida Statutes to obtain the number of registered voters, each year. As of April 14, there are 7,049 registered voters within the District. This doesn't impact the District because the District turned over to resident control.

SEVENTH ORDER OF BUSINESS

Staff Reports

A. General Manager's Report

Mr. Melloh: We had a visit from Kris Bowman, who is our Environmentalist. He will be touring the community within the next three to four weeks. I will pass his report to everybody. When he goes out into the District, he goes into the environmental areas and takes note of how we are doing and what we need to concentrate on. We will pass along his report. We are doing our fire line maintenance in Heron's Landing, starting on Thursday or Friday of next week.

Mr. McCarthy: Is that where they cut the path?

Mr. Melloh: Yes, a 35' wide path next to homeowner's property lines. We have completed most of what's on the plan. As far as the maintenance, we have been talking recently about the pump replacement, to transfer water from the right side of the big pond into our irrigation pond. It broke down six or seven weeks ago, and we are trying to replace it. It was loud and produced about 100,000 gallons of water a day for us, when we were trying to pump out 500,000 gallons. We replaced that with a pump that is very quiet and runs 24/7. It puts about 400,000 to 450,000 gallons into the irrigation pond, which means that now we are able to irrigate the fairways on a regular basis; however, the cost is \$700 per week for the rental, versus the \$500 it cost for the prior pump. The big issue is that we can't get a company to replace the

permanent pump. We are in a drought situation. Parts are sold out because the manufacturer is taking care of their larger accounts, like farms, orange groves, etc. Scott had four people come out to look at it to try to get parts for it. We are just going to go with whoever can do the job the quickest. I'm sure that they are going to give us some kind of outrageous figure. We already received a quote of \$3,500 from Watertronics. We are not going to squabble over a few hundred dollars. I provided a proposal for summer renovations. We are going to take all of the tee boxes, except for the one that we did this past year on #16, and are going to level and widen them out, so we have more teeing area and sod. We are going to do buffer work on #2 and #16 to keep with the spirit of what we did on #8 and #10 last year, by shrinking down the buffers, creating a flow into the green, where people could roll balls off of the green, yet still maintaining an aesthetic appeal. We have several pin positions that we can use to hide behind the bunker for better tournaments, like the junior tournaments. The proposal is for \$63,400. In the Operating Budget, we set aside \$50,000 to accomplish this. When it comes time for it, we may make that other \$13,100 an operating expense or take it out of the Reserve Fund.

Mr. Showe: You can always select the funding source.

Mr. Melloh: It sort of washes out, if you funded it all under the Capital Projects Fund. Any money left in the Golf Course Fund would get swept into the Capital Projects Fund. We are far enough ahead over budget, that we are going to have an excess of money, beyond what we budgeted. We may make this part of the operating funds, based on what we are continuing to do. We have some other projects, such as adding some irrigation heads around the perimeter of the green, so that we can water our slopes. There are a few buffers that we may want to put some liners and sand in. There's always a list. Those things all make the golf course better. It's an investment in our future, because it will result in more rounds on the golf course. Does anyone have any questions?

Mr. McCarthy: No.

Mr. Melloh: If you look at our daily rounds and revenue through May, unfortunately, it is not looking too good. Some of it is due to our aerification. People don't play golf when we aerify. The condition of the golf course has affected us, because people are driving by seeing the golf course burned out, which made them stay away. On the other side, \$99,000 is an aggressive budget for May. It just has to do with the way that we do our budget, which is based on a percentage of the overall revenues. When we get to September, only \$59,000 was budgeted, so it

all balances out. I thought that March would be hard hit, but we did a great job because the weather cooperated. This just happens to be the first month that we are playing catch-up.

Mr. Showe: Now that we have some more history with the greens, it may be better to re-look at that allocation as we go through the budget.

Mr. Melloh: In other words, we can maybe allocate a little more for February and March, less for May and more for September. We can fine tune that. If you look at the past five years for May, it's always been in the \$60,000 to \$70,000 range. If we continue making \$2,500 a day, for the rest of the month, we will end up making about \$77,000, which is probably the second best that we have had over the past five or six years. The good news is that we are getting some rain now and are able to irrigate more. I don't think anyone is playing today, but you can see that the fairways are starting to green up and looking a lot better. David played this morning and could probably say that they are playable.

Mr. Bedwell: It was a lot better than Monday.

Mr. Oakley: I heard that it was better than yesterday. Can you give me a feel of the #4 tee box? How much bigger percentage are we talking about? Is it 10% or 20%, if you were to pick a number?

Mr. Melloh: If we are talking about square footage wise, we are probably talking about 10% to 15% larger, but there is 40% more usable tee space. If you are on #4, there are places that you can't stand on because it's so sloped.

Ms. Walsh: There are slopes on almost every hole.

Mr. Melloh: This is caused by, over the last 24 years, everyone taking divots out of the middle of the tee box. If you fill the divots with sand, it creates like a crown on a road. If you think of it like that, if we lower them down, it increases it out, but then all of that space on there, is usable. We will definitely make sure that our guys are not putting in the full width of the tee box. If you put the tee markers on the left and right side, everyone goes right to the middle to take it out; therefore, you have to put them to the left or to the right. It is hard to do that now because of the sloping.

Ms. Thomsen: Exactly. You have so little to work with there.

Mr. McCarthy: That's good. Based on what Dave said, do you anticipate getting a foot on either side of the tee box?

Mr. Melloh: I think we will probably get more than a foot, because we are coming down a foot. It depends on how much they are crowned.

Mr. McCarthy: Is any of it dirt that we have stored in the practice range? Could that be used there, also?

Mr. Melloh: No, we are going to have an excess of dirt there that we can truck away and use in other spots; for example, to build up the tee box on #12. If you notice what we did on #16, we have plenty of tee space there.

Mr. Oakley: I would say that its 10% bigger than what it was.

Mr. Melloh: It's all usable. That's the key to it all.

Mr. Oakley: We need to be able to move the tee markers left and right and forward and backwards. All we can do now is forward and backwards.

Mr. Melloh: Right. When we are done with it, we will definitely have a lot more tee space there. Of course, we need it so that we have more rounds of golf. We need to continue to do this.

Mr. Oakley: Is this the company that bid #10 and #8?

Mr. Melloh: They filled in the buffer on #1, three buffers last year and the irrigation around the greens.

Mr. Oakley: They did a good job.

Mr. Melloh: They did an excellent job. That's why we definitely want to go back with them. What they are able to do and the vision that I gave them, when they were done with the project, cannot look like there was ever a bunker there and any part of that bunker was bigger than what it was.

Mr. Oakley: #1 doesn't look like it ever had a bunker.

Mr. Melloh: You would never know that. If you were to do it the way that they did it at Harmony, even though it was the same company, they did what was asked of them, so it's not the company, it was the vision that was given to them. They just sodded in the depressions.

Ms. Thomsen: Everyone is so happy with Tim.

Mr. Melloh: That concludes my report.

SEVENTH ORDER OF BUSINESS

Treasurer's Report – Consideration of Financial Statements

A. Approval of Check Register

On MOTION by Ms. Walsh, seconded by Mr. Oakley, with all in favor, the General Fund Checks 3089 through 3097 totaling \$56,294.32 was approved.

On MOTION by Ms. Walsh, seconded by Ms. Thomsen, with all in favor, the Capital Reserve Fund Checks 48 through 50 totaling \$2,602.70 was approved.

On MOTION by Ms. Walsh, seconded by Ms. Thomsen, with all in favor, the Golf Course Fund Checks 24531 through 24651 totaling \$103,163.21 was approved.

B. Balance Sheet and Income Statement

There being no comments or questions, the next item followed.

C. Presentation of Arbitrage Rebate Calculation Report

Mr. Showe: As part of your bond requirements, you are not legally allowed to capture more than 4% interest on your bonds. Each year, we have to test that. There is a testing requirement that you have to meet, so we are presenting a report that shows that we did not collect more interest than we are legally allowed to collect on those bonds. When you collect the assessments, you are allowed to keep them in a separate fund. That fund cannot collect more than 4.5% interest. What they don't want you to do, is to get a bunch of bond money, make a bunch of interest on it, because you received it tax free, and then refund it all and you keep the interest. They are trying to avoid that. We are not even .10% of a percent because of how conservative we invest. There is no rebate liability, so we are well within compliance. We are supposed to report to you annually.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

Ms. Walsh: Did you get my text about the tees and working through handicaps, as opposed to with the colors?

Mr. Melloh: Yes. That's one approach to it. The other one is how far someone hits the golf ball. Thank you for sending me that text. We will put up a sign for the guests, so they know how to play.

Ms. Thomsen: How is EZLinks working out?

Mr. Melloh: It's going good. We are giving them all of the information, so that they can preload it. They are very sophisticated. They have four different installers that can work on different parts of the program. I am just waiting for them to show up on the property. We should be up and running by the middle of July.

Mr. McCarthy: With the par 3's, as rounds increase, we have been at \$40,000. The rounds are continuing to increase, which will put most of the stress on the golf course, than the par 3's, with people hitting divots. I'm sure you thought of this, but as much as we can do to increase the size of the par 3 tee boxes, would be money well spent, at this point.

Mr. Melloh: I agree with that 100%.

NINTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Oakley, seconded by Ms. Walsh, with all in favor, the meeting was adjourned at 2:39 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman