

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 on Wednesday, October 25, 2017 at 2:00 p.m. at the Faith Lutheran Church in the Multi-Purpose Room, 5550 Faith Drive, Viera, Florida.

Present and constituting a quorum were:

David Bedwell	Vice Chairman
William 'Bill' Oakley	Secretary
Melinda Thomsen	Assistant Secretary

Also present were:

Jason Showe	District Manager
Tim Melloh	General Manager

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Showe: No members of the public are present.

THIRD ORDER OF BUSINESS

**Approval of Minutes of the September 27,
2017 Meeting**

Mr. Bedwell: We need a motion to approve the minutes of the September 27, 2017 meeting.

Mr. Showe: We received a change from Bill on Page 4. "*Left side of I-95*" should be "*west side of I-95*". We will have that changed in the final version.

On MOTION by Ms. Thomsen, seconded by Mr. Oakley, with all in favor, the Minutes of the September 27, 2017 Meeting, were approved, as amended.
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FOURTH ORDER OF BUSINESS

Staff Reports

A. General Manager's Report

Mr. Melloh: We have the normal day-to-day operations. Regarding golf course maintenance, this morning, we sprayed Goose Grass on the greens. Hopefully, you will start seeing it die out. It's been a difficult two months, as far as trying to spray the greens. Spraying the greens and fairways and tees are two different animals. You have to be very careful with the greens, because if you lose a fairway or tee, it's not a big deal, but if you lose the green, because of overspray, it could affect play. There's been a lot of rain and wind. He was able to get out this morning before the wind started and sprayed that chemical.

Mr. Bedwell: Is that spot spraying or do you spray the entire green?

Mr. Melloh: In this case, he sprays the entire green.

Mr. Bedwell: How long does it take for that to set?

Mr. Melloh: You will hopefully notice it in about five days.

Mr. Bedwell: Once he sprays, what happens if it rains immediately afterwards?

Mr. Melloh: Normally it has a two-hour window on it. He puts a sticker to help it adhere to the plant. It should be fine and it's all accounted for. On Tuesday morning, we were able to apply the second treatment on the tees and some of the fairways for the Tropical Signalgrass (TSG), which is a new product from Syngenta. I think we talked about it at the workshop. We are a test golf course for them. They are writing the label and their main Scientist will be here next week. We have the second application down. It looks like it is going to take out this TSG.

Mr. Bedwell: Are they putting the same product all over the entire golf course, or are they trying different products in different sections?

Mr. Melloh: We are approved for 15 acres, to spray all of the tee boxes, all of #18 fairway and the chipping green area.

Mr. Bedwell: But it's the same product.

Mr. Melloh: It's the exact same product. Most of your herbicides require two sprayings, one to make it stick and the next one to kill it.

Ms. Thomsen: Are those the ones that have the brown spots?

Mr. Melloh: Yes.

Ms. Thomsen: It's very obvious.

Mr. Melloh: Exactly.

Ms. Thomsen: That's the TSG stuff.

Mr. Melloh: Yes. It almost looks like St. Augustine Grass. It's a type of leaf that has a knarly root system. It's very difficult to kill it. The chemical that killed it, was taken off the market five years ago. We are kind of going five years without it and it's become an enormous problem. It's a problem at every golf course. Syngenta brought this product from something that's used in the agricultural side, which is corn, wheat, cotton, what's out in the big field.

Ms. Thomsen: So they know that after the grass has been killed, there's no lasting negative affect and other stuff grows in place.

Mr. Melloh: Right. The key to all of this is killing that weed, but leaving the good grass, because if you sprayed it all and it all died, that's like hitting it with Round-Up. Round-Up does nothing but kill everything that's growing. It's like what we do when we kill the greens, before we did the renovation. We would use Round-Up with a Fusilade mixture and everything died.

Ms. Thomsen: It makes it easy to pull it up.

Mr. Melloh: Yes. I have your rounds of revenue. There is a lot of yellow on the right-hand side. The encouraging part is, on days where we didn't have any rain, the numbers were large. With our marketing efforts and the reputation of the golf course, people are really playing our golf course. Once we are able to get back to normal weather conditions, I expect that we will do well. At this point, we are \$58,000 through 24 days. We need to get to \$88,000, which is our budget. Obviously, we are not going to get there, but I'm looking at getting around \$76,000, which would be pretty good. Hopefully, we don't have too much more bad weather.

Ms. Thomsen: Some of the girls are impressed that Harris is coming on Friday. Is that the second time?

Mr. Melloh: That's the second time.

Ms. Thomsen: So they are happy with us and continue to look to us, as opposed to Duran or Baytree.

Mr. Melloh: Oh yeah. We have a unique situation going on right now. We are getting a lot of calls from tournaments. We can't take every tournament, because if we do, we are going to frustrate our regular players, and I refuse to do that. We may make a little extra money, but if we start driving people away, because every time they call in to play golf and we have a tournament, that's not good. We received a call from a lady that had a tournament each year at Habitat, called the Suzy Green Tournament, which is a breast cancer awareness type of

tournament. They called us wanting to hold their tournament on November 4. It was short notice, but they said that they can't play at Habitat because it was horrible. Of course, that's one of the County golf courses that we've been talking about. We told her, "*We can't take you*". We can't continue to displace our players. If it was June or July when play was down, we can work that in there, but there are so many tournaments in this town. You can't take every tournament that comes your way.

Ms. Thomsen: Have you developed a personal formula for how many you would like to see on the course, so that we have a combination of doing good and reaching out to the tournaments, but also keeping this free? Is there a magic formula?

Mr. Melloh: Yes, we just want to pace it, but this time of year, I don't want to see anything closer to three weeks, because then in February and March, we don't get any play at all. The first thing that we do when we book a tournament, like with Harris, is we have to make sure that we are getting the rate for whatever money they are displacing. If at the time we are shutting the golf course down, we would normally make \$4,000, and we have to make sure that we are getting \$4,000 from them. That's the first thing.

Ms. Thomsen: At a minimum.

Mr. Melloh: I don't want to have a tournament and lose money. The second thing is, sometimes we will take a tournament on Saturday. We just had a Saturday tournament, so we will have one on Monday. It's not how many tournaments, it's how many you have at the same time. It seems like everybody wants that Saturday morning 8:30 a.m. shotgun start. We make a ton of money on Saturday morning, because there are businessmen and people that work all week that want to play golf.

Ms. Thomsen: Those weekend ones are amazing.

Mr. Melloh: You will start having people saying, "*They are not taking our tournament*". It's great that we have more requests than what we can do. The right tournaments for us are the 60 to 70 person outing, where they don't shut the entire golf course down. If you have an 8:30 a.m. shotgun start, I have to have the entire golf course clear at 8:30 a.m., so I can't send anyone out at 7:00 a.m. or 7:15 a.m. or 7:30 a.m. Then they play until 1:00 p.m. or 1:30 p.m. So, I'm literally shutting the golf course down all day, up until 1:00 p.m. or 1:30 p.m. If I have a 72 person outing, I can send out people before the tournament, for what we call a modified shotgun. We can send off people on the front 9 and back them off at 8:30 a.m. That's good, because then

you have room for your regular play. They may have to bump it 45 minutes, but they still get to play. The 124 to 144 person full shotgun start, are the ones that we have to be careful that we don't continue to tell people to go away when they call in. Now we have another tournament and are telling people that they can't play this weekend. Then they will just start calling us saying "*I might as well go to play Duran or Baytree and Viera East always has tournaments and we can never get on*". We don't want that reputation.

Mr. Bedwell: I think one a month is good.

Mr. Melloh: It is relative to the time of the year.

Ms. Thomsen: And the time of the week.

Mr. Melloh: If you have a Friday tournament and someone wants a Monday tournament, that's okay, because you are not displacing the same people, technically.

Ms. Thomsen: That opens it up.

Mr. Melloh: So, we are doing okay.

Mr. Bedwell: Is there any unfinished business?

Mr. Melloh: I don't have any old business. For new business, we have a UPS Agreement, like we get every year. They are going to pay us \$2,000 to put the pods inside of the maintenance barn. It's easy money. I just scratched out the one from last year and sent it to UPS.

Mr. Showe: Okay. Do you want me to make the changes?

Mr. Melloh: Yes. If you could, that would be great.

Mr. Showe: Do you want the Board to approve that now?

Mr. Melloh: Yes.

Mr. Showe: If the Board is amenable, we've done it the last couple of years. Do you have any issues with them?

Mr. Melloh: No issues at all. It works out great and gives us \$2,000.

Mr. Showe: It's a better deal than what's offered at other Districts.

<p>On MOTION by Mr. Oakley, seconded by Ms. Thomsen, with all in favor, approving the Temporary Use Agreement with United Parcel Service for pod storage, was approved.</p>

Mr. Melloh: The next item on my list is a quote from the company that did most of the renovation work out here. The next project on the list is to install new irrigation heads to serve the green slopes, to give better coverage to the slopes of the greens.

Ms. Thomsen: All 18 holes?

Mr. Melloh: It services what we need. Some areas we don't service. We have some bulkheads that don't have a slope on one side. Scott and I went out with the company and identified the areas where we need sprinklers. When we get a drought like the right side of #11 and the backside of #9, they start to burn up. That's the first thing that burns up and looks bad, plus the playability of it is bad, because it is hard to chip out of that tight line. It also helps us to grow the Rye Grass, so when you are chipping, you have a nice fluffy line, instead of a knarly tight line. This quote also allows us to take out some situations of the system through some wiring that caused some problems for Scott and the crew, because the signal doesn't get to where it needs to go. There's going to be some extra re-wiring.

Mr. Bedwell: What are the rhombs?

Mr. Melloh: The rhombs are the gray boxes that you see out there, the irrigation boxes. Inside the rhombs are little computers. Each one of the heads on the green has a wire that runs all the way back to that box. They are all wired individually, so we can control them individually, so we can say, "*That head needs to come off in 10 minutes*". These are all wired into these rhombs, so when the computer turns on at night, it knows to send a signal to the rhomb, which sends a signal to the sprinkler head to turn on, and then subsequently shut off.

Mr. Bedwell: Are these new ones or replacements?

Mr. Melloh: These are new heads.

Mr. Bedwell: What about the rhombs?

Mr. Melloh: The rhombs would be new.

Mr. Bedwell: So there will be brand new boxes out there.

Mr. Melloh: Not boxes. The rhombs would be actual guts or a working part of it. The idea was that this would be the next project. The issue is that we've always completed our projects in the summertime. This one would be far better for us to do immediately, in November or early part of December, so that we can get the benefit of being able to irrigate the Rye Grass that we are going to take care of. Having three members, this may not be the time to vote on it.

Mr. Bedwell: We will get to that.

Mr. Melloh: Do you know the number that they will be transferring back in?

Mr. Showe: I don't think we know that yet, because we are still waiting on some invoices to come in. Procedurally, if you look at your financials, on Page 5, you have \$225,000 left in your Capital Project Fund, as of right now, from last year. I think we are transferring in, with the next budget, about \$40,000 from the General Fund and the golf course, so you are talking about a total of approximately \$260,000, total for use.

Mr. Bedwell: We could transfer out in the middle of the year and not wait until the end of the year.

Mr. Showe: That money is cash in the fund. You could authorize it now and then the money comes in throughout the year to replenish it. It is really up to the Board's comfort level.

Mr. Bedwell: I have a question about the 60 sprinklers. What is the new kind that you can control where they go? Remember, we just bought some other replacements?

Mr. Melloh: Yes. They will be those heads. Where there needs to be full heads, there will be full heads, and where there needs to be partial heads, there will be partial heads. You can also adjust how far they spray by adjusting the different nozzles that you put inside there. The key to it all, is if the head can spray 90 feet and you only need it to go 60 feet, you have to put a different nozzle on there for it to work. You don't want to flood out a bunker. You know steep our slopes are, such as #15 by the road, right before the sand trap. The only way that it gets water is that water must shoot out over the top of that bunker to hit that downhill slope. What we need to do is to come down to the base of these slopes and sprinkle back up the slope too. Most grass that you have, must have double coverage. It has to get water from two areas. When they built the golf course, they value engineered out these perimeter heads at the base of the slope. If we are going to continue to grow good grass and have a good-looking golf course, this is the next step.

Mr. Bedwell: Let's start at the end. You would like to have the slopes looking good when the snowbirds come, which is sometime in January.

Mr. Melloh: Yes.

Mr. Bedwell: When are you going to overseed?

Mr. Melloh: We normally overseed somewhere around the middle of November.

Mr. Bedwell: Do you need it by then?

Mr. Melloh: Not necessarily.

Mr. Bedwell: If we approve it today, you are talking about another 30 days.

Mr. Melloh: Yes. We germinated the seed last year. The seed will always remain in the ground. The quicker the better. We will have a lot of benefit out of this.

Mr. Bedwell: I want it to look good on January 1, to get the snowbirds to come here, instead of going somewhere else.

Mr. Melloh: Last year, it looked good, but there were a lot of thin areas and a lot of areas that didn't take.

Mr. Bedwell: So the tough question to you is, do we have to approve this today, or can we approve it, contingent upon getting approval via email from Paul and Jo, Jason? Is that allowed?

Mr. Showe: No one can vote outside of a public meeting. You have a quorum now and should you choose to make the decision now, you have that ability. Otherwise, I recommend that you wait until the workshop. You can have some more discussion and then you would have to ratify it at the November meeting, if you were to make a decision. You can't make a decision at a workshop.

Mr. Bedwell: I feel comfortable doing it now.

Ms. Thomsen: Let's do it.

Mr. Showe: Your General Manager is recommending it. It would be paid from the Capital Projects Fund.

On MOTION by Mr. Bedwell, seconded by Mr. Oakley, with all in favor, the proposal for irrigation improvements, in a not-to-exceed amount of \$62,000, to be paid from the Capital Projects Fund, was approved.

Mr. Bedwell: I think that will add a lot, standing out on the fairway to see that green slope.

Mr. Oakley: It should make a difference when you overseed.

Mr. Bedwell: Yes.

Mr. Oakley: When will they start?

Mr. Melloh: As soon as I get back to the office. I told them to send me the contract and we will get it executed. I would have never done that without approval.

Mr. Bedwell: Do you think that it makes the green look better when the green is a different color than the slopes?

Mr. Melloh: Yes. We had that last year.

Ms. Thomsen: We've gotten used to it. You mentioned during the year that the only reason that those far areas were over on one side, versus another, was because there was no natural rain and the sprinklers weren't getting there. Then when we had all of the natural rain, things started popping up, which we had not seen in a long time. If we are focusing on taking care of that, then there are never going to be glaring embarrassing areas. Its nature taking its course.

FIFTH ORDER OF BUSINESS

Unfinished Business

There being none, the next item followed.

SIXTH ORDER OF BUSINESS

New Business

A. Consideration of Agreement with Grau & Associates to Provide Auditing Services for the Fiscal Year 2017

Mr. Showe: We approve one of these agreements once a year, so that the Board fully authorizes their approval.

Mr. Bedwell: They have been doing this for several years.

Mr. Showe: The last bid was in 2013, and that included the 2014, 2015, 2016 and 2017 audits. We will likely look to next year at having another one, but the Florida State Guidelines changed. We used to be able to submit the audits in October, but years ago, the State moved the deadline to June and July, so we have to start this process early. This just approves Grau & Associates starting the audit, and as soon as we close the books, we can get them everything and they can get started.

Mr. Bedwell: Are we just approving one year?

Mr. Showe: Yes. This is a one year audit, just for 2017. It was budgeted and their proposal was exactly what we expected. We recommend approval, but it's up to the Board.

On MOTION by Mr. Bedwell, seconded by Ms. Thomsen, with all in favor, the Agreement with Grau & Associates to Provide Auditing Services for Fiscal Year 2017 was approved.

SEVENTH ORDER OF BUSINESS

Treasurer’s Report – Consideration of Financial Statements

A. Approval of Check Register

Mr. Bedwell: Are there any comments about the financials? Is this the first time that we ended up breaking even or making some money on the golf course? We ended up with \$229,000.

Mr. Showe: It’s been awhile. We supplemented that before.

Mr. Melloh: When you consider those numbers, we funded \$25,000 of this summer’s project, out of operations, and transferred \$33,000 into the Renewal and Replacement Fund. We actually profited about \$80,000 in net income. It was a good year, considering that we had two hurricanes and a drought. We also had an additional \$400,000 that we generated.

Mr. Bedwell: It’s been a long time since we generated \$1.6 million in total income.

Mr. Melloh: I think we are just getting started. This year, the momentum that we built up is tremendous.

Mr. Bedwell: You did a good job budgeting.

Ms. Thomsen: I think we needed to push forward as many improvements as we could this year, and it’s turned out all for the better. I applaud you for being proactive.

Mr. Bedwell: The hard part is budgeting revenue. You can budget the expenses.

Mr. Showe: You can also control expenses.

Mr. Bedwell: You were close on everything except for the gift cards and the prepaid. Other than that, everything else either exceeded or was close.

Mr. Melloh: The prepaid is the nature of the industry. People aren’t buying full memberships anymore. The Associate Membership Program is very strong.

Mr. Bedwell: It looks good.

Mr. Showe: It outperformed the budget by \$11,000.

Mr. Melloh: Duran copied that program, except they made \$69 instead of \$79. Imitation is a great form of flattery. I know that we are hitting them hard, because our parking lot is full. As a matter of fact, when I left today, we made \$3,500 for the day, which was at 1:00 p.m.

Ms. Thomsen: Did the women go out this morning?

Mr. Melloh: They did. We are looking good.

Mr. Oakley: The biggest thing that I'm proud of, is for Golf Course Maintenance we spent \$932,000. I remember when we only spent around \$650,000 or \$700,000.

Ms. Thomsen: I love the quality of the work.

Mr. Oakley: That's why they come here. It's because of our staff.

Mr. Melloh: That's our product to sell. If that's not in good shape, you can't sell rounds. When I looked at pictures of the old greens, I wondered how you sold rounds.

Ms. Thomsen: We were desperate.

Mr. Melloh: That's the number one thing. Yes, the rest of the golf course is important, such as the bunkers and fairways, but if you don't have good greens, you won't sell rounds. You could have the best fairways and bunkers in the world, but if your greens are terrible, it will kill the play.

Ms. Thomsen: When I put my putter down, it would slide because it was sitting on a pebble. There was no dirt.

Mr. Showe: For the General Fund, we have Checks #3171 through #3188, in the amount of \$49,094.93. For the Golf Course Fund, we have Checks #24957 through #25027, in the amount of \$133,792.55, for a total Check Register of \$182,887.48. Golf expenses were large this month, but that's because \$68,000 was attributable to insurance, which covers all of Fiscal Year 2018.

On MOTION by Mr. Bedwell, seconded by Mr. Oakley, with all in favor, the General Fund and Golf Course Fund Check Register for September 18, 2017 through October 17, 2017, totaling \$182,887.48, was approved.

B. Balance Sheet and Income Statement

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

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

Mr. Oakley: I would like to comment on the last page that Tim included in the agenda package, which were the detailed rounds of golf. It put everything all together and it's easy to read. It's very concise. You did a good job. Thank you.

Mr. Melloh: Thank you. I just expanded upon what was already created before I arrived here, and it lines up with the numbers that I have. It works out nice. I think this is the information that we need to be tracking.

Mr. Oakley: Under "*Average \$ per Round of Golf*", where's the annual membership? Is that in one of those line items?

Mr. Melloh: "*Membership Revenue*" is at the bottom.

Mr. Oakley: That's as high as I have ever seen it.

Mr. Melloh: We had a lot of people take advantage of the platinum membership, which is higher. A lot of people are starting to renew their memberships and going back to the golf membership, because they are not playing much on the weekend. Then we had others paying for the platinum membership. It has gotten us a few more dollars to help that dollar per round of golf. It's about where it should be.

Mr. Oakley: Most people don't have to renew until the end of the year.

Mr. Bedwell: Are you finding that most people are renewing?

Mr. Melloh: Yes. We haven't lost anyone this year.

Mr. Oakley: We used to have that money to make the bond payment.

Mr. Showe: We refinanced the bonds, and as part of that refinancing, we made the first payment. We set your cashflow up in such a way, that you are not reliant upon October 1 money, to make the November 1 payment anymore. That was a quality move and it helps you to come up with more pricing plans that are a benefit to the District.

Mr. Oakley: I think that was one of the smartest things that you guys could've done.

Mr. Showe: 100%. It was really tight. October used to be a nervous month for all of us.


Mr. Oakley: It's amazing how close all of those average revenue per rounds were together.

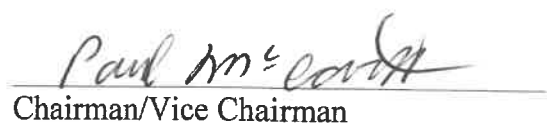
Mr. Showe: That's the magic of Tim.

NINTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. Oakley, seconded by Ms. Thomsen, with all in favor, the meeting was adjourned.


Secretary/Assistant Secretary


Chairman/Vice Chairman