

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, May 23, 2018 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:

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. All Supervisors were present at roll call.

SECOND ORDER OF BUSINESS

Public Comment Period

There not being any, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes of the April 25, 2018 Meeting

Mr. McCarthy: Are there any additions, deletions, or comments on the minutes?

Mr. Showe: Melinda provided one correction of the spelling of a name.

Mr. Oakley: Whoever is transcribing, is getting my name mixed up with David's.

On MOTION by Mr. Bedwell, seconded by Mr. Oakley, with all in favor, the Minutes of the April 25, 2018 meeting, were approved, as amended.
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FOURTH ORDER OF BUSINESS

Staff Reports

A. General Manager's Report

Mr. Melloh: The greens were aerified on the 14th and 15th, as scheduled. It was up in the air because of the rain.

Ms. Walsh: I was wondering if the rain washed it away.

Mr. Melloh: It turned out great. The greens were heavily sanded. The rain came at a great time, because it washed the sand into the holes. It will reduce the ruts during that time. It turned out okay, so we are doing well. If you look at the Rounds and Revenue Report, you will see a lot of yellow creeping back up here again, which is fine, but we are still doing pretty well. I was thinking at one point that we were maybe going to get back on schedule, even perhaps make the budget. There's a big storm system out there, right now, that is supposed to wipe out this weekend, but if we were to have a really clear weekend, you could've done well, but we'll see. Again, the numbers are doing well considering. Let's cross our fingers that the storm goes further west and doesn't affect us on the east coast. I would like to discuss new business, if that's okay, Paul?

Mr. McCarthy: Yes.

Mr. Melloh: We have a repair order for our secondary spray rig. We have a brand-new spray rig, which we put chemicals in to spray on the green. You then have another spray rig that is slightly larger, that you use for spraying the fairways, slopes, tees and everything else that holds the more toxic herbicides in it that you definitely don't ever want to come in contact with. That particular spray rig, we own and it's 12 years old. There are some things that need to be repaired, such as synchronization and gears. There is a lot of sophistication in these spray rigs. The spray part is geared and synchronized with the actual drive unit, so that it sprays the right amount of chemical in the right amount of time. We have a repair order for \$5,917.36, that I would like to pay out of reserves. A brand-new unit costs \$35,000, versus a used one, which costs \$20,000, but you really don't know how used it is. For \$6,000, Scott and Wes are very competent and we will get another 10 years of service out of this unit. I think that it's a good repair. It's in Lake Mary and already torn apart. They are just waiting for our approval to repair it.

On MOTION by Ms. Walsh, seconded by Mr. Bedwell, with all in favor, the proposal to repair the spray rig, in an amount not-to-exceed \$6,200, to be paid out of the Capital Projects Fund, was approved.

Mr. Bedwell: Does this spray everything like fairways and roughs?

Mr. Melloh: Yes. It sprays all of the pre-emergents and herbicides. It does a lot of work.

Mr. Oakley: What do they charge for pickup and delivery? Is that included?

Mr. Showe: Pickup and delivery is \$45.

Mr. Melloh: It's a nominal fee.

Mr. Showe: That's not bad at all.

Mr. Melloh: You will see another quote with a lump sum total of \$37,772.92. I'm not positive that's something we need to do. We are going to have our engineer come out and inspect this. I have a picture of a culvert pipe under the #7 green and in front of the ladies tee that connects one lake to the other. As you go towards the #8 tee, by the electronic box that controls the irrigation system, there is another culvert pipe. The one on the far side going towards the #8 tee, developed a small sinkhole that was about three to four feet in diameter.

Mr. Bedwell: I noticed that.

Mr. Melloh: It sunk down a few feet. The guys came out and dug it up to see what the situation was. The culvert pipe, which is a corrugated metal piping, rusted out and some dirt fell into the culvert pipe. We since put tar paper over it and covered with some backfill and sand. We did have a company come out to find out what the repair would be. The process of the repair is for them to come in with a machine that pumps out the sand, because over the years it gathers sand. Then they sleeve it. They put another corrugated pipe into it and then they concrete both ends, which shrinks the diameter down from 24 inches down to 18 inches. Both pipes seem to have a problem. That's the quote that came back. The price completely floored us. Scott, Wes, Ed and I were out in this area this morning, because I need a Plan B. It looks like a lot of this water overflows. During Hurricane Irma, water overflowed the cart path and found its way into the other lake. I have pictures of that. I'm positive that both of those culvert pipes aren't 100% blocked. They may be blocked by 30%. There's a ditch to the right of the cart path that goes around and hits the header canal. I'm not sure this is a big issue. We thought that if we needed a

repair, it was \$4,000 for both of them, but \$38,000 is a bigger deal than what I think we need. I talked to Jason before the meeting and we are going to have the District Engineer send out their crew.

Mr. Showe: I will have them take a look at it. They can see if the repair they did is good enough, what they need to do and what they recommend, at this point, because that seems excessive.

Ms. Walsh: The distance between 24 inches to 18 inches from the top of both of those pipes, is thick space. Is that going to be addressed? Is it going to be built? Is it going to be left? They didn't address that at all. You can get into another situation later down the road.

Mr. Melloh: We don't even know if that would be approved and shrunked down. The last thing that you want to do is to plow up the entire pipe and replace it. In looking at the original plans, there weren't going to be culvert pipes at all. There were going to be 60 foot pre-fabricated bridges. At some point in time, they decided not to do the bridges and put in culvert pipes and make a land bridge out of it.

Mr. Bedwell: My only concern is the one going from #7 to #8. If that washes out, we can't get to #8. I guess the same thing can happen right in front of the ladies tee box. To me, that's the issue. Can this wash out, to where we can't get from Point A to Point B?

Mr. Melloh: Right. What opened up is small enough that it's not concerning. We have evidence where that lake overflowed naturally over the cart path and into the other lake on its own. It doesn't look like the green, fairway, tee boxes or any homes are in danger if it rises up, because the water would overflow the cart path and go into the other lake; however, none of us are engineers. That's why we need somebody to sign off on it.

Mr. Bedwell: That seems like a high price to me.

Mr. Showe: I was talking to Tim. If it was a couple grand, it's probably not worth sending out the District Engineer, but for \$37,000, I think we need to send them out.

Mr. Bedwell: This map that Tim has with all of these boxes in the lakes and the bottom, shows a big pipe that goes to the next lake, surely those didn't cost \$35,000 to \$40,000.

Mr. Melloh: The good thing is that the boxes and the piping have reinforced concrete piping, which apparently has a much greater life than corrugated metal pipe, but that does bring to life an issue of what is our risk. That's another thing that we want to talk to the District Engineer about, which is what the District's exposure would be?

Ms. Walsh: If you go through the back area, you can see different culverts. Some of them are on this pipe.

Mr. Melloh: Right. When they originally designed it, did it call for the fact that in 30 years, the CDD was going to have to dump all of this money in replacing all of those things? I don't know. There's a lot of education to be had here and I wanted to bring it up.

Ms. Walsh: Maybe the District Engineer would know who in Rockledge would be aware of that. Does that make sense?

Ms. Thomson: Are you talking about recommendations?

Ms. Walsh: It would be like inspections.

Mr. Showe: They would have all of the permits and all of that information to tie back.

Ms. Thomson: We might need that, or it might end up helping us to make up our minds. When was the last time that they looked at this? The District Engineer is the place to go first.

Mr. Oakley: I think we want to keep the City of Rockledge out of it, because all they have to do is come down and say, *"That's not safe and we are going to shut your golf course down until its fixed."* I think it would behoove ourselves to stick with the District Engineer and go that way. Another thing that they are doing is replacing the galvanized pipe with PVC, which helps the longevity of the pipe. It could stay there forever. You can't get rid of plastic. It is corrugated, not just smooth plastic.

Mr. Melloh: We will report back once we hear more. I'm just bringing this to your attention. I thought it was going to be a simple repair, but apparently not.

Ms. Thomson: I think it's good that we had this. It was a good wake up call.

Mr. Melloh: Oh yeah.

Mr. Oakley: On your picture, is the top deck area lower than where the runoff was when we had the hurricane?

Mr. Melloh: No, the runoff was lower than that, because none of it tried to go out that way.

Mr. Oakley: I was wondering if it was equitably the same.

Mr. Melloh: None of the water from the other ponds had to come back over and breach that. I think that this was designed and built that way, so that was a secondary overflow. When you stand there, you can see the swale and the design was to go off that end of the lake, over the cart path and the other lake, hit the swale and go towards the header canal. We just need

verification of that from the District Engineer. The only other item I had on my report, was that we have a new date for the Florida State Golf Association junior tour. It is now going to be held in September of 2019, instead of April of 2019. We bumped the date back a couple of years ago to the end of April, instead of the beginning of April, to protect our revenue generating ability. It just so happens that this year, that weekend falls on Easter and we don't want to do a tournament on Easter. They had no other date available, unless we changed it to the beginning of April. It cost us too much money to do that, but they had the first part of September open, which is a far better deal for us, because the golf course would be in good shape, there is a lot less play on the golf course and have less disruption on the golf course. This is going to work out great. Those are the dates if anyone happens to ask. We will post them, because a lot of people like this tournament. They like to come out and watch it.

Mr. Bedwell: Are you talking about this year and next year?

Mr. Melloh: It will be next year. We had it in April of this year. Next year when people are asking when the tournament is, it will be in September. We will post that.

Ms. Thomson: Make a big announcement.

Mr. Melloh: Yes, because that is a good tournament. During one of the workshops, we are going to provide an analysis on the impact that tournaments have on our revenue. We will save that for our workshop. That's all I have.

FIFTH ORDER OF BUSINESS

Unfinished Business

There being none, the next item followed.

SIXTH ORDER OF BUSINESS

New Business

A. Consideration of Resolution 2018-01 Approving the Proposed Fiscal Year 2019 Budget and Setting a Public Hearing

Mr. Showe: This is the start of the budget process. Resolution 2018-01 approves the proposed budget, which is attached as Exhibit A, sets the public hearing for August 23, 2018 at 6:00 p.m., in this room and directs the District Manager to present it to Brevard County and the City of Rockledge, as well as post it on the website upon approval. We did not increase any assessments, so they are level throughout the budget. The practice that we normally go through with the Board is setting the ceiling on the assessments. Between now and the workshops that we will go through, you will have plenty of time to refine the budget, so we can move funds

between any account lines. There's nothing that limits you from doing that. Mechanically, we are setting the assessments. Tim looked at the budget and provided comments to Hannah. There was a request to get a salary schedule, as far as the increases. Hannah already knows and is working on that. We are projecting, at the bottom of Page 2, almost \$116,000 worth of excess funds from the General Fund. It will be transferred into your capital reserve at the end of the year. We are projecting six months' worth of expenses with this budget, so it's hard to pin that number down now, but we will finalize it as we get closer.

Mr. McCarthy: Tim, can you monitor that as we go along, in terms of how it's going to be decreasing?

Mr. Showe: Every time we give you a new budget, we will reflect whatever the current projections are.

Mr. McCarthy: So we are going to get an actual concrete figure?

Mr. Showe: We will get it close enough. Even when we approve it in August, we will have two months of the year left.

Mr. McCarthy: We want to have an idea of what we are going to have to put into that capital reserve.

Mr. Showe: Absolutely.

Mr. Bedwell: It was a little confusing. The wording of that line says, "*Maintenance Reserve – Transfer Out (PY Excess)*." I assume that you are talking about 2018.

Mr. Showe: We probably just need to get rid of that prior year, because it's not reflected here. In prior years, we included carry forward on the revenue side and then transferred it out. In technical years, it was prior year excess, which this is not. This is straight from your General Fund with the revenues you collected this year. We will take out "PY." That makes sense.

Mr. Bedwell: It's confusing.

Mr. Showe: We will get that changed.

Mr. Bedwell: The one above it, the \$11,000 is what we take out each month?

Mr. Showe: Correct.

Mr. Bedwell: We are not moving that into a reserve each month, are we?

Mr. Showe: We are. We are taking one-twelfth of the available funds and moving that into the reserve.

Mr. Bedwell: Same with the golf course.

Mr. Showe: Correct. If you look at both of those, because expenses increased and we haven't raised assessments, the amount of the transfer that we are using in the budget decreased.

Mr. Bedwell: That's the point that I was making at the workshop.

Mr. Showe: Absolutely. Pages 3 through 10 are the account lines, that tie all of the detail of those account lines. We try to include as much detail as we can on those, especially with the utilities, so you can see how all of those are laid out. Page 11 is your Capital Projects Fund. We are projecting to have \$294,000 at the end of Fiscal Year 2018, assuming that the \$216,000 gets transferred in. We are still projecting another \$25,000 in capital expenses. If those come in less, we will have some room there.

Mr. Bedwell: Regarding the *Reserve Funding – Transfer In (General)* for next year, which is \$6,703, I thought on another page it was \$3,703. It looks like there's a typo.

Mr. Showe: Yes. Good catch.

Mr. McCarthy: Good job, David.

Mr. Bedwell: I don't know if that changes the numbers.

Mr. Showe: It will decrease revenues by \$3,000.

Mr. Bedwell: So far, for the end of the year, Tim, the only thing, so far is the capital outlay item that we just voted on.

Mr. Melloh: Right.

Mr. Bedwell: There are probably going to be other things too.

Mr. Melloh: Right now we don't have anything planned.

Mr. Bedwell: What about the #9 tee box?

Mr. Melloh: We are going to do that in-house. We are trying to do landscaping improvements and a bunker renovation on #3. We are rolling it into our operating expense, right now, but if we decide to do more projects, I will come to the Board. We may need to buy some more dirt for the tee box on #9 and a few other items, but it wouldn't be anything significant. Our big project for the year was in November when we replaced broken irrigation heads. We want to do some additional renovations to some bunkers and we are getting more pricing on that, but it's going to be slightly more significant, which I think we need to plan for. There's nothing major at this time. I know that we all said that our threshold is \$200,000 and we want to keep it at \$200,000. It's hard to project.

Mr. Bedwell: We have a deductible like on the building, right?

Mr. Showe: Correct.

Mr. Bedwell: Is it 5%?

Mr. Showe: I think if it's due to a storm, its 10%. Other than that, its normally a flat deductible.

Mr. Bedwell: Can we afford that or would we better off putting it in our budget and pay it monthly?

Mr. Showe: That's pretty standard. They don't let you play around with most of the hurricane deductibles.

Mr. Bedwell: It costs to go from 5% to 2%, but you can go from 5% to 2%.

Mr. McCarthy: Does any other Board Member have any questions for Jason or Tim regarding the proposed budget?

Mr. Oakley: No. I just went over a couple of things with Tim.

Mr. Bedwell: I have a couple of questions. On Page 14, for the Golf Course Budget, why is "*Restaurant*" going from \$19,000 down to \$10,000 next year for revenue?

Mr. Showe: That's just a projection. We try to be conservative with the budget at this point. We can put it somewhere in the middle. We will take a look at that.

Mr. Bedwell: I'm just pointing it out.

Mr. Showe: Absolutely.

Mr. Bedwell: That's something for you and Tim to look at.

Mr. Melloh: We discussed that earlier and I think we are at \$13,972, because it doesn't seem like we collected that much. That is something that we noted.

Mr. Oakley: That was the same thing that I spoke to Tim about.

Mr. Bedwell: If you leave it at \$10,000 that's fine. I thought maybe there was a reason, but you are not sure about the \$19,000.

Mr. Showe: We will take a look at it.

Mr. Bedwell: We collected \$13,000.

Mr. Melloh: It wouldn't be that much.

Mr. Bedwell: That's fine.

Mr. Melloh: There's probably a glitch right there, so we will figure that out.

Mr. Bedwell: Salaries in the pro shop are increasing over the best estimate, assuming that the best estimate is good.

Mr. Showe: When it comes to all of the salaries, we project it at full staffing. It may be that he adjusted some of the hours.

Mr. Bedwell: So we may not have had full staffing the entire year?

Mr. Melloh: It's based on everybody working every single hour that they are scheduled to work, but people don't work when we have rain, or there are times when people go on vacation and Lane will pull a shift. Its beneficial, but this past year, we had to actually put on a second player assistant on several days, because we were so busy out there, to keep the pace of play moving. We also had certain times when we needed to put a second person in the pro shop, because we were so busy. I like to keep the pro shop staffed, because it gives us leeway to do what we need to do. Then if we are able to benefit from that, it helps out the overall budget.

Ms. Thomson: You want some leeway.

Mr. Bedwell: On Page 16, "*Renewal & Replacement*" is decreasing significantly. If you raise any income, stick it there.

Mr. Showe: That's how we balance the budget.

Mr. Bedwell: That's all I have.

Ms. Walsh: We replaced most of our machinery, so I think we don't have anything as far as far as replacing golf carts.

Mr. Melloh: No, we are good. This is the first go through of all of this, and whatever we budgeted last year, are solid numbers for this year, except for the 3% proposed increase, but that's up to the Board. When we say that the equipment rental under golf course maintenance is \$160,000, that's what it is. Its slightly less and then they put in a contingency to round it off. We have all new equipment. The golf course lease is another two years, so we are fine. We are showing that we are producing good revenue when the weather is good.

Ms. Thomson: During the high season, did we have enough carts and do you have confidence in the numbers?

Mr. Melloh: Yes, I have complete confidence in the numbers. We have 75 golf carts, which is standard. If you were to think about it, for a full shotgun start, if we had two foursomes on every hole and they all paired up, that's 144 players and 72 golf carts. On the one hand, we have people that are taking individual carts, but on the other hand, we have a lot of private carts, and you can't have any more than 144 people on the golf course at any one time. Where we ran into an issue was if Jo has a 12:30 tee time and she comes in at 11:00 a.m., she can't get her golf

cart at 11:00 a.m., because we are going to need it at 12:00 p.m. to put people on the golf course. So, in our system, we come up with a method to make sure that we are not handing out golf carts too early, so that the people that need them are not left without one. It's more of a logistics issue. What makes that difficult to manage is the fact that we allow people to take their golf carts into the parking lot to pick up their clubs. So, if Jo showed up at 11:00 a.m. and said, "*I need a cart to drive to the driving range to practice.*" If Jo leaves her clubs on the cart the entire time, then she's fine for 12:30 p.m., but if Paul or someone else needs to tee off at 12:10 p.m., they won't get a cart. It is more or less making sure that we divide up the carts properly. The number is fine. For those times, we have come up with a way to manage that, so we don't run out of golf carts.

Ms. Thomson: Okay, as long as you are happy with that.

Mr. Melloh: Thank you for asking, but it works perfectly fine.

Mr. McCarthy: That's good. Is there anything else regarding the budget?

Mr. Showe: Just to follow up with the next step before you vote, at your next workshop, we will bring back just the General Fund and Debt Service Fund Budgets, go through those more in depth, get any Board feedback on those and then wrap those up. The next budget that we will go through is the Golf Course Budget. We will get Tim's input on all of that as we move forward.

Mr. Bedwell: So we are just fixing the assessment?

Mr. Showe: Yes. The mechanism today is to set the assessment cap and then we can change things in any direction you want. You are setting a ceiling for the assessments, tentatively.

On MOTION by Mr. Oakley, seconded by Ms. Walsh, with all in favor, Resolution 2018-01 Approving the Proposed Budget for Fiscal Year 2019 and Setting a Public Hearing for August 23, 2018 at 6:00 p.m., at this location, was adopted.

B. Presentation of Qualifying Information and Dates

Mr. Showe: In the 2018 cycle, two seats will be up for election through the general election process; Seat 1, held by Mr. Bedwell and Seat 2, which is held by Mr. McCarthy. If you choose to qualify, you can do so through the qualifying period which is Noon on June 18, 2018,

through Noon on June 22, 2018. You need to go to the Supervisor of Elections office to turn in Form 1, an Oath and \$25 check.

Mr. Bedwell: Can I get Form 1 before June 18?

Mr. Showe: They should have those available.

Mr. Bedwell: Do you have to fill it out before going down there?

Mr. Showe: You will have to fill one out in the next month or so. What I recommend for anyone qualifying, is to make a copy of it, so you already have it filled out for your qualification period. Some Counties require you to fill out two, if you are running. Some don't, because they will acknowledge that they already have it on file.

Mr. Bedwell: So we should make a copy of the form that we are all going to receive?

Mr. Showe: Typically it does not change from year-to-year for most people. If you make a copy of your Form 1, you can refer back to it when you have to fill out one the following year. If you have any questions on that process, let me know.

Mr. Bedwell: Can we go to Viera, versus Titusville?

Mr. Showe: Any Supervisor of Elections office will help you out with that.

SEVENTH ORDER OF BUSINESS

Treasurer's Report – Consideration of Financial Statements

A. Approval of Check Register

On MOTION by Ms. Walsh, seconded by Ms. Thomsen, with all in favor, Checks #3333 through #3355, from the General Fund, totaling \$173,634.29, were approved.

Ms. Walsh: There were no *Capital Reserve* items this month.

On MOTION by Ms. Walsh, seconded by Mr. Oakley, with all in favor, Checks #25587 through #25682, from the Golf Course Fund, in the amount of \$88,253.69, were approved.

B. Balance Sheet and Income Statement

Mr. Showe: We distributed the Balance Sheet and Income Statement. No action is required by the Board.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests

Mr. McCarthy: Jo, do you have anything?

Ms. Walsh: No.

Mr. McCarthy: Bill?

Mr. Oakley: I'm good. Thank you.

Mr. McCarthy: David?

Mr. Bedwell: No.

Mr. McCarthy: Melinda?

Ms. Thomson: Is our audit coming up for bid again?

Mr. Showe: I will have to look at that, but I think it was a five-year term that we did the last one for. It should be solid, but I will double check.

Mr. Bedwell: Did we approve the audit report?

Mr. Showe: You approved it a couple of meetings ago.

Mr. Bedwell: I thought it was preliminary.

Mr. Showe: We showed it to you in draft form, requested any changes and finalized it.

Mr. Bedwell: I will talk to you after the meeting.

Ms. Thomson: Before it was renewed every three years.

Mr. Showe: I will double check to see when the cycle is.

Ms. Thomson: I had a sense that it was impending.

Mr. Showe: It might be. I will find out.

Mr. McCarthy: I have something that I would like to read to the Board, which is an email from Charles Brown who represents REMAX real estate in the Viera area. I have no affiliation with this person. He just contacted me through the email system. He said that he was selling houses and there was a list of properties that were sold and available. It also had events that were going on in Viera East to show how appealing it would be to live here. Mr. Brown said:

"Great news! Property values in Viera East are at an all-time high and looking better than ever. There's a strong demand, because frankly, in my opinion, hands down, Viera East is the nicest golf course community in Brevard County."

Mr. McCarthy: I wanted to share that. It's good news and typical of what's going on in terms of our reputation in the community.

NINTH ORDER OF BUSINESS

Adjournment

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



Secretary/Assistant Secretary



Chairman/Vice Chairman