

MINUTES OF MEETING
VIERA EAST
COMMUNITY DEVELOPMENT DISTRICT

A Public Hearing of the Board of Supervisors of the Viera East Community Development District was held on Thursday, August 27, 2020 at 6:00 p.m. at Faith Lutheran Church in the Multi-Purpose Room, 5550 Faith Drive, Viera, Florida.

Present and constituting a quorum were:

Paul McCarthy <i>(via phone)</i>	Chairman
David Bedwell <i>(via phone)</i>	Vice Chairman
William 'Bill' Oakley	Secretary
Jo Walsh	Treasurer
Melinda Thomsen	Assistant Secretary

Also present were:

Jason Showe	District Manager
Tim Melloh	General Manager
Residents	

FIRST ORDER OF BUSINESS

Roll Call

Mr. Showe called the meeting to order at 6:00 p.m. All Supervisors were present.

SECOND ORDER OF BUSINESS

Public Comment Period

Mr. Showe: We will open it up for members of the audience who would like to provide comment. There is a separate public comment period for both the rules and the budget. So, if you want, you can hold your comments on those until that time. Otherwise, please state your name and address and keep your comments to three minutes.

Tony Volpe, IRCC: I want to make sure it's clear that I don't agree with the decisions you make. Okay? That doesn't mean it's not the right decision, it's just that I don't agree with it, but I try to give you direction, which I think you should take and I try to do that respectfully. I hope that I do. I think you made the best decision you could, based on experience and knowledge. I'm looking in from the outside, so I don't have the same detail you have. However, I just want to go over the doggie park again. I don't have a problem with the doggie park. If the

community wants it, I'm okay with it. What I shared with you were things to be aware of. Tim did an excellent job yesterday, talking about the restaurant business. I like that restaurant. I like the people there. The people I see there like it as well. I offered to help you, but I'm not sure if you really know what I can help with. I have a full gamut of experience. I have an MBA in Business Administration and construction, technology, management and project management. I'm a Real Estate Broker. I'm certified in computers, management and project management. Now, I will share with you something to show my experience. I have more job experience than most people have before they retire. That's because I've been working since I was about 12 years old, taking care of myself as a teenager, making decisions and making money. I built my first house when I was 19 years old. I built my newlywed apartment in the basement from scratch myself, managing the whole thing. It gives you a good idea of what my experience is. I've grown to a high corporate management level. I worked hard for it, but I have that experience to help you out with. So, what does that mean? All that means is that I'm offering to give you input for a positive solution. Okay? It's up to you how you use it.

Mr. Showe: Thirty seconds.

Mr. Volpe:: I also want to tell you, lastly, congratulations on closing the lawsuit. Keep in mind that there are learned lessons from this and I suggest you focus on it. Lastly, I want to suggest to you, that you don't beat yourself up. There are plenty of people out here to do it for you. Thanks for your hard work.

Ms. Walsh: Thank you, Tony.

Ms. Thomsen: Thank you.

Peter Carnesale, IRCC: Good afternoon. I'm Pete Carnesale and I live at 1910 Independence Avenue in the Indian River Colony Club (IRCC) across the street. You people, the current Board, the one everybody sees before them, is not adhering to transparency in government. Knowing higher governmental rules applied to government, you just seem to ignore them. I will give just a few examples of those failings to disclose information properly as described in the government in the Sunshine Manual publication of the State of Florida:

1. The minutes of your regular meetings for over six months were not posted on the VECDD website until it was brought to your attention at one of these meetings. Then magically, they all appeared within a day. You obviously had them, you just didn't post them for the public.

2. The minutes of your workshop meetings for the past through years, if they exist still do not appear on the VECDD website, despite the clear statement in the same stated manual that workshop meetings are not exempt from this requirement.
3. Then there are shade meetings. Those are the meetings with the lawyers discussing pending litigation. I'm saying the description because you know, but they may not know what they are. In that case, the minutes are to be released promptly after a settlement is reached on a lawsuit, which is no longer pending. Since the lawsuit was signed off in May and finalized in June, why are the minutes still not on the VECDD website?
4. There also was no discussion made during regular meetings, nor was a special meeting called to inform or get opinions from the residents or formalize the results after the lawsuit, before issuing the altered bond. Finally, just yesterday, well after the fact, the Board approved the release of that information.

Mr. Carnesale: These are just a few of the examples of the current Board failing to follow governmental regulations and not keeping the residents informed. Now I am one of the candidates for the CDD to challenge control of this Board in November, but that does not change the facts. If elected, we have pledged not only to keep the residents informed, but to keep them and their HOAs involved in all major decisions. Thank you for allowing me to speak at this forum and keep the residents informed.

Mr. Oakley: Jason, would you like to address the minutes of the meeting, especially the meeting that we never had?

Mr. Showe: We don't keep workshop minutes. We have recordings of all of the workshops available upon request and upon request, we provide those. It is the same as shade sessions. We typically don't post shade meetings on our website; however, if the Board would like me to, I can certainly post those, if there's no opposition. The Sunshine Law requires that those items are available promptly and provided promptly when requested. I think there may be some misinterpretation there. We provide them immediately. We had several people in this audience request those and I believe that they were provided promptly when they were requested. If the Board wants me to place those on the website, we have no objection. I'll just make that happen if there's no objection of the Board at this point.

Ms. Thomsen: No objection.

Mr. Oakley: Thank you.

Mr. Showe: Are there any other audience comments?

Steve Colasinski, Herons Landing: The initial charter for the CDD indicates that the District has the power to plant, construct, operate and maintain certain basic services such as the water supply, sewer, water management, roads, bridges, culverts and streetlights. There is also a provision for recreation. How close are we to this today? In the 2021 budget, out of \$678 for assessments, only \$35 is going towards community infrastructure. The restaurant is for the golfers. Park maintenance and fire line budgets went down for 2021. The new bond decreases our borrowing power to deal with catastrophic events in our community. If we had a catastrophic event, we would need a special assessment. We need to stop the practice of the financial constraints of the golf course bonds for 2012 and 2020. That limits our District to only golfing for recreation activities. We need to change values and focus more on our neighborhoods. Consider the replacement of golf course turf and lake consultants to get better health of our lakes. We need to invest more in our community. It is time to start cutting expenses because operations are losing money. Last year, the golf course lost \$50,000. This year, it is projected to lose \$20,000, but it is probably closer to \$50,000, since so far it has not been very active. Again, they are just projections. The 2020 golf course projected revenues are down \$169,000 from the initial 2020 budget. The 2020 budget only lowered that amount \$38,000. The 2021 budget is unrealistic. The COVID-19 impact begins. The golf course has a \$4,175 difference between revenues and expenses for 2021. This is not a self-sustaining budget for the golf course. For the 2021 budget, consider cutting Clubhouse uniforms by \$1,500. Consider cutting the ground crew uniforms for \$11,000. We have about \$3,000 contracts. This is \$120,000 in potential lost revenue. The Florida State Golf Association handicaps \$5,000. The Cocoa Beach regional chapter for Florida Space Coast membership is \$3,300. The GPS that we have on our carts is \$11,000. Most people use handheld devices. They don't use GMS. Most golf course are getting rid of GPS on carts. We gave staff a 3% raise and spent \$3,000 for a holiday party last year. We cannot afford to provide these when you are losing money. There are \$150,000 in savings and that is basically the difference between a self-sustaining golf course and when it is dependent upon taxpayers.

Mr. Showe: Are there any other audience comments?

Rob Dale, Osprey: One year ago, at the last annual meeting in July, 300 residents attended. Eighty-Five percent of those who were speaking were against a \$11 million bond that this Board passed, with zero dissention after the meeting. Since that meeting, this Board spent \$450,000 of CDD money on legal fees, while employing multiple, remarkable high-priced attorneys and two lawsuits. By contrast, the two lawsuits saved the District roughly \$500,000 of deferred interest. Additionally, the lawsuits forced lowering the principal amount of the bond by several million dollars. The lawsuits forced this Board into settling for a smaller bond than they have today. So here we are a year later. The CDD Board is flush with cash from the newly settled \$7 million bond. That is \$7 million, that all of you had the power to spend, but we don't have the moral authority right now. You all know how contentious that bond was. I believe that you all settled because you realized that three of you had a strong chance of losing the three Board seats in the election in November, just two months away. You have the power to spend that cash immediately, but I challenge this Board to do the right thing and wait just two months before going on a spending spree. Let this November's election be a referendum on the actions of this current Board. If I'm wrong and this Board is right, you should win in November and I will acknowledge that fact. If you try to spend that money quickly, and commit too many contracts before November, you'll be doing the wrong thing and you'll have proven my point. They settled because they wanted to spend the money quickly, before being voted out. That would be a slap in the face to this community. It's only two months. Do the right thing. Let the voters decide the future of their money this November.

Mr. Showe: Thirty seconds.

Mr. Dale: I am part of the team running for responsible change for the CDD in November. If elected, we pledge to halt for immediate review, any contracts that are passed by this current Board. Contractors do not like uncertainty and contracts can always be broken. Facilities can be repurposed. Do not sneak the restaurant lease in for five years instead of its standard one-year lease, like you are currently trying to do.

Mr. Showe: That's three minutes.

Mr. Dale: It's not fair to the restaurant owner or the community. You as elected officials have a fiduciary responsibility to this community and I recommend to this Board to wait until November before spending and extending too many contracts, because that can cost the District even more than it cost you already. That will be shameful.

Janet Helms, Golf Vista: There was a video that was recently released on *Nextdoor*, and questions came up against that, much like some of the things that we talk about here. I never saw the dock, but the dock didn't get rebuilt. There has to be a reason why it didn't get rebuilt. Was it due to the cost? Liability? What was the issue with that dock? Also, on the 18th green, the hole is supposed to be spectacular, but was it a \$5,000 expense? Was that really the figure or was it more or less? I was just curious. I'm going to say it right here. Someone here mentioned tonight about taking control of the Board. I think of you as individuals and I absolutely expect you to act as individuals. Whoever comes in, should act as individuals, not take control of the Board. Don't let it come to that. Thanks.

Mr. Melloh: I think we discussed the dock about four years ago. Our staff said it was not used regularly. We had a bid of \$3,000 to remove the dock and \$24,000 to replace the dock. So, at the time we just made the choice not to spend money to do that, but we reserved the right to rebuild the dock if that ever became an issue. My suggestion would be to move it to the lake further to the south because it is a much bigger lake. The lake that dock is in is a very small retention pond type of lake. We can definitely rebuild that. That's certainly not off the table, but that was the decision made at the time.

Mr. Dale: When is the last time you guys talked to the HOAs about any of these issues?

Mr. Oakley: The HOAs can come to any one of these meetings. I'm not going to get into a discussion with you. They are open meetings. We requested they come, but they choose not to, so there is not much we can do about it. I attended Viera East Community Association (VECA) meetings. I attended Herons Landing meetings. I haven't seen you guys there. If you want to start, let's start.

Mr. Dale: I'd be glad to start with you.

Mr. Oakley: Get your figures right, if you are going to put figures out there. You put so many wrong figures out there, it's ridiculous. The sidewalks were grinded so they wouldn't become a tripping hazard, so you go right ahead.

Mr. Dale: There's no point.

Louise Carnesale, IRCC: I'm Pete's wife. I have a problem with a couple of things that were said by you, that anybody can attend your meetings. I would say 60% of people work and are unable to come. You people have to pay for advertising so these people know that they can now come to meetings.

Mr. Oakley: Jason, are these meetings posted?

Mr. Showe: Absolutely.

Mrs. Carnesale: We are not going to take time off from work to come to a meeting. They have to work. Especially during this time frame.

Mr. Oakley: Do you know how many people we had at the last budget meeting?

Mrs. Carnesale: I used to come to a lot of meetings.

Mr. Oakley: Do you know how many people we had at the last budget meeting at night?

Mrs. Carnesale: I don't know. It doesn't give you the right to spend money whenever you want to.

Mr. Carnesale: Just because people aren't here, doesn't give you the right to do that.

Ms. Thomsen: Don't blame it on us.

Mr. Carnesale: If people cannot attend the meeting, that means the decision is made by me.

Mrs. Carnesale: It's made by them anyway. They don't listen to what we say, which was obvious at the last budget meeting. They just simply voted and didn't even listen. That's it and there was no more discussion.

Mr. Oakley: At the first budget meeting, there were several people that wanted to get up and speak. They were concerned about getting attacked by a few people. They were actually concerned. At the last bond meeting, one Board member misspoke during the meeting. I got yelled at and challenged. I just felt very, very uncomfortable. I went out after the meeting with Mr. Dale, Steve and Matt Souza. We had a nice discussion. All I remember is Mr. Dale saying, "I will see you in court."

Mr. Dale: You handed me your business card and then you proceeded to call everybody in the neighborhood and tell them how I intimidated you.

Mr. Showe: We need to keep this to CDD public comments.

Mr. Oakley: Everyone was yelling and insulting me.

Mr. Webb: I was also with you when you came out with that group. You were very kind.

Mr. Oakley: Thank you.

Mrs. Carnesale: No one got aggressive. I do remember them saying, "Well we can't solve it tonight so I'll see you in court." You said, "That's fine" and gave him your business card. So, I was also present during that time.

Mr. Oakley: Excuse me. I apologize.

Mr. Webb: You apologized, but they didn't attack you either. I didn't see that and I was standing right there.

Mr. Oakley: Also, during the second bond meeting I told a resident that I heard exactly what they said. The second week, I had a proposal drawn up and gave it to Jason and Tim. There was a reduction in the Clubhouse renovation of \$2.9 million and I was advised not to present it to the Board because of the pending legal suit. So, I held it until I was able to, I provided it to the Board and they passed it. Before the litigation was settled, we already had a reduction of \$1.9 million.

Mr. Webb: I still want you to know that everything you do is for the people out there. They should have the opportunity, especially the working young families, to be able to come to a meeting. Then if you changed the time of your meeting and announced it, you would have more people in attendance. I do a lot of public service work, and the biggest complaint I hear, besides what you have done, is that they can't come to meetings and voice their opinion. That's because you have a 2:00 p.m. meeting.

Ms. Walsh: It used to be earlier.

Mr. Showe: Are there any other public comments?

Robert Stickels, Bayhill: I know we passed a bond issue and that it was contentious. There was probably \$7 million spent for maintenance. We are doing maintenance on things that will last five, seven, twelve years that we will be paying for years after that. So, what are we doing in the budget now to satisfy the maintenance in the future as these things wear out? There is nowhere near enough money to cover maintenance in the next five, seven or ten years. I think it's negligent if you don't start setting aside \$100,000 a year for maintenance. You are going to be borrowing money at the end for five years and financing the debt for another 20 years. It's just silly what you are doing. Thank you.

Mr. Showe: Are there any other public comments?

Timothy Bianchi, Auburn Lakes: Yes. I sent this to the Board in the mail, but I don't know if residents have seen it.

Ms. Walsh: We saw it a year and a half ago.

Mr. Bianchi: I have been a resident since 2004. I think it should be given to everyone who buys a home here. What I have an issue with on this, and I went back to the minutes and can't find it, is can somebody explain to me why Tim is the COO of the CDD?

Ms. Walsh: He is the General Manager of the CDD and the golf course.

Mr. Bianchi: How much are the Board Members paid?

Ms. Walsh: We get \$200 per meeting.

Mr. Bianchi: I said annually.

Ms. Walsh: Annually, it depends on how many meetings, up to \$4,800.

Mr. Bianchi: So, you get paid \$4,800 annually.

Ms. Thomsen: It's per meeting that we attend.

Mr. Bianchi: Correct, but the cap is \$4,800.

Ms. Walsh: Correct.

Mr. Bianchi: Does anybody in here know that?

Mr. Dale: Yes.

Ms. Walsh: Mr. Dale knows. He was on the Board before.

Mr. Bianchi: How many employees does the CDD have?

Mr. Showe: Approximately 50.

Mr. Melloh: 52, I think.

Mr. Bianchi: Out of those 52, how many do not regularly work for the golf course?

Mr. Melloh: Four.

Mr. Bianchi: So, we have four members that have nothing to do with the golf course whatsoever.

Mr. Melloh: Correct.

Mr. Bianchi: Out of those four, how many do the oversight for CDD subs?

Mr. Melloh: I'm not sure that I understand the question.

Mr. Bianchi: I'll make it easy. I'm probably going over three minutes. I assume the Board would know how many employees work here.

Mr. Oakley: We do.

Mr. Bianchi: You didn't. You had to go to Tim. So, there are four employees and we have subcontractors out here. Whoever does the fire mitigation is a subcontractor that we hire. Out of those subcontractors, who does the oversight of the subs for the CDD?

Mr. Melloh: Ed Grasser, our golf course maintenance person.

Mr. Bianchi: So, one person controls all of the subs oversight.

Mr. Melloh: We have two of them.

Mr. Bianchi: These are questions.

Mr. Melloh: I understand. I answered before and it sounds like you wanted the answer at the time.

Mr. Bianchi: I never asked who did the oversight. I'm counting subs, which you didn't provide to me.

Mr. Melloh: I apologize.

Mr. Bianchi: I'm trying to understand why we have subs out here when I'm running and I stop to talk with Pete, and he's like, "I don't see anybody out here, but I understand your issue with some of the lakes." Can the Board state to the residents a finding that this golf course belongs to Viera East CDD residents?

Ms. Walsh: Yes.

Mr. Bianchi: Is it stated now that we own that golf course? We bought it, paid for it and billed the bond. So, we own it. Why do I have to pay to play on the golf course that I own? That's like asking did Walt Disney pay to go to Disney World? It doesn't make any sense to me. Never mind. You guys can't answer that. So why can't the golf course be self-sustained? What is the issue with the golf course that it can't self-sustain itself? How many years have we needed people and we talked about the same issue? We don't talk about the cart. We don't talk about the burns. We only discuss golf course issues. We have been subsidizing this hemorrhage for years. When are we going to tie the team together like you did with the restaurant? Do the same thing with the golf course. You are putting a burden on the future of Viera East. We are not sitting down and taking the time to review why this golf course is not self-sustained.

Mr. Showe: We are at five minutes.

Mr. Bianchi: The last thing is somebody said something about golf. Do we have hurricane insurance? We had similar issues in my HOA and the insurance company paid for that.

Ms. Walsh: It wasn't that damaged.

Mr. Showe: It wasn't a hurricane.

Mr. Bianchi: We had one burn. Did we try to get insurance to pay for it and do we have insurance on it?

Mr. Showe: Yes.

Mr. Bianchi: So, did we try?

Mr. Melloh: The dock was 20 plus years old. It was rotting out. That's why we closed it.

Mr. Bianchi: It's like the tires on your car. After so many miles, you at least get something back for the residents. Anyway, when people buy a home in Viera East, they should get educated on what the CDD does. They have to sign the document for VECA. Why not have something in writing that says, "Oh by the way, there are three types of associations out here and here's one, VECA is the middle one and then your HOA." I just don't understand.

Mr. Showe: The CDD does not receive sales transaction information.

Mr. Bianchi: Pursue it. Jason, I know that you are a smart man. VECA has done it. You can say, "Can you slide it in your documents?" How hard is that?

Mr. Showe: If that's what the Board wants.

Ms. Walsh: We would have to be at every closing.

Mr. Bianchi: That's what they have with VECA. We tell them, "When you move into Viera East, you must sign the VECA documents stating you can't have a home without a sign." Why not say, "Hey VECA, could you help us out? Slip this little brochure in with your VECA document so they understand?" How hard is this?

Ms. Walsh: I think we would go a different route than that, but if your realtor is not disclosing to you that this is the situation that you're in and when you purchase a property in the CDD, these are the fees that will go along with that and the expectations of what can happen because we own a golf course and we have Woodside Park and the scrub jay habitat and burns, that shouldn't be a problem, but to actually to put that particular thing together for everybody, I think would be cumbersome.

Ms. Helms: So, you are taking no responsibility.

Ms. Walsh: I'm sorry.

Mr. Bianchi: You're dodging the question.

Ms. Walsh: No, I'm just saying that I think that would be a little cumbersome and I think we should put something in writing.

Mr. Bianchi: How many were made?

Mr. Melloh: We mailed it out to 4,300 homes within the CDD and had 700 extras to send to real estate agents. So, we had 5,000 printed. We went to Allegra and they sent it out to CDD

residents. I'm sorry that it did not end up in your mailbox, but it had every attempt to show up there.

Mr. Bianchi: I'm not saying the attempt wasn't made. What I'm saying is you folks should provide this document when somebody buys a home. That's all I'm saying. You figure it out. I gave you ideas. You are the Board. You are paid to figure these things out. So, figure it out.

Mr. Oakley: Tim, would you tell the gentleman, out of the 50 employees that we have at the golf course, how many are full-time?

Mr. Melloh: There are 17 full-time employees,

Mr. Bianchi: I didn't ask that question.

Mr. Oakley: I thought I gave you the answer.

Mr. Bianchi: But I didn't ask.

Mr. Oakley: I apologize.

Mr. Bianchi: I just wanted to know the number of employees. I was really trying to get down to the four employees that have oversight for our subs. That's what I was trying to find out. Now I find out that there was only person in your oversight for all of your subs. You may want to look at that.

Mr. Walsh: I'm Jo's husband. There are only two subs. I've been to these meetings and all you guys want to do is sit and fight. And you Mr. Dale, make up incredible numbers. I don't know where you come up with them. I go home and I'm laughing sometimes. I can't believe you people listen to him, because it's not real. You are talking about the \$300,000 spent on the lawsuit; \$150,000 of which was from your lawsuit. The judge basically gave you every opportunity in the world to come up with something real and all your attorney did was sit there and said nothing.

Mr. Dale: Lets go forward with the meeting.

Ms. Walsh: If you are going to take your mask off and come off that ledge, please step back.

Mr. Dale: I'll step back. Why don't we move on?

Ms. Thomsen: He had a chance to say something.

Mr. Dale: It's coming from you.

Mr. Walsh: Why? Because I'm married to a Board Member?

Mr. Dale: Yes.

Mr. Walsh: He said he doesn't get it.

Mr. Bianchi: I hear you.

Mr. Walsh: The money for the restaurant...

Mr. Bianchi: Are you talking to us or to me?

Mr. Walsh: I'm talking to you. The money for the restaurant, they knocked that off because their attorney made some legitimate points. They were fighting it, just like they fought you. When I first moved to Viera East, I lived in Auburn Lakes and you were on the Board then. What happened? Well you quit. You quit being on the Board because you wanted to run for something else. You left this Board here. Not these people, but one person here with \$2. That's it. That's all that was in the operating account. I don't know what they have in there today, but I guarantee it's a lot more than that. Where did all the money go? When every house was sold in here, there was a recreation fee charged to every homeowner. That was supposed to come to the CDD to pay off the bond. Where did it go?

Mr. Colasinski: Do you have information so we can verify your \$2?

(Indistinct Dialogue)

Mr. Walsh: I wasn't here 20 years ago or 10 years ago. That sounds good.

Ms. Helms: I don't want to hear about 20 years ago. We are talking about right now. I guarantee you what happened 20 years ago, was different.

Mr. Walsh: It doesn't settle what's going on now. You are paying off that bond now. There is another bond that's in the pipeline, but you are paying it back until that bond is paid off.

Mr. Bianchi: But you don't have to renew the bond.

Mr. Walsh: No, you don't.

Mr. Bianchi: But that's what's happening.

Mr. Walsh: No kidding, but you need money to run this place.

Mr. Bianchi: That's what we are talking about. Why can't a golf course be self-sufficient?

Mr. Showe: Let him finish his comments.

Mr. Walsh: This is a moot point. This is ridiculous.

Ms. Walsh: I do have the minutes where there was \$2 in the General Fund.

Mr. Dale: I would like to respond to the accusations.

Ms. Walsh: I'm just telling you.

Mr. Dale: First off, the State of Florida, has a designed to run law, which says if you run for another political office, you have to resign your current post. I ran for State Representative.

Mr. Dale: I know we're the opposition. Secondly, when I was on the Board, there were no tax increases. The number two accomplishment, the reason why I got on the Board to begin with, was to establish a Fire Management Plan, which we currently have, which are the fire lines and the trails that have been instituted. Those were my two accomplishments.

Ms. Helms: I went on about the restaurant because if you made a \$20,000 profit, but you spent \$12,800 for utilities and equipment, you only made \$600 a month on the restaurant. So why would you renew a five-year lease?

Mr. Showe: Are there any other public comments? Hearing none, we will proceed with the public hearings.

THIRD ORDER OF BUSINESS

Public Hearings

Mr. Showe: We need a motion to open the public hearing.

On MOTION by Ms. Walsh seconded by Ms. Thomsen with all in favor the public hearings were opened.

A. Rules and Rates

- i. Consideration of Amendments to Attachment A to Chapter IV of the Rules of Procedure**
- ii. Consideration of Golf Course Rates for Fiscal Year 2021**

Mr. Showe: Tim will go over the rules and rates and any potential savings for Fiscal Year 2021.

Mr. Melloh: As far as the Policies and Procedures, there are two small items that we brought up at the workshop. Under, "*COURSE CLOSING*," basically due to weather, we want to change the wording to say, "*Following a temporary course closure due to weather, tee times will resume where they were left off*," and we are also changing, "*All reservations during the delay will be cancelled*." Under, "*GENERAL RULES AND RESERVATIONS*," we are going to change the wording to, "*Use of personal golf balls is permitted at the practice area at the rear of the driving range for short game practice for all CDD residents and public players registered to*

play. Other practice may be approved based on availability and at the discretion of the golf operations staff." We are changing that from, "Only annual fee members," because it restricted CDD members from bringing their own golf balls. They can certainly buy golf balls from the golf shop. So those are the two small rule changes. The rates that you have in your agenda package, we had a \$4 to \$6 rate increase last year and we are going to hold with that this year. We did increase the golf cart fee from \$20 to \$22. So those are the fees, if anyone has any questions.

Mr. Showe: We will open it up for any members of the audience who would like to provide comments on the rules and rates of the golf course. That is what the public hearing is for. Please state your name and address for the record.

Mr. Volpe: Tim has done a great job of increasing revenue. The only thing that I want to say is if you increased revenue, I'm requesting that you allocate to the golf course for maintenance and whatever was borrowed from the bond to pay that portion of the bond off. It has to be self-sufficient. That is my suggestion. It is your responsibility to figure that out. Of course, I would help you if you want me to, but it is very important that you do that. That's all I want to say about it.

Ms. Thomsen: We have a Capital Reserve Fund.

Resident (Not Identified): Is there any way to build in some sort of discount for homeowners?

Mr. Melloh: Yes. We have the 25% discount for CDD residents.

Resident (Not Identified): Is that for greens fees?

Mr. Melloh: Cart and greens fees. There is also a 25% discount on soft goods in the pro shop.

Resident (Not Identified): So, it's 25% and 25%.

Mr. Melloh: Right. Yes, Ma'am.

Resident (Not Identified): When I first went over there, maybe five or six years ago, there was only a 10% discount in the golf shop. So at least it went up to 25%. I often wonder though, what is the fee like to play golf on a Saturday morning if someone just walks in?

Mr. Melloh: Certainly, that's seasonal. This time of year, it's around \$40.

Resident (Not Identified): What is the rate in the winter?

Mr. Melloh: It can get up to \$65 for snowbirds.

Resident (Not Identified): I sometimes wonder. I go because of the rates. I like to play golf. I'm retired and play three times a week. I go down to Turtle Creek. Turtle Creek is in good shape right now.

Ms. Walsh: *(Laughs)* Right now.

Resident (Not Identified): I pay \$800 a year for a membership. In the summer, I pay \$12 for a cart fee. In the winter, I pay \$16 for a cart fee. Now I'm wondering if you guys haven't priced yourself to where the revenues made them a little more reasonable, you would get more play and make more money. I know that you have a lot more things at Viera East than Turtle Creek. They don't have a pool. They don't have a lot of the maintenance that you have.

Ms. Walsh: We don't have a pool.

Ms. Thomsen: That is for the residents.

Resident (Not Identified): So even just the golf course itself, I'm just wondering, if your rates are too high, because I'm a regular guy on a pension and social security. I'm not paying \$60 three times a week to play on the golf course.

Resident (Not Identified): It's your golf course.

Resident (Not Identified): It shouldn't be.

Resident (Not Identified): No, it's not.

Mr. Showe: Thirty seconds.

Resident (Not Identified): It's not my golf course.

Resident (Not Identified): It's a nice course, but it's just gotten to the point where I feel like the rates have escalated past what a lot of people that live around here would be willing to pay. I can play down the street for \$800 a year for a membership. I'm not saying you dropped the bat, but somewhere, you need to get a little closer to where I think it would increase your play and you would pay for your golf course.

Mr. Melloh: We've always tried to price our golf course to be below what Duran charges, but equal to or maybe slightly lower. When we charge \$63, they are charging \$80. In the winter, from January 1 to April 15, the public rate is \$63.50. CDD residents can play for \$47.63. So that is the 25% discount.

Resident (Not Identified): I also want to let you know that I see Turtle Creek having all kinds of tournaments.

Ms. Walsh: Tournaments don't make any money. You lose money.

Resident (Not Identified): That's the first time I heard that.

Mr. Showe: This Board discussed that several times at Board meetings.

Ms. Walsh: Over the years, we battered that. We also had the race to the bottom. That's when I was first on the Board. Everybody was racing to the bottom to see how low they could get their rates. That doesn't help sustain a golf course. There may be some leeway on that, but we kind of been down that road a couple of times and it does not help the course.

Resident (Not Identified): I just think there should be more standard on play versus rates.

Mr. Melloh: Yes sir.

Mr. Oakley: A good way to test to see how things are going out there is to look at the tee sheet.

Resident (Not Identified): What?

Mr. Oakley: Look at the tee sheet if you want to reserve a tee time and see how busy it is. You will see that most of the time you can't find a tee time in the morning because they are all booked.

Ms. Walsh: That's when we make the most money.

Resident (Not Identified): Most of those people are your regular people, because you have your Thursday tournaments.

Mr. Oakley: Just do yourself a favor and check the tee sheet and you will see where the better prices are at. I will talk to you after the meeting.

Ms. Walsh: Thank you.

Mr. Showe: Are there any other public comments on the rates?

Resident (Not Identified): Yes. Why is an increase on cart fees? You said that you raised them by \$2. Why are we raising it?

Mr. Melloh: Because that is what guests of staff pay. It does not impact the general public at all.

Resident (Not Identified): Why are you increasing it?

Mr. Oakley: To try to increase revenue.

Ms. Walsh: If you buy a round of golf and you are taking a cart, you are not paying an extra \$22 on top of that round of golf. Okay? Because you are buying a whole round of golf. That's it. The \$22 is because sometimes we have kids playing in a tournament and the parents or

coaches want to ride along. Then what they do, because the kids walk, they will rent a cart. So that's where those kinds of instances come in with the cart fee. It's been \$20 for 20 years.

Resident (Not Identified): To this gentleman's point, last Saturday, I played at Baytree and it was cheaper, even when I visited, and I got a better tee time. I think you guys need to start working on this.

Mr. Oakley: But if you would've booked your tee time 10 days out, you would've got it.

Resident (Not Identified): Would've got what?

Mr. Oakley: The tee time you wanted.

Resident (Not Identified): I don't know what fantasy world you are living in, my friend, but I reserve a tee time 10 days beforehand.

Mr. Oakley: He works.

Resident (Not Identified): People in my age bracket, we make these decisions, like to play tomorrow at Suntree. I just finalized that today. So, retirees have it better than me. I have to work. I can't make those decisions. To his point, I played at Baytree for \$10 less and got a better tee time, and that's with a cart. So, you guys need to look at these things.

Joyce Piotrowski, Independence Drive: I have a question. You said that Board members are paid based on meeting attendance. So, does that not mean physical attendance? You don't have to show up. You can just call in?

Mr. Showe: Under the Florida Statutes, if you call into the meeting, you are in attendance as long as there's a physical quorum present in order to legally conduct the meeting.

Ms. Piotrowski: That's ridiculous.

Mr. Showe: Are there any other comments on the rules and rates? Hearing none, we will return it to the Board for any discussion or approval on the proposed rules and rates.

On MOTION by Ms. Thomsen seconded by Ms. Walsh with all in favor the Amendments to Attachment A to Chapter IV of the Rules of Procedure and the Golf Course Rates for Fiscal Year 2021 were approved.

B. Budget and Assessments

i. Consideration of Resolution 2020-10 Adopting the Fiscal Year 2021 Budget and Relating to the Annual Appropriations

Mr. Showe: We have a quick budget presentation. My name is Jason Showe and I serve as the District Manager from Governmental Management Services (GMS). We will put this on the website after the meeting tonight, but this is a diagram of the physical location and the size of the District. So, everything in the boundaries is in the District. This is a brief listing of all of the different HOAs and subdivisions within the Viera East CDD. It's on the website as well. This is an overall description of the District. There are 31 subdivisions and communities, over 4,200 residential homes, 205 acres of commercial and over 1,000 acres of wetlands and conservation area. We own and maintain a scrub jay habitat. We have 84 CDD maintained retention ponds. The District owns five miles worth of sidewalks and bike paths. We own the restaurant. It is leased to a third party. We own and operate inside of the park. We have various infrastructure throughout the CDD area, natural area trails, an 18-hole championship golf course and practice range and we employ over 50 staff members. These are some of the accomplishments of the CDD. We own over 33 miles worth of lake banks. Every year, the Board dedicates funding to restore a minimum of 2,000 linear feet. We have 51,000 linear feet per year worth of fire line maintenance. We try to rotate through that a third every year, so every three years the fire line is maintained. In 2016, we added 10 greens and putting surfaces to the golf course. In 2017, we upgraded our tee time system and software. In 2018, we added a new Rain Bird pump station. Since 2014, we hosted over 100 students per summer with the Mike Hogan School of Golf for Youth. These are your proposed assessed rates for 2021. There is no proposed increase. The Water Management District makes up the largest portion of your assessment, which is \$413.74. Your operation and maintenance (O&M) of the General Fund is \$135.95 per year and the Recreation Fund, which currently pays for the recreation debt and operations is \$128.67 per year. So, the total assessment is \$678.35. This is the same chart, just on a pie chart. The General Fund makes up 20%. The water management debt service makes up 61% of your assessments. The recreation bond makes up 17% and the recreation operations makes up 2%. This is a summary of your Water Management Debt Service Fund. At the start of 2021, there is over \$4.4 million left in this fund that is due to be paid off on May 1, 2022. Your Proposed Budget includes assessment income. Your Fund Balance at the end of the year is proposed to be \$500,000, and that goes to pay the first payment on May 1st of the following year. The General Fund covers general CDD administration, park maintenance, lake maintenance, fire line maintenance and all of the conservation areas within the District. It has a balance of revenue and expenses of over

\$864,000. This is a chart showing the current 2020 actual and projected golf course revenues. These are exclusive of the recreation assessment that is put into this fund. Without that, the golf course is budgeted to raise over \$7,400 through July. The golf course is actually making a profit of \$39,000, as projected by the end of the year with a profit of \$9,656. That also includes a transfer out to reserves, so there is a portion of golf that goes out to reserves for future improvements. For the 2021 Proposed Budget, we have \$1.9 million revenues, a little less in expenses, for net income of \$41,075 in the Golf Course Budget. For revenues by categories, greens fees are over \$1.4 million. We have platinum and gold memberships of \$210,000. There are associate memberships, driving range, golf lessons, merchandise sales, revenue for the restaurant, a portion that goes into operations for special assessments and miscellaneous income for other items the golf course brings in.

Resident (Not Identified): Are golf lessons given by a paid employee of the CDD?

Mr. Melloh: No. We lease that out like we do the restaurant. It's contracted out.

Mr. Showe: Your general expenses are \$143,000, restaurant expenses are \$12,800, golf operations are \$418,000, merchandise and cost of goods sold is \$77,000, maintenance is over \$1 million, administrative expenses are \$156,000 and there is \$31,000 in reserves. It is important to note that this is a budget. This is a financial plan for 14 to 16 months out. They are not locked into any of these categories, but this is how the budget breaks out. There is \$128 per unit in the Recreation Fund. Of that, \$43,000 goes to Woodside Park, which gets transferred to the General Fund. \$18,000 goes into golf course operations. The recreation debt is the vast majority of the budget, which is \$560,000. For the Series 2012 recreation debt, there is currently \$2.895 million left at the start of 2021. That recreation bond will be paid off in 2026. It includes \$140,000 of interest and \$425,000 worth of principal. The Series 2020 bonds are not included in the budget. There are no assessments coming in. They will be included on the financials as we move forward. They also weren't in the funds at the time we prepared the budget. All of those documents are on the website. As we continue to move forward with any of those expenses on the bonds, we are going to include a chart in the financials every month detailing every expense and all the detail. This is a chart showing the golf financials over time and the affected income. This is golf revenue, minus golf expenses. This also takes out the transfer. There are golf operation revenues, golf operation expenses and round counts. You can see that we increased from 40,000 rounds in 2014 and are projecting \$50,000 rounds this year, even with COVID-19.

Also, you can see the profits or the affected income. The year has been negative. That is the year when the greens were replaced. So that's a significant outlay of expenses and loss of revenue from when the course was closed. The District's Capital Projects Fund shows a summary from 2013 of the balances in that Capital Reserve Fund. With that, I can take any questions from the Board. If the Board doesn't have any questions, we can take any questions or comments from residents specifically on the budgets.

Mr. Volpe: There was a conversation earlier about Turtle Creek and its relevance. I used to help out there a couple of years ago and they didn't make money, including menus that I put together for golf outings. The reason for the lunch menu was to bring people in here. Hopefully they will drink and eat more, so we gave them a hot dog and a beer. That organization eventually shut down the restaurant. It was owned and supplemented by a Japanese firm. That's the only reason why it existed as long as it did. However, I don't know who is there now and I don't know their budget. It's challenging to make money on those events. That's a fact. There are other reasons why you want to do it, but in terms of the budget, the important thing is to please be cognizant of the operational expense. When you make a decision, before you make that decision, consider where the money will come from. That will help you to make a positive decision. When we do a management review of budgets, we have a defined path of where that revenue is going to come from. When we have defined that, we can accurately and long-term define where we are going to get that money from. We talked about those issues, which you worked on. It's important that you define that. Just remember that. Okay? Thank you very much.

Mr. Carnesale: Basically, when you were doing the restoration of lake areas and you were talking about the number of linear feet and the actual mileage, based on the numbers you looked at, it will take many, many years to make it through that process. So, we are not looking any real numbers here. We are looking at a small percentage per year in terms of the number of linear feet based on the number of linear feet that actually exists, in terms of restoration.

Mr. Showe: That's the current plan that this Board operated under. That doesn't mean that's a locked in expense. They can choose in any year to do more or less. Tim also worked with our Engineer. They have a very prioritized list that goes through exactly what lake banks were the most critical to the least critical. So, they are just working their way through that list as budget funds allow. The Engineer approved that problem.

Mr. Melloh: Right. Basically, Mr. Carnesale, this Board inherited this type of issue from many, many years ago. In order to triple the amount of money, we would have to come up with another \$120,000, which we don't have in the O&M Budget and we would have to increase assessments to do that. None of the Boards previously wanted to do that, not just this Board. Jason, we are not 100% required to do that.

Mr. Showe: No. It's an allocation that this Board makes on an annual basis and based on the need for that particular year, based on the availability of the contractor and the price, we might do more or we might do less. We have a prioritization sheet that our Engineer prepared that takes us through the most critical lakes to the least critical lakes and they have been working their way through that.

Mr. Carnesale: What is the cycle time to redo all of the lake banks?

Ms. Piotrowski: Some need them and some don't.

Mr. Melloh: Like you said, we have 33 miles of lake bank. Let's say half of that is 16 miles and it's \$30 per linear feet.

Mr. Showe: It's also important to know that you don't have to repair all of them. You want to make sure you keep erosion from any homeowner property. That's the most critical. So, I don't know that we would be doing all of them ever. We wouldn't want to do lakes that are unstable.

Mr. Carnesale: What is the background?

Mr. Showe: We have to pull that record and see where we are at.

Ms. Walsh: We have a map.

Mr. Showe: It is a giant spreadsheet.

Mr. Melloh: A lot of residents don't know this part of it, but basically from a homeowner's property and the edge of the lake is about a 20-foot CDD buffer. So, what is eroding is CDD property, not homeowner property. Like Jason said, Kevin Erwin Group came in before I even got here five-and-a-half years ago and prepared a document to show the more eroded areas that we need to concentrate on. So, we have kind of a red, yellow, orange type of situation. We are trying to work through all of the red ones.

Mr. Carnesale: What about natural disasters?

Mr. Showe: The District has capital reserves. Any of that can be utilized. There are funds that can be utilized for that, plus insurance provisions as applicable. Tim has charts, so if you set up a meeting with Tim, he can show them to you.

Mr. Melloh: Please come to my office and I will show all of the fire lines, the ponds and things that we maintain. I would like to invite anybody to my office.

Mr. Carnesale: I noticed that you had an increase in expenditures for fire lines for this next year. It was down roughly a couple thousand. I assume that's fuel for the vehicle. If so, what is the thinking on that?

Mr. Melloh: Are you talking about the fire lines or the control burn?

Mr. Carnesale: The fire lines. It's just maintenance for the vehicles. The actual expenses in 2019 were \$1,500. We are projecting \$1,200 this year, so we didn't feel the need to keep that line item at \$5,000 when the trends are showing that.

Mr. Carnesale: Is it roughly a three-year cycle?

Mr. Melloh: Yes sir, a three-year cycle. That is one of the maps that I have in my office. It shows that we get these every three years from Kevin Erwin's Group to show us where to go. Those are on the plans.

Mr. Carnesale: It's a little self-serving because the preserve is about to start touching my pool enclosure.

Mr. Melloh: I understand.

Ms. Walsh: Some years back, we were fortunate enough that there was a grant available for the prescribed burns. We were able to get a few burns in during that time that did not cost us anything. The Fire Department got their chance to practice in the field, so we got our control burn for free. It appears that is about to happen again, so we are looking at some time probably in January to actually do a prescribed burn.

Mr. Showe: Yes. We were approached with an opportunity to have a burn for free for the District. So, we are going through that with our insurance carrier.

Mr. Melloh: Right. That could save us about \$12,000 to \$15,000. When they do the control burn in the scrub jay habitat, they have to be careful so it doesn't get out of control and reach the houses. It's a small confined area. Some of the control burns you see are several thousand acres. So, we have not been able to do a control burn out there like we had in the past. We have been doing some mechanical clearing for the scrub jay habitat.

Mr. Carnesale: I would like to clarify that, that brand is given to the people that are actually doing it. It wasn't a grant to the Viera East CDD.

Mr. Melloh: Right.

Mr. Carnesale: Not that the Viera East CDD is not benefitting from it; they are. It is good that we spotted and saw the opportunity to be able to do that; however, I have gone through years of minutes and I do not see a place where the Viera East CDD itself has made an attempt to get a grant. There are grants that are out there through various governmental organizations that are well above us. Sometimes we can't reply because we are a governmental organization. It sometimes can be okay and I can understand that; however, that doesn't prevent us from helping an HOA to do that. Alright? All I'm saying is that the legwork and the preparation to do a grant request, could be led by the Viera East CDD and handed off to the HOAs to actually apply for it, because they are not a government organization. I have seen no records anywhere.

Mr. Showe: We would have to look at several things. There are some restrictions on what a CDD can do for a non-governmental agency. There are some specific restrictions, both in the Florida Statutes and applicable to what the insurance provisions will allow. So, I have to look at those situations individually. I will tell you that the reason we got these grants in the past and because of this one, is because of the Ecologist we have on staff. He works with these people on a day-to-day basis. So, he looks out for those opportunities on behalf of the District.

Mr. Carnesale: I'm not saying that we have anything for it and I'm not saying that I'm glad we are and it wasn't your people that spotted them. It's just clarifying that it was a grant from someone else, not us directly.

Mr. Showe: Are there any other questions on the budget?

Daniel Bucur, Tiburon Lane: The slides were too fast.

Mr. Showe: I will put them on the website.

Mr. Bucur: Just a quick question for clarification. Did the golf course last year make a \$12,000 profit?

Mr. Melloh: That's correct.

Ms. Walsh: After expenses.

Mr. Bianchi: I have two questions. Why was there a 3% cost increase?

Mr. Showe: For the salary?

Mr. Bianchi: Yes.

Mr. Showe: I think the Board still has to make that determination. It's in there for budget purposes at this point. We want to make sure. Our philosophy, when we budget, is we try to budget conservatively. We would rather you had more money than less at the end of the year. The Board has to make a determination on what they want to do with salaries and that hasn't been made.

Mr. Bianchi: A lot of people didn't get a raise last year, so I asked the Board to reconsider that. We are all struggling. You don't need to answer this because I'm sure that you are going to deliberate on it, but the admin fee for full-time and part-time employees is \$30.98 and \$22.32. What is that all about?

Mr. Showe: It's a payroll processing company. For the 50 employees, instead of hiring somebody to process payroll, we use an outside company. Typically, with Districts of this size and smaller, it's a little more efficient cost-wise than hiring somebody and paying their benefits.

Mr. Bianchi: So, do you pay folks with paper checks?

Mr. Melloh: Most of the time. I think five or six get paper checks and the rest have direct deposit. It's just another company similar to ADP.

Mr. Bianchi: So out of the 50 employees we have, how many receive a paper check and why?

Mr. Melloh: Because they don't have a bank account.

Mr. Bianchi: Out of the 50 employees, how many receive a paycheck?

Mr. Melloh: About four or five get paper checks.

Mr. Bianchi: And you're charging us \$40?

Ms. Walsh: It's sent overnight, probably.

Mr. Bianchi: Four paychecks. That doesn't make any sense. We should help them out if they don't know how to do the paperwork. Direct deposit is just a common business practice.

Mr. Melloh: I understand, but there are some people that have situations in their lives.

Mr. Bianchi: That's why I'm saying that they may not know how to move the scale to the other side.

Mr. Melloh: There are seven employees.

Ms. Walsh: Explain what the company Paychecks does.

Mr. Melloh: They handle our human resource (HR) situations.

Ms. Walsh: And insurance.

Mr. Showe: The District doesn't have to hire a full-time person to process the payroll.

Mr. Melloh: They file the taxes. File the fees.

Mr. Bianchi: Have we done the analysis on it?

Ms. Walsh: We have used a couple of different companies over the years.

Mr. Bianchi: No, I mean an analysis. As time goes on, we get more efficient because of the technology we have. So, my question is, has somebody looked at the business model for maybe paying one of your staffers extra, increase their salaries to accommodate this extra process, so you are not paying a company \$31 and \$22 respectively for each paycheck, depending on whether the employee is full-time or part-time? We do that all the time. Ask the staff.

Mr. Showe: We can look at it.

Mr. Melloh: You would have to have a certified HR representative on your staff.

Mr. Bianchi: If you want us as residents to come up with ideas to get our CDD more transparent and probably more efficient, send out some questionnaires or something. You guys have a budget for postage, because some of the technology is even beyond me and I work for NASA.

Ms. Walsh: So, the line item that you are talking about is the \$1,659 for the Proposed Budget? Is that the one you are talking about?

Mr. Bianchi: I'm on Page 5.

Mr. Showe: There is a paycheck fee. If that's something the Board wants to look at, Tim and I can reach out to other companies.

Mr. Bianchi: I'm not trying to tell you what to do, but I would ask those employees, because you may have an employee that is willing to do this and you would save money. I'm sure that the employees will understand. I'm not saying to kill the 3%. I'm just saying maybe look at it.

Mr. Showe: That is a discussion that this Board already had once.

Mr. Bianchi: Maybe \$1.5 million is better than 3%. We understand healthcare costs increase.

Ms. Carnesale: As a teacher, the budget didn't allow for raises. I have a question about the restaurant. Why are we paying for utilities? I thought the lessee paid for everything as well as rent.

Mr. Melloh: Well, in the new negotiations, that's going to be part of it. She is going to pay for her or the CDD is going to pay the equipment lease. Most places also don't pay 7% to 10% of gross revenue. We absorb the electricity costs only because we don't have it separately metered. There is no way to break it out from what the golf shop uses. We have a percentage that we come up with.

Mr. Showe: The cost to individually separately meter that, just to get that done, wasn't worth it.

Ms. Carnesale: Even strip malls pay for portions of the electric.

Mr. Melloh: So, the idea that we came up with five years ago, when we had the original lease, is we would pay for the electricity and they would pay for the gas. Most of the gas she uses is for the stoves and the burners in the back.

Mr. Showe: The new lease they were discussing has that change.

Ms. Walsh: When she originally leased the property from us, she also invested a lot of her own capital into refurbishing it. So, there was some give and take there in that situation and we had gotten the equipment, originally. So that's how that came about.

Resident (Not Identified): There were several businesses that I was involved with, where we apportioned how much we paid for lights, electric, expenses, new paint, etc. So, there's being nice and not being businesslike.

Ms. Walsh: It wasn't a matter of being nice. It was actually a matter of her putting up her capital too. So, she had skin in the game. Let's put it that way.

Mr. Bianchi: That's like paying gas for your lawn mower to mow the lawn. So, you have a lawn maintenance team that mows your lawn? That's like me paying for the gas to put in this mower. That's a great analogy. That's about as easy as you can get. She's saying that it's a business model. When you talk about business models, that's self-explanatory. If you take on a business, you take on the business. It's just part of that business. If you haven't increased the food prices, that's what you have to do.

Resident (Not Identified): I own two residences, a catering business and I was a restaurant consultant for many years. Ten percent of gross is what we expect to pay and no more than that for the facility. When you decide to open a restaurant and rent the space, you expect to go in and redecorate, make it your own and put in the equipment that you need for your menu.

Mr. Bianchi: If you have all the money spent on the restaurant and they are leasing it, wouldn't that be their responsibility to upgrade it?

Ms. Walsh: Yes. They built the whole back end and enclosed all of this stuff. It wasn't like they redecorated. It was substantial, but that was from years back.

Mr. Bianchi: Are there any descriptions. I know she added canopies out back, not an awning. It was one of those things you take down.

Ms. Walsh: A tent.

Mr. Bianchi: Is there a restriction by VECA that we couldn't put in an awning?

Resident (Not Identified): VECA doesn't own that property.

Mr. Showe: The CDD could.

Mr. Bianchi: I don't know if they have restrictions as far as putting up wind sails. So, she had more opportunity for golfers to go in when it's nice in the spring and fall or even in the summer when she has the wet jets misting.

Resident (Not Identified): Did she do that for her business?

Ms. Walsh: It's air conditioned.

Resident (Not Identified): At her expense.

Mr. Bianchi: Right, but she may feel there's a restriction. That's all I'm saying.

Mr. Showe: No. I know that Tim talks to her all the time and I think she's clear on what she can and can't do.

Mr. Bianchi: Okay, just disregard.

Mr. Carnesale: So, the revenue in the budget was \$20,000 and expenses are \$12,800.

Ms. Walsh: Right.

Mr. Carnesale: That's \$7,200 in revenue for the year or \$600 a month.

Mr. Melloh: Prior to us leasing that restaurant, it lost \$35,000.

Mr. Carnesale: Why don't we have room for something else that the community can actually benefit from?

Mr. Melloh: That's what we were trying to do when we were trying to expand it a little bit.

Ms. Walsh: The entire community does.

Mr. Carnesale: Do we have yoga classes in there?

Ms. Walsh: No, but we have a restaurant that anybody can come into. You don't have to be part of the CDD. You don't have to be part of anything.

Mr. Colasinski: So then why are we supporting it to allow people outside of the District to come in? Why can't we have something for people in the District to use as a facility?

Ms. Walsh: Why would we want to restrict the opportunity to get revenue by isolating people?

Mr. Colasinski: It's very little revenue, like \$600 a month. There are other activities that the community can use that facility for, but it's restricted right now.

Resident (Not Identified): I didn't even know that you don't have a restaurant until the pandemic. Where is their advertising?

Mr. Melloh: It's a grille. Tim is right.

Resident (Not Identified): She's not advertising. I guarantee you, most of the houses in other areas, have no idea it's there. She would increase her own revenue if she marketed herself.

Mr. Melloh: I agree with you. There are limitations that come with that restaurant. Have you been to that restaurant? Nobody would open a restaurant in the middle of a subdivision that did not have a golf course around it. She has no frontage to Murrell Road. She has no signage on Murrell Road, so to run a restaurant there is very challenging. The issue that we have, is it would be costly if she wanted to advertise to all 4,200 homes in the CDD, unless we do a mailing, which is about \$1 each when you add the envelope, flyer and postage.

Resident (Not Identified): It's her business. She should run it.

Mr. Melloh: She can run it anyway she wants to, but \$4,200 is...

Resident (Not Identified): That might be what she needs to increase her revenue so we can get this off of our backs and keep the residents happy. You would need to have some kind of business plan to help her.

Mr. Melloh: Right. The new lease will show more net revenue to the CDD.

Mr. Showe: Even with our contracts, if it's a three-year contract, as an example, there is a termination clause. All of our CDD contracts can be terminated in accordance with those termination clauses. So just because it's a three-year lease, the current lease has a 90-day termination.

Mr. Colasinski: Is that for cause?

Mr. Showe: Mostly no cause. That is for both parties.

Mr. Carnesale: It should be a contract per cause.

Mr. Showe: The only contracts we have are for non-cause. That gives the Board the flexibility to make changes.

Resident (Not Identified): I'm a little worried that you guys are doing it for an annual time, but now you are talking about hiring people.

Mr. Showe: This contract is the same terms as the original contract. It had a three-year clause.

Resident (Not Identified): I don't understand, because you have been doing it for a year.

Ms. Walsh: Was it originally renewed twice for a year and now they are starting that cycle again?

Mr. Showe: The first contract was a three-year contract with two extensions, so it was a total of five years. This term is the same that they are looking at as the contract she signed.

Mr. Melloh: The reason why it's one year now is because, like Jason said, it's a three-year contract with two one-year renewals. We are in the second one-year renewal and the Board has to vote to for the one-year renewal.

Resident (Not Identified): That's fine, but my comment was basically if you are going to hand her a big expense and say, "Hey, you need to take some expense off, there's a good chance that she might not do well." So why do you want more than a one-year contract right now, until you can see that growth instead of having a failure?

Ms. Walsh: COVID has also put a bit of a kibosh on a lot of things, so that's been a struggle for her.

Mr. Showe: I will state for budget purposes, we used the old lease terms, so this doesn't have some of those new revenues that we are building into the new lease because we are trying to be conservative with our budgets to give the Board flexibility. So, this isn't built in with the new terms because those terms haven't been agreed to. They haven't been signed. We believe the new terms will be far more favorable to the District, which will produce more revenue and less expenses.

Mr. Carnesale: Most things in the industry tend to have smaller terms for the duration, rather than extension because of the risk that goes with a longer term. If you have outstanding revenue, it's worse to have a longer term, but we only have incremental revenue, so it's not really worth committing to a longer term.

Mr. Showe: In essence, with the termination clause in the contract, it could be a 90-day contract. That is the risk that both parties enter into.

Mr. Carnesale: As long as it's not for cause. I used to go in there with the Men's Club when we finished golf. Fifteen to twenty of us would sit and have dinner. I'm surprised she's making any money.

Mr. Showe: I can assure you the District had a real challenge making anything.

Mr. Carnesale: If it wasn't for the actual members, she wouldn't make it. There's no way. She doesn't do dinner, does she?

Mr. Melloh: She does.

Ms. Walsh: Occasionally.

Mr. Melloh: She has dinner parties, once a month, but not on a regular basis.

Mr. Carnesale: It's usually just breakfast and lunch. It's a grille.

Mr. Melloh: Right, it's a grille. The only thing that we could possibly do is just make it into a glorified snack bar like you see at Baytree, with fish or hot dogs and pre-made sandwiches, chips and beer. She wants a three-year contract and we want her to have a three-year contract, because then she can spread the profit over several years. If she was only thinking that she was going to be there for one year, we want her to make investments in the décor or maybe expand it and do a few more things. As Jason said, we have the 90 day out clause both ways. So, if she is not living up to our expectations, we can terminate it and if she wants out, she can. We do have bond money. She did pay a bond. So, if she does leave, she forfeits the bond. We can purchase the liquor license and do the things necessary to start back up.

Mr. Carnesale: That bond was a \$2,000 security deposit.

Mr. Showe: Are there any other questions on the budget?

Mr. Bianchi: I appreciate the information on the termination. That makes me feel a little better, but with the possibility of a new Board going in, in all fairness, not just to the District, but to her, as a restaurateur, she needs to understand that there is a certain risk there, because it's not up to me and up to Steve or Pete. It's going to be up to what the needs of the District are and what the HOA says in the event you go to war out there. I don't know how it's going to go. That does need to be communicated to her. That is my concern for a long-term lease. I do have some sympathy towards the woman. This is her livelihood and things might change.

Mr. Melloh: I think that everybody respects the idea if there is a new Board and there's a new vision for the CDD, for the golf course and for the restaurant, we all recognize that there could be, at some point in the future, a different vision. From me and my staff, we will do whatever we need to do to make that come true, whenever that is.

Ms. Walsh: When is her lease up?

Mr. Melloh: September 30th.

Ms. Walsh: That's why we are up against it now.

Mr. Melloh: So, we are not encumbering a future Board by saying, "You have to take what she is going to do for the next five years."

Mr. Dale: If you have a termination clause, that makes me feel better, but I do commercial leasing. As a Financial Advisor for 2,000 square feet, I frequently do extensions of six months with my leases. So, I know that's on the table.

Mr. Melloh: Okay.

Mr. Carnesale: One last question on the budget. The gift card usage shows the net on the budget. Do we make money off of gift cards?

Mr. Showe: That's more of an accounting function. That's how they want to show it. We show that as a wash. We have no idea what they are going to do again this year. There are outstanding gift cards, so this year we sold \$7,000 and people redeemed \$12,000. We just don't know, so we try to show those as a budget wash.

Mr. Carnesale: So, we make money when we sell?

Mr. Showe: Correct.

Mr. Melloh: Yes. Like Jason said, as an example, last year, we sold \$10,000 in gift cards and this year we sold \$7,000 in gift cards, but only \$10,000 from last year came through, so it's going to show a \$3,000 loss. So, if someone bought a golf shirt, we are still making money.

Mr. Carnesale: After paying for the gift cards and hopefully no one uses one because it is our golf course, we made money off of it. That could be an issue where we would want to maybe not do that.

Ms. Walsh: We do have to carry them on the books, regardless.

Mr. Showe: Correct.

Ms. Walsh: Even if it's been five years and nobody touched that card, it still has to be on the books.

Mr. Carnesale: It's a little odd to see it on your budget.

Mr. Showe: That's kind of the way our staff wants to display that.

Mr. Melloh: It is different at other places. I work for Florida State University. They book everything as a liability and only put in as revenue the gift cards are spent. Here, we are looking at all of those revenues as they are sold.

Mr. Showe: It might change in the future, but we tried to project it as a wash. Are there any other budget questions? Hearing none, we will bring it back to the Board for the consideration of Resolution 2020-10, adopting the Fiscal Year 2021 budget.

On MOTION by Ms. Walsh seconded by Ms. Thomsen with all in favor Resolution 2020-10 Adopting the Fiscal Year 2021 Budget and Relating to the Annual Appropriations was approved.

ii. Consideration of Resolution 2020-11 Imposing Special Assessments and Certifying an Assessment Roll

Mr. Showe: This is the second step of the budget process. Attached to this resolution, is the budget you just adopted. There is a 200-page Excel spreadsheet that is the Assessment Roll for the District. This is how those assessments are levied on to each property in the District. This spreadsheet gets transmitted to the Tax Collector so it can be placed on your tax bill. This is proposed in accordance with the budget that they adopted, which has no assessment increase. We can take any public comments. Hearing none, we can return it back to the Board for the adoption of Resolution 2020-11.

On MOTION by Ms. Walsh seconded by Ms. Thomson with all in favor Resolution 2020-11 Imposing Special Assessments and Certifying an Assessment Roll was approved.

Mr. Showe: We need a motion to close the public hearing.

On MOTION by Ms. Walsh seconded by Mr. Oakley with all in favor the public hearings were closed.

FOURTH ORDER OF BUSINESS

Staff Reports

A. General Manager's Report

Mr. Melloh: I have no other report. I provided my report at yesterday's meeting.

B. Attorney

This item was omitted.

FIFTH ORDER OF BUSINESS

Supervisor's Requests

Ms. Walsh: I have nothing.

Ms. Thomsen: Nothing for me. Thank you.

Mr. Showe: Mr. Bedwell?

Mr. Bedwell: No.

Mr. Showe: Bill?

Mr. Oakley: No.

Mr. Showe: Hearing none, we need a motion to adjourn.

SIXTH 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