

MINUTES OF MEETING
ARLINGTON RIDGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Arlington Ridge Community Development District was held on Thursday, May 20, 2021 at 2:00 p.m., at Fairfax Hall, 4475 Arlington Ridge Boulevard, Leesburg, Florida and via Zoom video conferencing.

Present and constituting a quorum were:

Terry Snell	Chairman
Claire Murphy	Assistant Secretary
Jim Piersall	Assistant Secretary
Bill Bishop	Assistant Secretary

Also present were:

Tricia Adams	District Manager
Lindsay Whelan (<i>via Zoom</i>)	District Counsel
Emily Roslin-Grimes	Community Director
Alan Scheerer (<i>via Zoom</i>)	Field Manager
Jacob Bloodworth	Floralawn
Hannah Smith (<i>via Zoom</i>)	GMS
Dan Zimmer	Indigo Golf Partners
Art Erickson	FLC
Sete Zare (<i>via Zoom</i>)	MBS Capital Markets
Residents	

FIRST ORDER OF BUSINESS

Roll Call

Ms. Adams called the meeting to order at 2:00 p.m. and called the roll. All Supervisors were present with the exception of Mr. Craddock.

SECOND ORDER OF BUSINESS

Pledge of Allegiance

The Pledge of Allegiance was recited.

THIRD ORDER OF BUSINESS

Public Comment Period

Mr. Snell: Before we take comments from the audience, I have a couple of comments that I would like to make. Last summer, Board meetings were running long and people wanted to cut the Board meeting short. So, the Board revised its Public Comment Policy, limiting it to three

minutes and not taking questions. Nobody has ever been told they couldn't ask a question during the public comment period. Sometimes Supervisors choose to answer, myself included and others sitting on the Board have done so. So, you can ask questions. If they don't get answered during the public comment period, it will get answered because we are not about keeping information from anybody. I also made a change to the agenda. The last item on the agenda was "*Supervisor's Requests and Audience Comments*" and now it says, "*Supervisor's Requests and Audience Comments and Questions.*" So, if you stick around to the end, you'll have an opportunity to have a question-and-answer period. In addition, anybody that wants to reach out to me and ask me a question, I've had a few emails this last month. When it is sent to all the Supervisors, Emily or Tricia will answer them to avoid conflicts with the Sunshine Law, but if it is sent to just me and the other Board Members have to make up their own mind what they want to do about this. I will usually answer it myself, but I will not answer on Facebook, because there is a real potential for violation of the Sunshine Law. I hope that's clear to everybody because the Board has to be open and all of the records of the Board are open to the public. Shortly after the last Board meeting, a group met at the cabana to talk about the Sales Office. They had eight questions that they submitted that Tricia or Emily told them would be answered at this Board meeting. In addition to those, there are three others, one of which was a repeat. I am going to read those questions and give you the answers with some possible input from the other Board Members on the last question. The questions are:

1. *Did we or do we know what FLC's asking price is for the building before we publish the appraisal document?*

Mr. Snell: When the appraisal was submitted to the Board it became a public document available to anyone. We did not know at that time and still do not know what Florida Leisure Communities (FLC's) asking price is. There is a process that the Board will likely follow, which Ms. Tricia Adams will describe when we get to the agenda item. At this time, no Supervisor has been authorized to discuss price. Until a Supervisor is authorized to begin discussions, we will not know. Further, until a supervisor is authorized to talk with FLC, they are not going to talk about a price.

2. *What will the building be used for if we are to purchase it?*

Mr. Snell: The purpose of the survey we sent out and the workshop was to request resident input as to possible uses. There were some very good suggestions. Some Supervisors had ideas as

well, but there has been no decision yet regarding the use and I think it is a little premature, but there are several good possible uses.

3. *What are the expected rehabilitation costs of the building if we purchased it?*

Mr. Snell: There is no way that the Board is going to know that the expected rehabilitation costs are or in fact that there are expected costs until we have a full building inspection. FLC has not authorized that process. Until a Supervisor is authorized to negotiate, we will not likely know. At any rate, this Board will not purchase anything until it is fully aware of all costs associated with any and all issues with the building.

4. *What is the expected annual cost of maintaining and caring of the building if we are to purchase it?*

Mr. Snell: I'm sure that FLC can provide such information of what it has cost them in the last few years. As I said earlier, until a Supervisor is authorized to negotiate, we can't ask them. They likely will not provide that information until we have authorization. However, the Amenities Management Team has estimated the costs to be somewhere between \$13,000 and \$25,000 per year, based on costs to operate the Admin Office and social hall. That is just an estimate.

5. *If we do not purchase the building, what is FLC's plan for disposition?*

Mr. Snell: We don't know. FLC is not required to tell us. However, they have told us that they have other parties interested in the building and I have had more than one resident approach me about it.

6. *Is there any commercially viable use for the building outside of additional space or resident use if we do not purchase the building?*

Mr. Snell: Well, using the definition of viable as having a reasonable chance to succeed, my personal opinion is yes. The actual success would depend on the operation, resident support of the operation and probably outside community support. As stated on Page 35 of the appraisal under the subheading "*Legally permissible,*" the building is zoned Planned Unit Development (PUD) by the City of Leesburg. Permitted uses include restaurant facilities with a bar, retail banking and offices, community administrative offices, housing sales office, barber and beauty shops, travel agency, insurance agency, investment office, arts and crafts rooms, activity rooms, library, computer rooms, banquet and entertainment facilities, fitness and wellness center and other uses including active and passive recreational uses serving the residents. Future land use is for

neighborhood mixed use. There are no legal or regulatory restrictions that would limit the potential use of the property.

7. *Does the CDD or HOA have any authority over the future use of the building by another party if we do not purchase it?*

Mr. Snell: This Board can't speak to the HOA's ability to govern the building if owned by a private entity. The HOA's attorney would need to advise them. The CDD will not have any authority other than to impose fair operation and maintenance (O&M) assessments based on the benefit the building receives from the community. For example, roads, stormwater system and streetlights. The CDD does not issue operating permits. The City of Leesburg would be the issuing authority, likely. I'm going to skip that last question and just to the other ones for a reason. Additional questions were:

1. *If the building were to be leased to a real estate firm, financial firm or medical or dental office. The CDD can control the building, but be able to offset ongoing costs. Has that been considered?*

Mr. Snell: Yes it has been considered, but as I said, we have no control over the building and since the CDD does not issue operating permits.

2. *Does FLC have any other offers on the building?*

Mr. Snell: They have stated they have offers. They may have said how many, but I don't remember.

3. *In the absence of any offsetting revenue, why should we bother?*

Mr. Snell: The answer it is a beneficial use for the community.

4. *As a CDD Board Member, what was the determining factor in the purchase of the building?*

Mr. Snell: As a Board Member, I don't know whether we should or not. I don't have enough information to make an informed decision. I will not make a knee jerk gut reaction, uninformed decision. That's wrong in my opinion. I can't get that information without going through the process that Tricia will be describing, but for me there will not be a single determinate factor. I would have to assess all of the information before deciding. I will open it up to any other Supervisor here that wants to state their position on it.

Ms. Murphy: I'm prepared pretty much to the same kind of response, Terry. I have not made a decision on whether it is in our best interest or not to buy the building. Again, I agree with

you. We need a lot more information to be presented to us before we can make a suitable decision on whether the building should be purchased by us or not. I appreciate the folks that took the time. We all received about 30 emails from people. I want to say that I have as many if not more people that approached me and said that we should buy it. We have a faction of people that said, “*No, don’t buy it*” and a faction that says, “*Buy it.*” So, I think that we are going to be faced with a pretty tough decision, but until we have some numbers that we can actually look at to make a final decision, I’m not ready to make a decision at this time. Everything else you said I agree with. So, I’m not going to go through my entire list.

Mr. Bishop: Terry, I appreciate the summary and also the comments that have been made. I concur. I have not made a decision yet either. A lot of questions you already answered and also not only just the purchase price, but how we are going to pay for it. Not only the purchase, but whatever the anticipated cost might be to rehab that building for other uses. If we are going to move some things from existing facilities over there, then we have to rehab the existing facilities into their future use. So, there are a lot of variables here. I have not made a decision yet. I’m just looking for some more information.

Mr. Snell: Jim?

Mr. Piersall: I believe that we need to get more information. I think that potentially this could be something to consider, but not at this moment, personally. I think there are things that have to play out on FLC’s part. I think they should go ahead and see what the market is going to bare for them. In my opinion, that will help us in negotiations because I think that they are going to have an issue finding someone to get into that building. I would also like to say that I think the 30 or so people out of the 1,645 people that live here. They make a lot of comments, good and bad, but they should also realize that they are a very, very small percentage, the vast majority of people that live in this community, just want peace and harmony. They have Board Members to try to figure all of this out. So, I’ll say this. The tomato throwing that goes on, when I looked at it from 10,000 feet is very disheartening. We do a lot of work up here. I know myself personally, I have put a lot of time into all of this stuff and we get assaulted. I look from 10,000 feet and it’s not right. I will say to you out there, there’s an election next June, so start the campaigns now because there will be three seats. If you think it’s so easy to do, come on up. I gave my opinion at this time. We

should hear from everybody, listen to everybody, but I think down the road this may be something we are going to need to consider, but it's going to be like a used car that sits on a lot and nobody wants to buy it. Well at some point, you are probably going to get a much more favorable situation. Thank you.

Mr. Snell: In closing this, I want to echo what everybody said here about thanking the residents. If we don't get your questions, if we don't get your opinion, then we operate in a vacuum. I welcome everybody's opinion. Just be aware that there are opinions and they are not necessarily my opinion nor are my opinions expected to be yours. So, talking things out in a peaceful, reasonable manner, which I thoroughly believe this group of people did and I thank them for it, welcoming anybody else's questions. With that, it's open for public comment.

Ms. Adams: Any members of the audience who would like to make a public comment, please make your way to the podium. We have a microphone for the purposes of recording the meeting. Please state your name and address for the record and limit your comment to three minutes. We would appreciate that. Is there anyone who would like to make a public comment?

Ms. Linda Kendig (Lot 927): Is a comment the same as a question?

Mr. Snell: You can ask a question.

Ms. Adams: You can ask a question or make a statement. You can use your three minutes however you would like to.

Ms. Kendig: I have a question having to do with FLC. He is sitting right here. Can we ask him questions?

Mr. Snell: They are not going to talk at the meeting. I already stated that.

Ms. Kendig: Are there private meetings that you guys are having?

Mr. Snell: No Ma'am. Not until the Board authorizes a member of the Board to start talking to them. Nobody has the authority to do it until they are authorized.

Ms. Kendig: Are the members of the Board right here?

Mr. Snell: Yes, with the exception of Mr. Roy Craddock who is not present.

Ms. Kendig: Have we missed where between the six of you to nominate somebody?

Mr. Snell: No. It hasn't occurred yet. Hopefully today.

Ms. Kendig: Okay. Then if you nominate a person, at the next meeting that person should probably have an answer. It just seems like of bureaucracy.

Mr. Snell: Answer to some questions, but not all questions will be able to be answered by the next Board meeting.

Ms. Kendig: Okay. That was it. You both were right here in the same room. I just couldn't understand why those questions couldn't have been answered either before this meeting or now.

Mr. Snell: Is it clear to you now?

Ms. Kendig: It's clear that you guys are waiting to nominate one of you six and I just don't understand why that's taking so long.

Mr. Snell: Well, I can't comment.

Ms. Kendig: Okay.

Mr. Erickson: Can I speak?

Mr. Snell: Sure.

Mr. Erickson: Art Erickson, FLC. If I could just address that really quickly. There is no hidden agenda here. It is as simple as trying to negotiate the sale of anything with any buyer and seller standing in a meeting that is being broadcast in front of hundreds of people. You get into all kinds of back and forth and it's just something you can't do. You wouldn't want to stand here and try to sell your house to the 1,600 residents. So, it's not that we are trying not to cooperate. It's not that we will not negotiate in good faith. We definitely will. However, just like we did with the golf course, once the Board appoints a representative for us to talk to, answer questions and "Negotiate," we would love to do that. Just for those that don't know, it is not that we don't want to. It's just the right way to do it was to appoint a representative.

Mr. Snell: Thank you, Art. Is there anyone else?

Ms. Maria Head (Lot 894): Did we not have an appraisal?

Mr. Snell: We had an appraisal done by us. It's out on the website.

Ms. Head: I just haven't seen it. I know that an appraiser has been there. Thank you.

Mr. Snell: Anyone else? How about on Zoom?

Ms. Eileen Heughins (Lot 673): I would like to read my written comment.

"I would like to talk about an item that I brought up at the last CDD regarding the four-way stop sign at the intersection of White Plains Way and Arlington Ridge (AR) Boulevard. I would like to discuss some problems that we are having. Most of the construction vehicles and vendors turn down White Plains Way to go out the back gate. Pulling out of driveway is very dangerous with all of the traffic heading out the back gate and all the Drivers on their way home on White Plains Way. In order to get out of our driveway, we have to look east, which is very limited on how

far we can see south on the AR Spur west and north on White Plains Way. We also have to make sure that no one is walking in the road as there are no sidewalks. There are also parking spaces right across from the townhouses, so we have to make sure that nobody is backing out of those spaces. Some trucks have trailer hitches. We have to make sure that we don't make a turn too wide so that we will hit them. So, I would like for this to be placed on the agenda to see if there is a four-way stop sign that could be installed. Currently there is one on the AR Spur and one on White Plains Way, but none on AR Boulevard. I would like to be able to send this letter to whoever on the CDD Board is responsible for this area of concern."

Mr. Snell: Send it to all the Board Members. Tricia and Emily can work with us to make sure that the right person has it. That way we will all know what your issue is. Just be aware that we can't discuss it with each other until there is another meeting.

Ms. Adams: Mr. Chairman, we received several statements from residents who could not be in attendance at today's meeting and requested that the statements be read aloud into the record.

Mr. Snell: Please do so.

Ms. Adams: The first one is from Ms. Peggy Ann Bissel, of Heritage Trail to the Board of the Arlington Ridge community and our residents.

"Since I cannot be in attendance at the meeting today on the purchase of the Sales Office due to another appointment, I would like to officially give my opinion on the proposal. I have previously written my reaction to the proposal to purchase the Sales Office on a survey that was only inquiring as to what it would be used for. My comment was that if it was going to increase our costs here and HOA taxes, we don't need to purchase this building. I am now restating that we don't need to purchase the Sales Office. I understand that written word was to be turned in 24 hours prior to the meeting, but I will go on record as not in favor of the Purchase and Sales Office. Also, I would ask the question, why were we not asked if we wanted to purchase the building, but rather to only survey as to its possible use. Thank you for your time in reading my email and your comments. I have been and continue to pray on this matter and that the Board truly considers the residents here and our desires."

The next is from Barb and Bob Major.

"Another option if this building is purchased, which could impact many of the homeowners, not just a few would be to convert the space to a golf cart repair service center. It was just a thought if it was not included on a prior survey that was completed."

The next is from Chuck and Cookie Davis:

"We have reviewed the document that was discussed at the last CDD meeting concerning the purchase of the Sales Office building. We have also completed the survey on our thoughts on repurposing the building. We do not want this building

to be purchased by our CDD and we noted this in the comments section of the survey as this question is not asked. Unfortunately, there seems to be a lot of negative discussion on the subject and on the two social media Facebook pages where I am a member. Mr. Craddock has always tried to calm the harsh remarks. I have been involved in commenting on this subject. Always know that we can't solve anything on Facebook and to send a letter to the CDD. With all of this said, with our CDD survey asking for ideas on how to repurpose the building and then learning that we spent \$3,500 funding the appraisal of the Sales Office, has led me to believe the decision had already been made to purchase the Sales Office. I try to be positive, but not everyone is. I think we need more communication from the CDD Board and discussion on large purchases such as the Sales Office. In my 10 years of working in corporate America, lack of communication is always a big part of a lot of the negativity because of the unknown. Years ago, we have a question and answer where a microphone was passed around for questions, other than those submitted in advance. I think this will help tremendously at CDD meetings. I would love to hear back from someone on the Sales Office matter and on the issues I addressed."

The next is from Richard Mooney:

"There are some things that need to be addressed on the bocce courts. There is a gap on each side of the court, missing umbrellas. The deck should be level. The back should be replaced. More people are using the bocce ball court. The Ladies and Men's Bocce Leagues and others that play. I know that money is tight, but before we by that Sales Office, we should spend some money on the bocce courts. It is long overdue."

Those are all of the statements that were received in advance of the meeting.

Mr. Snell. With that, we will close the public comment period.

FOURTH ORDER OF BUSINESS

Business Administration

A. Approval of Check Register

Ms. Adams: Included in your agenda package Under Tab A is a Check Register Summary. It includes your checks from April 1st through April 30, 2021. It includes ACH debit expenses. The total amount of the Check Register is \$840,594.20. The detail from the Check Register is included in the agenda package. I'm happy to answer any questions. This is an item that requires Board action so we would be seeking a motion to approve.

Mr. Piersall: I have a couple of questions. The two pool heaters that were in place were done by Blue Moon. Correct?

Ms. Adams: Yes.

Mr. Piersall: But the thermal expansion valve that went bad, we call Kalos to fix that. Will Blue Moon be able to repair the heaters that they sold us or do we need to call Kalos for repairs?

Ms. Adams: Blue Moon has not been engaged for heater repairs. In the past, we used different vendors.

Mr. Piersall: I looked back at the February 18th minutes when we discussed this matter. Kalos bid to replace those heaters was \$16,650 versus Blue Moon's price of \$15,900. So, for the \$750 difference, I think we made a mistake. Because if Kalos is going to come out here and repair heaters that they didn't sell us, they aren't going to treat us very nicely. That's the way that business is. He is going out here and see product that he should have sold us. Kalos is pretty good. They were at Publix yesterday working on the refrigeration. I was there to get ice cream and they had to take it out of the ice cream cooler. It was Kalos that was there. So, I think we should be with one vendor in certain areas and stick with them. As a retired mechanical contractor to find out that we are repairing something that I didn't sell to them, that's going to be a problem. It really is. The other question I had was when did we buy a fogging machine with COVID?

Ms. Adams: I am going to estimate about 60 days ago.

Mr. Zimmer: That sounds about right.

Mr. Piersall: There is a charge of COVID-19 weekend fogging for \$529. Didn't we have a machine at that time?

Ms. Adams: There was enhanced cleaning that was scheduled when the amenities reopened. That was scheduled on a routine basis. So, every Saturday there was extra sanitization from the custodial service. The fogging machine had been purchased primarily for the purpose of when there was an emergency closure rather than needing to contact a vendor and wait for that cleaning service to happen. There was both a time savings and cost savings with the ability to immediately close down the amenities and take care of that sanitization here onsite.

Mr. Piersall: It just seems to me that we have the machine, so why are we having them do weekend fogging?

Ms. Adams: Because staff was not scheduled on the weekends.

Mr. Piersall: I don't know what process entails. I really don't know. Can you turn the machine on overnight? I don't know how that operates. I don't want to say the wrong thing. It just seems to me, they made a point that we bought a fogger, so now we don't have to pay because continually, we were being charged for COVID fogging.

Ms. Adams: Yes. There was the enhanced cleaning.

Mr. Piersall: That was on Page 64 of Dropbox. The final question is regarding the replacement of the grids at the pool. That is a Diatomaceous Earth DE filter system on the pool. Did they sell us new grids?

Ms. Adams: Yes, new grids were purchased for the pool maintenance.

Mr. Piersall: Do they periodically clean the grids?

Ms. Adams: Yes.

Mr. Piersall: Take them out and clean them. How often have they replaced them in the past?

Ms. Adams: I would say that based on the bather load at AR, I anticipate replacing them each year. You can get a few more months out of that, but it depends on the bather load and if residents shower before entering the pool and how hard that system has to work to filter out sunscreen.

Mr. Piersall: I just wanted to know if they actually take them out and clean them because there is a process itself, which is good for maintenance.

Ms. Adams: Yes.

Mr. Piersall: Is that an annual replacement?

Ms. Adams: Yes.

Mr. Piersall: Okay that's it. Thank you.

Ms. Adams: Are there any other questions regarding the Check Register? If not, we need a motion to approve it.

Ms. Murphy MOVED to approve the Check Register for April 1 through April 30, 2021 in the amount of \$840,594.20 and Mr. Bishop seconded the motion.

Ms. Adams: Is there any further discussion? Hearing none,

On VOICE VOTE with all in favor the Check Register for April 1 through April 30, 2021 in the amount of \$840,594.20 was approved.

B. Balance Sheet and Income Statement

Ms. Adams: Included in your agenda package under Tab B are the Unaudited Financial Reports for March 31, 2021. This includes information on both the CDD General Fund as well as the golf club expenses. On Page 1, you have a cash balance sheet. Page 2 shows your Adopted

Budget, Prorated Budget and actual spending to date through March 31st, which continues on for several pages. This item does not require Board action, but historically this District has a history of making a motion to accept the financials.

Mr. Snell: Are there any questions or comments from the Board?

Ms. Murphy: On Page 26, where the golf course food and beverage (F&B) cumulative Fiscal Year (FY) 2020 and 2021, I just want to point out in March, the F&B was \$30,000 over the budgeted amount finally. So, we finally reached a point for F&B income. This is just income that we were over budget on.

Ms. Adams: Are you looking at Page 26 in the middle where it says in FY 2020, they brought in \$53,000?

Ms. Murphy: Yes.

Ms. Adams: So that number is showing the variance -- or the difference -- between the two years, which is showing that the golf course was up \$30,000 compared to the previous year.

Ms. Murphy: Correct.

Mr. Piersall: I wish every month could be March.

Mr. Snell: Bill, do you have any comments?

Mr. Bishop: No.

Mr. Snell: Then we need a motion to approve.

Ms. Murphy MOVED to approve the March Unaudited Financials and Mr. Piersall seconded the motion.

Mr. Snell: Is there any further discussion? Hearing none,

On VOICE VOTE with all in favor the March Unaudited Financials were approved.

FIFTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

Ms. Whelan: I don't have anything specific to report this month.

Mr. Snell: Thank you.

B. District Engineer

There not being any, the next item followed.

C. District Manager

Ms. Adams: I defer to the Amenity Manager's Report.

D. Amenity Management

i. Community Director's Report

Ms. Roslin-Grimes: In your agenda package is the Community Director's Report for April and May. I want to give a few updates. The Florida Leisure Communities signs on US-27 were removed. The benches were delivered and are being stored until concrete pads can be poured in their respective locations for their placement. The pergola replacement is underway at the pool. It is scheduled to be completed hopefully by next Friday weather permitting. The court reconstruction for the bocce/tennis court is scheduled to begin at the beginning of June, if all goes well. I will get a final update later this week, but as of right now, we are looking at the very beginning of June. A resident communication will go out soon as we have a final start date.

Ms. Murphy: I don't know who was responsible for removing the signs on US-27, but a great big thank you from all of us because it looks a lot nicer out there without those signs going down the street in front of our community.

Mr. Snell: Last night, I was by there and they were laying on the ground. Have they been picked up?

Ms. Roslin-Grimes: Yes.

Mr. Snell: Are there any questions from the Board regarding Emily's report?

Mr. Bishop: What is the status on the enhanced cameras at the gatehouse?

Ms. Roslin-Grimes: Hopefully this week they are scheduled to be in. I was hoping to get them replaced either today or tomorrow, but it might be early next week. Along with the cameras, we will also be getting a new DVR system in.

Mr. Bishop: Is the clock on the spa still out?

Ms. Roslin-Grimes: It is. The plan is to have that up and running before the pool reopens next Friday.

Mr. Bishop: Is that coming from China?

Ms. Roslin-Grimes: We ended up going with another vendor to get it because the vendor that we are currently using is unable to provide them.

Mr. Piersall: What is the status of the gator that was taken the other day?

Ms. Roslin-Grimes: The gator that was taken was reported to the police and the District insurance company has been made aware of it and is looking into a replacement. The police have not made any contact with any staff members as to the whereabouts of the gator. So as far as we are concerned, it is long gone

Mr. Piersall: It was taken in broad daylight. Correct?

Ms. Roslin-Grimes: Correct.

Ms. Murphy: I know that it's early on the pergola replacement, but do you have an update?

Ms. Roslin-Grimes: All I know is right now they are finishing the demolishing today. All their materials arrived yesterday. Hopefully, they will be able to finish out some work today and tomorrow and then into next week. We haven't had any bad weather to hold us up.

Mr. Snell: Anything else?

ii. Capital Projects Listing

Mr. Snell: Let's talk about the Capital Projects List. Are there any comments? It's at the end of the Community Director's Report.

Ms. Murphy: It's in Section 2, D2.

Mr. Bishop: The paving project, the engineer was out here yesterday and today.

Ms. Roslin-Grimes: Today and tomorrow.

Mr. Bishop: That is moving forward. I would hope by the next meeting, we can have some pricing so we can move forward.

Ms. Roslin-Grimes: Once they complete tomorrow, we can follow up with the District Engineer tomorrow on any status report.

Mr. Snell: Are there any other questions or comments?

Mr. Piersall: What was the outcome of adding the stop sign on White Plains Way and making it a three-way stop?

Mr. Bishop: That was part of the same project. The District Engineer is getting prices.

Mr. Piersall: Does that have to be cleared by the Florida Department of Transportation (FDOT)?

Ms. Adams: No. The signage would meet FDOT standards. There may be a signage plan with the City of Leesburg. That may be required for the purposes of traffic enforcement, but FDOT does not participate.

Mr. Piersall: I think that would be a great addition to that stop-sign to try to slow people down.

Mr. Snell: Do we know when the Landscape Design Plan is going to be completed.

Mr. Bishop: We have been told on May 22nd.

Mr. Snell: That Saturday?

Mr. Bishop: Yes, that Saturday.

Mr. Snell: Okay. That's all I have. Let's move to the General Manager's Report.

Ms. Murphy: Before we do that, Terry, Floralawn blows the leaves away from the amenity area and sport courts every day. Is there a possibility for them to vacuum those leaves up? They blow the same leaves from this corner to that corner every single day. Is there a possibility that they could vacuum those up and cart them away so that they don't have to blow them past the driveway every day?

Mr. Snell: Wherever they blow them to, the wind blows them somewhere else.

Mr. Bloodworth: This is a subject we discussed a couple of different times over the years. About five years ago, we talked about it and we talked about it a couple of times also since my return. There are services that we provide such as vacuuming services to where we could blow a portion of the parking areas, but it would be a billable item. We have no problem proposing that information. We talked about it in the past and it was something that the Board wasn't interested in.

Mr. Snell: I don't know that we ever had a firm bid on it.

Ms. Adams: I don't know that there has been a recent bid regarding leaf removal, persistent leaf removal, one-time leaf removal or once a week leaf removal because that can be done manually as well as with special equipment.

Mr. Bloodworth: There are two times of year when this item comes up, typically in your spring and your fall when leaves drop the most. Of course, those are the times when we are requested to come in and talk about it. We have not formally submitted any proposal for that because it was a capital discussion point. It just wasn't something that was going to be as interested in because it's such a seasonal item, but with it being seasonable, rather than a contractual service, that could be a one-time cost for vac removal. Earlier in the spring, we did a full day's work cleanup. For those who do know what our maintenance trips look like, we removed three full

truckloads of that material. We took that back to our shop and we had a gravel truck pick it up. We did that at no charge.

Mr. Bishop: We can talk about that. I agree, it's an issue and there might be some other ways to deal with it. There are some machines called, "*Billy Goats*," that are very effective at vacuuming that up. You kind of blow it into an area and then back in when the wind rows. We need to talk about that and come up with a proposal for the Board. I agree. It's definitely blowing the leaves around.

Mr. Bloodworth: With that being said, I will follow-up with Supervisor Bishop on site and submit a formal proposal for a one-time clean up right now.

Mr. Bishop: We will talk about it.

Mr. Bloodworth: Okay.

Ms. Murphy: I have two more questions. It says, "*Clock D works were completed and programmed by golf company.*" Can you explain to me what that is?

Mr. Bloodworth: Yes, we had a meeting this morning. There has been work completed on it. The work is not fully, fully completed; however, the system is up and operational. There are a couple of items that are still in need of tweaking and repairs, but it is functional.

Ms. Murphy: Is that the wiring system for the golf course or for the general areas that Floralawn takes care of for the CDD?

Mr. Bloodworth: It covers a little bit of both. Predominately these are Floralawn service areas; however, it does also feed into some of the golf course CDD areas.

Ms. Murphy: My last question is has the mainline break along Independence been inspected and repaired?

Mr. Bloodworth: Yes. It actually was a lateral line that was repaired.

Ms. Murphy: Okay.

Mr. Piersall: Who trims the trees on the golf course? Does Floralawn take care of just the Oaks. These are trimmed once a year, but in the last two years, they haven't been done. Where I live, the trees are growing down and if you prune them back, they are going to get new life. Who takes care of those trees?

Mr. Zimmer: I don't believe that any tree trimming has been completed since we started in October of 2019. We did recently submit a proposal for consideration on tree trimming and tree removal, but no funds have been approved for that.

Mr. Piersall: It seems that it was done annually in the past. We have we I call, “*Baby Oaks.*” They are not like the massive ones on Hole 5, but they were planted eight, nine, ten years ago and they need help. In the past, they were trimmed down once a year and they haven’t been done at all.

Mr. Zimmer: Like I said, we haven’t discussed the tree trimming so I can’t speak to prior ones.

Mr. Piersall: Maybe you should schedule some.

Mr. Zimmer: It is not part of the budget. So, we obtained at least one quote for that work and have submitted that for review and consideration.

Mr. Piersall: I’m not talk about major projects. I’m talking about various trees throughout the golf course that just need to be pruned.

Mr. Bishop: You are talking big money to do that.

Mr. Zimmer: If you are talking about small pruning, that would be done through normal golf course staff throughout the year. If you are talking about significant pruning where you are thinning out the tree, taking out substantial limbs or removal of trees. That’s what I was referring to. So maybe I wasn’t on the same page.

Mr. Piersall: No. I’m talking about some of the Oaks where the branches are growing down and then you prune them to go up. When they get no maintenance they just kind of hang. You have branches that are 5 to 6 feet off the ground. It shouldn’t be like that. The branches should be up.

Mr. Zimmer: I understand. I was referring to something different. I will check with Shane to see where that is on the schedule for our routine maintenance of trees.

Mr. Piersall: Thank you, Mr. Zimmer.

Mr. Zimmer: Thank you.

Mr. Snell: Are there any other comments? Hearing none, go ahead, Dan.

E. Golf and Food & Beverage

i. General Manager’s Report

Mr. Zimmer: I am here for Justin Fox. He is out through this week. I will do my best to answer any questions. If I can’t answer the question, I will get you an answer as quickly as possible. Regarding the General Manager’s Report for April, I have nothing to add in addition to what was submitted, but I would be happy to answer any questions.

Mr. Piersall: Are we selling cigars?

Mr. Zimmer: I don't know, but I can tell you that the license has been approved and now it is a matter of ordering them. That first hurdle is over and getting the stock should be fairly straightforward.

Mr. Piersall: I wasn't inquiring for my own use. I was just curious.

Mr. Zimmer: If there aren't any other questions, the other portion was the golf course and restaurant budgets and Annual Plan.

ii. Consideration of Annual Golf Club Plan

Mr. Zimmer: We submitted the Annual Plan. I know that there is going to be discussion here about the overall budget. So, I'm happy to go through the Annual Plan if that is appropriate or if you want to save that for the budget discussion, whatever the Board wants we can do.

Ms. Adams: Board Members, the Annual Plan is part of compliance with the agreement between Indigo Golf and ARCDD. The agreement requires presentation of the Annual Plan and then acceptance by the Board as it sets many policy issues and golf policy issues that would be a guideline for the upcoming year.

Mr. Snell: I think we should consider it separately because it takes action in and of itself.

Mr. Zimmer: Absolutely. It is in the Agenda Package. So, I will run each section. The first portion of it are general assumptions and narrative and touches on an Economic Plan and Marketing Plan. We went this last month as well so I will hit the high notes on the golf side. This current year, we were very pleased with the membership results. We have a total of 209 members. Actually, that has gone up as we recently added two non-resident members in the last month. So, the total amount of members is 211. Last year, we were at 114. Of those 211 members, 45 were social memberships. So that was the first year of that program and we are pleased with the success. The overall membership revenue increased by over \$125,000 compared to the prior year, which is a 17% increase. When we look at the membership fees for next year, the budget includes increasing the single membership rates by \$200 and a couple by \$250. That's driven by the increased costs of operating the club. When we look at that relative to the non-resident rates, we also plan to increase the non-resident fees to play. We will get into that in a little bit. For the social membership category, the price remained the same at \$360

Mr. Piersall: So, the \$200 increase for a single membership will bring the membership to what cost?

Mr. Zimmer: For a resident individual, it is \$3,200.

Mr. Piersall: Then it would be \$3,250 for couples?

Mr. Zimmer: No \$5,500.

Mr. Piersall: I'm sorry.

Mr. Zimmer: The non-resident rate would go from \$4,000 to \$4,200 and \$6,250 to \$6,500.

Mr. Piersall: How many non-resident members do you have?

Mr. Zimmer: We have four single-members and one couple membership, for a total of six non-resident numbers.

Mr. Piersall: You are talking about hiring somebody for a marketing position. Right?

Mr. Zimmer: Correct.

Mr. Piersall: Do you foresee that you can get more outside memberships? That would be a big bonus.

Mr. Zimmer: Overall when we came into this year, we felt like we could be closer to 10 non-resident members. We are not too far off from that. Certainly, given the demand for golf in popularity, I believe that there is an opportunity there. One thing that we experienced in 2020 and 2021, is the significant increase in memberships limited the number of public rounds because of the new members were previously paying the non-member rates as well as more members taking up some additional tee times. So, we did see public rounds go down. We are still projecting for year end to have a net gain when you look at green fee, cart fee revenue and membership dues combined to be an increase over what it was in the previous year. We see that as an opportunity going into 2021/2022 to increase the public or non-member play.

Mr. Piersall: How much of the public play is walk-in percentagewise versus GolfNow and the Apps?

Mr. Zimmer: Really the only App or the only third-party tee time provider that we book any rounds through or will book rounds with us is GolfNow. I don't have those statistics in front of me, but generally that's in the 10 to 15% range of the public rounds that would be booked through there and the rest would be directly through us. Whether or not that's through calling the pro shop or going to our website or the app.

Mr. Piersall: That's good.

Mr. Zimmer: As we discussed a little bit last month, our goal with GolfNow and our third-party providers is an acquisition tool. We want to capture the information of the players when they

book with us through GolfNow and then get them to book directly with us in the future or join one of our programs.

Mr. Piersall: Sure.

Ms. Murphy: If you look at the number of rounds for 2021 versus 2020, there is 37% more rounds.

Mr. Zimmer: Correct. They are showing you the member rounds and the percentage increase year-over-year, which is a significant increase. Some of that has shifted from non-member rounds to member rounds as they joined and then others limiting tee times. So, we feel there is an opportunity there to push the public play. We have seen a good response with The Villages since November when we started running those advertisements. We had 1,280 coupons redeemed from those newspaper ads and that has generated just over \$40,000 in revenue. So that's been a good return on that investment and that's something we will continue with going forward. Pro shop sales have continued to be positive. This year we are projected to meet the budget by 9%. Next year we are budgeting for a 5% increase. We will continue to change the product mix in there. We have had a positive response on getting a variety of different apparel and offerings in the shop. John has done a good job with that and will continue to do that moving forward. We expect revenue in that area to continue to increase. For range revenue, we are budgeting a slight increase in 2021/2022. We did discuss the range ball machine last month, but just for clarification again, that did not factor into any of our revenue assumptions. So that doesn't impact any of the budget assumptions. On the labor side, the biggest change is in September, the minimum wage increased in the State of Florida will go into effect. Some will go to \$10 an hour at that point. That will impact a good portion of hourly staff and overall, is what is driving the 5% labor increase in golf operations in the budget for next year. We also plan to shift resources around. Some of the feedback we have gotten is to improve our rangers and first tee host. Our first tee host is scheduled from when we open until about 2:00 p.m. during the season to have someone on the first tee, the practice tee and a ranger on the golf course for eight hours a day. That is an increase from five-and-a-half to six hours that we are running at this year. On the expense side, there are no real changes in golf operation expenses and how we operated in the past, with the one exception of the seasonal golf carts, which we historically brought in for three months. However, with an increase in member and resident play using their own carts, this year, there was not much of a need so we don't

anticipate that expense next season. We feel that the 50-cart fleet that we have will be adequate to service all of our players.

Mr. Piersall: How many employees are paid minimum wage?

Mr. Zimmer: I don't have the exact number, but I will say that the majority of our outside operations is paid less than \$10 an hour. Its higher than what the current minimum wage is, but its less than \$10. There is some variation depending on how long they have been there for.

Mr. Piersall: These are mostly retirees that we are talking about, right? Minimum wage isn't much of anything.

Mr. Zimmer: I can't speak to people's reasons for wanting those positions. I will say that golf benefits are definitely a positive and some of the other fringe benefits in addition to hourly wage.

Mr. Piersall: They are mostly retirees that are working and they are doing it for the golf benefits.

Mr. Zimmer: Yes, there are certainly fringe benefits. For golf course maintenance, we will focus on improving conditions in the playable areas, while also addressing some of the important areas like tee box and green surrounds. As we have gone through our first full year, I've been able to change the pre-emergent, herbicide and fertility programs, which are beneficial. We are not fully where we want to be, but the weed pressure coming out of the cool season is much better than we were last year. So, we will continue to take a look at the programming and how we can improve that. Another area to focus on will be the transition areas that are not suited for golf carts. So next year, we have plans to fill these areas with topsoil and aerifying them heavily wall-to-wall to help loosen the turf up, see if that helps and then add extra fertility to help grow those areas in to improve that. It is also maybe worth considering, as we finish the tee and drainage projects this summer, there will be a balance left in that fund that needs to go towards golf course maintenance. So that maybe an area to consider utilizing those capital resources. When you look at the budget, the overall labor number will be less than this year for the reason of the mechanic position. For the last several months, that position has not been filled and we have utilized an outside service for the routine maintenance and sharpening the reels. That has gone well and so we plan to continue to use that. That expense will be shifted out of labor and into operating expenses. You will notice that change in the budget. Before I shift to F&B, are there any questions on the golf or maintenance side?

Ms. Murphy: I have one on aerification. The last aerification that Shane did this past month was less offensive to golfers because the holes were smaller. I was just wondering is he going to use that same process throughout the summer or is he going to go to a different process?

Mr. Zimmer: The process he used was called, "Drill and fill." It's exactly what it says. It drills a hole and it has a machine that injects dry sand into the hole. As opposed to normal core aerification where you pull out the cores and come through and clean those up. Then you top press behind it and drag it in. That is a standard aerification. The drill and fill is less intrusive from a play standpoint. It is considerably more expensive. You must pay for the service as well as the bag of sand that has to be perfectly dry in order for it to be able to be injected in the holes. So, you can't just use standard top pressing sand. So that process is considerably more expensive. I think it's going to be about five to six times more expensive than a standard aerification. We really felt that Shane reallocated some resources within his budget to be able to do that this year. We just felt like it would be beneficial for the greens to get sand further down into the profile. It helps with drainage. It helps break things up, so that's why we decided to do it, but we aren't planning to do that going forward.

Mr. Snell: Do you have any feel for how much the outside golfers support the restaurant?

Mr. Zimmer: We can get that information for you. All of the data that I have right now in front of me is combined. So, the F&B program would include members and non-members. Unfortunately, I don't have that program now, but I can get that for you.

Mr. Snell: That would be something that I would like to know.

Mr. Zimmer: Sure.

Mr. Snell: Also, what do you do to encourage them to use that facility as well?

Mr. Zimmer: To speak to that a little bit, last summer we had a golf and lunch program, which was successful and that is something we plan to do again. So that does help increase revenue into the restaurant. On the F&B side, obviously the last year has been significantly impacted by COVID, but we are seeing positive trends over the last two to three months as the vaccine has become more readily available and we are seeing routines go more towards the norm. We are very optimistic on the trends we are seeing and we are budgeting based off of that. We are budgeting a 10% increase in revenue from our forecasted numbers and feel confident in that. Some of the notable goals is we want to update the menu at least twice, once in the summer and winter and would ideally, also strive to have a spring and fall menu. We are continuing to update our banquet

menu, which we finalized, especially golf outings and special events. One thing that we added to the budget is a part-time sales position. We budget just over \$11,000 for that position, plus some incentives based off of the sales. We are budgeting just \$96,000 in event sales for the next fiscal year. Not all of that is revenue for Fairfax Hall. That also includes smaller groups from 16 to 40 that would be hosted in Chesapeake Bay. Those have been successful and we feel there is an opportunity to expand on that and host a good number of those groups.

Mr. Piersall: Are you current seeking resumes for that position?

Mr. Zimmer: We will. We believe there is somebody already on staff that would be a good fit for that position, although we will go through a hiring process. We envision that position to start being a dual role, spending half of their time doing sales and the other half being in the restaurant.

Mr. Piersall: Will that person have an office in administration?

Mr. Zimmer: We have not finalized where the office would be, but they are going to have to have an area where they are able to from an administrative to have a complete set of functions as well as meet with prospects and guests.

Mr. Piersall: So that potential candidate will be coordinating weddings and outside venues other than golf related events.

Mr. Zimmer: That is absolutely correct. As part of the marketing budget, we need to increase the print advertising for wedding publications such as The Knot and attending bridal shows or events of that nature in order to attract customers.

Mr. Piersall: You mentioned The Knot?

Mr. Zimmer: Yes. I can't recall if it is The Knot or The Wedding Wire. Those are the two most prominent wedding sites. Each market has some variation on which one is more popular, so that determination will need to be made.

Mr. Piersall: I think that would be good. We did things for the St. Paul Catholic Church to raise money for a bus. Catholics like to have nice weddings. I think we should get a really good feeling for the Padre, because there are no venues in Leesburg. Anyone that attends that church that is going to have a Catholic wedding, come on down. A lot of times the guys want to have a little golf outing for all of the fellows. St. Paul's is a good candidate for us. We have a pretty good relationship with that church through the years. Catholics like to eat and drink.

Mr. Zimmer: As part of this, as we learned expanding the event sales, we would like to propose making adjustments to the Fairfax Hall rentals. I'm not sure what that process would need to be to go through that. Currently for non-resident rentals, it is a \$1,000 non-refundable rental fee and a \$500 refundable deposit and \$150 cleaning fee. It requires \$1,650 down when you book your event, which goes directly to the CDD, not through the club, with \$500 being refunded.

Mr. Piersall: Justin mentioned that and we talked about that in the past. I think that is something that we need to address and address quickly because you can't have a marketing person going out trying to sell with that kind of overhead. I think it's going to be mixed into your banquet costs.

Mr. Zimmer: Yes. We would propose adjusting that so the non-refundable deposit would be set at \$350 and still have a non-refundable room rental of \$350. Then have a \$500 refundable deposit and \$150 cleaning fee. We would probably market that altogether. Most people are going to get the cleaning fee and room rental fees all at once. We would probably just combine that for marketing purposes. Then there would be a \$500 room rental fee, which we feel in the market would certainly be competitive, but it would give us more flexibility in sales, especially as we try to bring more events.

Mr. Piersall: You are absolutely correct. I think that is something we should get going on, however, we have to do it so your marketing person have a clear understanding.

Ms. Murphy: Tricia will we need to have a public meeting?

Ms. Adams: Yes. The Board previously had a rule hearing to set fees for ballroom rentals. If you wanted to change those fees, it would probably be through the same type of process, which does require a 28- and 29-day legal notice.

Ms. Murphy: Because Indigo Golf is doing functions on their own, they cannot set their own rental fees apart from our rental fees?

Ms. Adams: For the ballroom rental, there are established fees.

Ms. Murphy: They have to go under those guidelines.

Ms. Adams: Those are what they would be marketing as rental fees. Now there may be a service fee or surcharge fee in the restaurant, but it is not related to the ballroom rental, per se.

Ms. Murphy: It is going to take us awhile to get through that process.

Mr. Piersall: Should we get the process started?

Ms. Adams: The Board already established fees for renting the ballroom. If there is a surcharge for the restaurant that is tied into the F&B purchase and there is a service fee related to that, there may not be a requirement to go through the rule hearing. I can confer with legal counsel on that, but I believe that there has been a history in F&B for a surcharge, just like when you have gratuity based on the number of people. There could be other costs associated with the F&B package that you are purchasing.

Mr. Piersall: We will do everything we can, but it's out of our hands.

Ms. Murphy: I think we need to make this as quick and as easy as possible as we possibly can, if we can stick with our fee structure and then have Indigo Golf add everything else on as an extra and not have to go through the whole process that we have to go through having another meeting.

Ms. Adams: Yes. If what I'm hearing the Board say is you want to reduce the fee for renting Fairfax Hall, the Board has the ability to direct staff.

Ms. Murphy: I think it's going to be higher.

Mr. Zimmer: We propose taking the non-refundable room rental and changing that from \$1,000 to \$350. There is still the \$150 cleaning fee, which would be the same and a \$500 refundable deposit, which will remain the same. So, it would really just be changing the room rental from \$1,00 to \$350.

Ms. Whelan: If it's a decrease, we don't have to go through any public hearing.

Ms. Murphy: That's great.

Mr. Piersall: Let's say an outsider wanted to come in and they were completely outside. They weren't using Indigo, we can leave it set as it is for Joe Blow who wants to come in here.

Mr. Snell: Indigo gets first right of refusal.

Ms. Adams: Part of the room rental agreement is that they utilize the onsite catering services to the best extent possible.

Mr. Piersall: Right.

Ms. Adams: There have been exceptions made in the past only for residents if there was a particular special circumstance.

Mr. Piersall: Whatever we can do to untie his hands so they can market some more.

Ms. Adams: Part of that is going to be informed by the amount of revenue that the Board wants to have in your Proposed Budget for room rental. Right now, the room rental is based on

anticipating renting the ballroom 12 times during the year at a particular fee. That fee will be determined by where the Board wants to see that rate set.

Mr. Bishop: Under our current rate structure, would they have the flexibility to waive the room rental fee based on the size of the group?

Mr. Piersall: Yes.

Mr. Bishop: If you are going to have 400 people in here at \$50 a plate, you might want to waive the fee.

Mr. Piersall: That is a good point, Bill.

Ms. Adams: Lindsay, I'm going to ask you to chime in here if needed, but I don't believe that the restaurant would have the ability to waive the fee. The purpose of the fee is to cover the expenses of operating and maintaining Fairfax Hall. They don't go to the restaurant. They go to the District for the expense of maintaining Fairfax Hall. So ultimately it is a Board decision. It is a policy decision on where you want to see that room rental fee set, but that is a consideration.

Mr. Zimmer: Instead of having a fixed room rental, would it be possible to set a range which would give us flexibility. A lot of times, depending on the group, we may want to charge a higher room rental fee for one group because of what you are going to get for exactly what Mr. Bishop mentioned where there are more people at a higher cost per head. So, if we have the flexibility to say that the room rental can't be less than \$350, but there is the flexibility to adjust that. I think that's something we can do.

Ms. Whelan: I would be very cautious of the Board doing that. It's one thing to set up classes where you treat everyone in that class the same. So, for example, the rental rate for groups less than 30 is "x" amount and between 31 and 50 people is a different and from 51 to 100 is a third amount. That's fine, but I would be very cautious about having different charges for different groups based on a non-defined metrics because again, we are a government entity and we have to be treating all groups the same regardless of essentially the way they are using the facility. So, if we setting those caps based on size, that's fine, but I wouldn't allow staff to have just free rein to determine what the rate is going to be for an event.

Mr. Snell: How about we ask Dan to bring us back a proposal on how you would do that at the next Board meeting? That way we can have some information to make a decision on. I do agree with Jim that we don't want to sit on it too long.

Mr. Zimmer: Timing wise our expectation is we would like to begin marketing and actively pushing that in the summer; June or July. We are really pushing that and having emphasis on that over the summer.

Mr. Piersall: What is a minimum of guests if someone wanted to have an affair in Fairfax. You could put over 30 people in the Oak Room. By the time you incorporate all of the dynamics of bringing stuff over, where would you see that number?

Mr. Zimmer: We haven't specifically broken that out, but you could accommodate groups of 40 to 50 over at the restaurant. Once it gets over that, this would be the only option.

Mr. Piersall: So, this room you feel would be for groups more than 50 or at least 50 people?

Mr. Zimmer: Yes, I would say that.

Mr. Piersall: To justify the use of it, yes.

Mr. Zimmer: The other areas in F&B, the social component, we are very excited that we have now gotten back into being able to do more social events and they have been successful. Pre-COVID we had very successful social events. One of the factors was increasing the revenue when we were well ahead of budget and historicals. We are starting to see that again over the last two-and-a-half to three months. We will touch more on it here, but we have a robust social schedule for next year and that's really our focus. Chatham's has slowly gained so far this year. Now we are open three days a week in season and we hope to expand that in the summer as well to accommodate the pool service.

Mr. Piersall: Has Chatham's been profitable.

Mr. Zimmer: It is. We are averaging \$200 and \$250 a day in revenue at Chatham's. So, when you look at it from a labor and cost standpoint. It is profitable and we see that there are upsides to that. That is not something that is trending down. I am going to skip the marketing section because there is a whole marketing report, which we will get into in much more detail. On the expenses side, general and administrative expenses, we are now through a year-and-a-half and so we have a good feel for the operating expenses. They have trended down year-after-year and we expect those to remain consistent. The uncontrollables such as repair and maintenance (R&M) when an air conditioning unit goes down and those \$2,000 or \$3,000 expenses, we have seen a couple of bills this year. Hopefully we are through that and see that to be more consistent going forward, but we are not foreseeing anything significantly different in GNA, we will see credit card fees increase because we are doing more revenue and also more revenues booked or prepaid online,

which has a higher credit card fee associated with it as opposed to some paying in person. Under Leases/Taxes/Insurance, we have a 42-month term lease on our Yamaha golf carts. There are 50 golf carts in the fleet. So, we will be going into Year 3. So, at the end of the next fiscal year, we will have to start looking at what we want to do for the next lease. We also have two maintenance equipment leases. One has a 50-month term, which was for the new equipment that was purchased in October of 2019. Then there is a 48-month term for the used equipment that was purchased at that time. All equipment is in good working condition. Those expenses will continue through next year. The real estate taxes are based on the tax assessment for Fire Rescue. That is not going to change significantly going into next year. P&C insurance are estimates. We will be able to true that up as premiums get finalized.

Mr. Piersall: As far as equipment, was the missing gator on your insurance or our insurance.

Ms. Adams: It is all one policy. We just allocate costs to various areas of the budget.

Mr. Piersall: So that was a leased vehicle? Correct?

Ms. Roslyn-Grimes: No.

Mr. Piersall: We own it.

Ms. Adams: It was insured as part of the District's insurance proposal.

Mr. Piersall: What was the deductible?

Ms. Adams: I don't have that information.

Mr. Piersall: What was the value of it?

Ms. Adams: The insurance agent was delayed in responding. She is working with several different projects right now, but she will be providing information and following up soon. We would be happy to provide the Board Members with that information under separate cover outside of the meeting.

Mr. Zimmer: The next section are the maintenance expenses. There is the month-by-month line item for maintenance expenses. We are anticipating the utilities, irrigation, water and electric to stay within line for the first year-and-a-half that we have been here. We have been able to streamline that so the water, irrigation and electric costs have been lower than what we originally budgeted, so we've been able to allocate more money towards chemical and fertility line items. The equipment R&M line items and irrigation repairs are staying in line with what we budgeted. We did add outside services with the company that does the preventative maintenance on the equipment. That's why we are sharpening the reels in lieu of the mechanic position. Under

chemical and fertility, you will see for the overall maintenance expenses, we are projecting an increase year-over-year of about \$12,000 in this fiscal year budget versus what we are forecasting. It is about \$23,000 higher than what we budgeted in 2020/2021. Some of that, approximately half of that increase relates to outside services. Any other portion is increasing the herbicides, fairway fertility and pre-emergent expenses to continue pushing the health of the turf, especially in playable areas. We budgeted \$12,000 for overseeding in October to overseed tees and fairways as we did this year. The next couple of pages have the agronomic schedule, which outlines the mowing, topdressing and other agronomic items for each component of the golf course for greens, tees, fairways and roughs. I'm happy to answer any questions on the Maintenance Plan. The last section is the Marketing Plan. Some of this we already talked about, but I'll run through it. The first section is the introduction. In the second section, "*Communication*," we are talking a multi-channel communication approach with our members and guests. We feel it has been successful thus far, giving our members and guests multiple options. I have improved results with them by having weekly updates in the Ridgeline, monthly community newsletters, text message marketing, communications through our AR App, use of social media, *Waddle* Event Management system and communication on daily fee golf. On the communications side, the first slide talks about text messaging. We have 249 active contacts in our text message club. In total, we have 3,908 text blasts, meaning text messages that went out. The total cost of that was just over \$40. Our goal at the beginning of last year was to double the contact list to about 400. Unfortunately, that was impacted last year by COVID, but there will be a concerted effort going forward to continue to push that. That is a great way to communicate last minute specials. If there is a social event at the restaurant, they will send out a text reminder or a link to register for the event or some offer for golf in the afternoon.

Mr. Piersall: Was the text message marketing mostly for outsiders? They are on your App.

Mr. Zimmer: Those are opt ins. We've had point-of-sale (POS) collateral in the pro shop. We sent out emails and social media to get people to sign up for the text club where you text to a specific number in AR.

Mr. Piersall: That's a great tool.

Mr. Zimmer: Yes, it is effective. Even more effective is our App. Since have launched the App, we had 1,583 downloads and total pushes of 25,480. Push notification is when we send out some sort of communication to those that opted into the push notifications. Right now, the opted

rate is just under 60%. So, 60% of the people that downloaded the App have opted in to receive those push notifications. That is a great way to communicate as it has been effective for the groups that play on the golf course, leagues and events. Another tool is through the App, we can send them specified push notifications. This is an example of a push case study. Say Frank prefers a 3:00 p.m. tee time and it is available; he can book the tee time. Those are automated messages. We have 200 push notifications go out and 58 people responded for a total of 77 rounds and almost \$1,200 in revenue. Again, staff is not allowed to do anything on that App. Those are just established notifications that go out.

Mr. Piersall: When Frank gets that tee time, is he paying at that moment? Do you have his credit card information?

Mr. Zimmer: Yes and no. Our App currently, when you click to book a tee times, it takes you to our website booking engine. It does save that information in there. You have to enter in your username and password and unlock it.

Mr. Piersall: So, when Frank unlocks it, he is taken to the website.

Mr. Zimmer: Yes. If you open up our App and you click on, "Book a tee time," it's a seamless interaction so the consumer doesn't realize it's going to our website, but that's the booking engine that pops up.

Mr. Piersall: I was just wondering, with the push case one, you get paid at that moment.

Mr. Zimmer: No. I think the technology in the golf industry is behind a lot of other industries. For example, a hotel or airline or those type of industries do exactly what you describe. We are getting there and our new POS system is much better technology. So, we will be able to get to the point that you are describing. The Consistent Offer Locker is something within the App. Once you join, then you can take advantage of offers in the Offer Locker. You can see that there is a 50-cent wing offer where we had 195 redemptions, free bucket range balls and free public greens fee. Those are well utilized. The next section in communication is event marketing and *Waddle*. That's proprietary management software so we can manage the events more efficiently. We use these for the majority of the social events that we host. So, if you are in communication and you are going to RSVP or sign up for the event, that all goes through *Waddle*. So, there is no additional cost to use that system. Through *Waddle*, we have done a total of 240 events. There has been a total of 8,718 invites to go out and 4,950 total attendees signed up through *Waddle* and about \$47,000 in net revenue. The third section is, "*Website and SEO.*" We launched a new design

on the websites. They are much more focused on visual and content. You can see that we had good statistics. We had a total of 20,000 users and 40,000 sessions. There is a chart indicating where the traffic is coming from so, they are not organic. So again, perhaps someone is clicking on something that redirects them to our website or through Facebook or Google searches. Those are the different avenues that people are accessing the website. The fourth section is, "*Yield and Pricing.*" This touches on the non-member pricing. One area that we will get much more into over the coming year is dynamic pricing. This automatically adjusts your rates based off of utilization on the tee sheet. This would only apply to online tee times, so if you are going to our website, some other third-party provider of tee times, we have the ability to increase the price as we get busier or decrease it if we are slower than lower, in order to maximize total revenue. So, we feel that this something that would be very beneficial, especially during the season when our utilization on the tee sheet is very high. Also, on weekends through the summer months, utilization is high. So, we can take advantage of that and be more dynamic in our pricing. Our proposed golf fees, low and high price range is not changing from what we presented last year, but our target is increasing. For example, from December through April, our peak public rate is \$45, which is our target for next year. This year, we were right at \$41. So again, that's showing an increase in the public play. That's not saying specifically that we will be \$45, but that's where we believe we can push it to base on demand right not. That is something that we will continue to monitor based on demand. That's how we look at pricing.

Mr. Piersall: Is that the average?

Mr. Zimmer: That is one rate, \$45. There are also resident rates, which would be lower. So, in this case, the target would be \$39 or online rates, which we typically discount more than \$2.

Mr. Piersall: Okay.

Mr. Zimmer: The sources of daily fee golfers, we talked about having print advertising at The Villages, which was very successful and we will continue that. We will also continue to use Facebook posts in advertising by both boosting and paid advertising. We will continue the email database with pushout offers through our App, text messaging and POS displays. The fifth section is, "*Loyalty.*" We went through the membership rates already. It just outlines the membership fees. A big proponent of the loyalty program for both members and residents is the social programming, which is listed by different seasons throughout the year. Continuing events that have been successful and expanding that, either adding some events back in that we couldn't do last year like

the Holiday Gala or the New Year's Eve event as well as having some new events. The next page includes the anticipated event calendar and some examples of the marketing materials that we have produced for them so far this year.

Mr. Piersall: Is the social membership going to go to \$360?

Mr. Zimmer: Correct.

Ms. Roslin-Grimes: That is what it is now.

Mr. Piersall: It is supposed to be \$330.

Mr. Zimmer: I will have to verify that.

Mr. Piersall: It is supposed to be \$330.

Mr. Zimmer: I believe it is \$360. The sixth section is, "*Social Media.*" First is the overall performance of the AR Facebook page. There are 582 fans. We had 334 posts in the last 12 months. Then it has additional stats. The Facebook page is a great source. We plan to continue using that and keep engaging the residents and members using the golf course. We do want to add in more content with videos and pictures, which is the most viewed content through social media. The next couple of pages are some results of posts with the total cost and cost per clicks. There is some good information there. Next are the organic posts, showing some statistics. The seventh section is, "*Reputation.*" We are constantly reviewing and monitoring the online reviews, both through social media, Golf Advisor, Yelp or Google reviews. There are many different sites. We have a system set up so any online reviews that are posted get sent to the General Manager, Marketing Director and the Regional Operations Manager. Those come through every day and we respond to those and review them. Currently our online rating is 4.0 with a target of 38 reviews over the last 12 months. The eighth section is, "*Sales.*" We already went through that. It shows the draft designs of the banquet menus. The ninth section and last section is, "*Troon.*" Troon purchased Indigo Golf and there are some opportunities to get involved in programming through Troon with their Rewards Program and Troon Card, which are nationally based and expose the facility to a much larger population and group of golfers. We will determine how best to take advantage of those and integrate those into our existing program. There is a good opportunity there to get additional exposure for the golf club. That's all I have.

Mr. Piersall: That is a good report. I'm very impressed.

Mr. Zimmer: Thank you.

Mr. Piersall: I would like to see it incorporated.

Mr. Snell: We need a motion to approve the Annual Golf Plan.

Ms. Murphy MOVED to approve the Annual Golf Plan and Mr. Piersall seconded the motion.
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Mr. Snell: Is there any Board discussion? Hearing none, are there any audience comments?

Ms. Joann Lasko (Lot 503): In regard to changing the fee, I would like for the Board to also consider lowering the fee for residents as well. Secondly, if you are going to be presenting this Marketing Plan and market this building, that's going to impact activities that we are now currently holding in this building. I think this circles back to the fact that we may really need to consider the purchase of the Sales Office. Thank you.

Mr. Zimmer: In regard to the availability of Fairfax Hall, any inquires that come in we go through Emily to get onto the master calendar for the community. That would take priority. We always go through Emily. The fees for Fairfax Hall for residents, I believe the only fee that's non-refundable is the \$150 cleaning fee. Outside of that, there is a \$500 refundable deposit, but there is no fee for residents.

Mr. Piersall: Joann, there has to be flexibility on residents' parts. If we have to generate revenue, that workshop had to supersede any events. So, it's important to generate that and have the flexibility from residents.

Mr. Snell: Thank you, Joann.

Ms. Sue Kekel (Lot 283): Last month, I brought up the fact that the landscaping around the 16th Hole bathrooms was in dire need of being taken care of. The grass is non-existent. There are weeds. Bushes are overgrown. It is very unsightly. All of the golfers that come here, especially from outside of AR, drive by the restrooms, even though they don't use them. Plus, all of the traffic on AR drives by and it's really an eyesore. You need to go and look at it. Last month, Justin said that they would take care of it.

Mr. Piersall: Isn't your house sold? Aren't you moving?

Ms. Kekel: Yes, but it is for the good of the community and I did bring it up last month. I just wanted to let you know.

Mr. Piersall: We appreciate it.

Ms. Kekel: I have another question. I wanted to ask about the accessibility from the back gate. Does Fire Rescue get to use it all the time? This is very important to me.

Mr. Piersall: They have a signal to open the gate.

Ms. Kekel: Thank you.

Mr. Piersall: Good luck on your move.

Mr. Snell: Anyone else? Do we have anyone on Zoom? We have two on Zoom.

Mr. Rich Gaimari (Lot 1028): I just want to thank Terry Snell, the Chairman and the rest of the Board for all of the work they are doing here to try to complete all of the due diligence needed for the possible purchase of the existing Sales Office. I think it's a great idea. I think it needs to stay under our control and care. The cost per resident won't really be much. Thank you for that. I have another question for Indigo, which is near and dear to my heart. How soon will you be taking care of all the potholes on the entire golf course? I just had a procedure on my neck that I believe was caused by hitting one of those. I think it is by far the biggest problem with the golf course. Troon is a huge golf course management company. One of the biggest in the world. Please rent, procure, do whatever you need to get the equipment to fix the problem and please oversee the entire golf course next year, not just the fairways. Thank you.

Mr. Snell: Thank you, Rich.

Ms. Eileen Heughins (Lot 673): I wanted to inquire about the walkway behind the townhouses and the new villas. Emily told me that it was discussed at the December meeting last year. I know the walkway has been power washed and some of the bushes were trimmed. We will be here eight years this September. There is a plot of land that the CDD owns right out my door that I can't do anything with. The trees and bushes are starting to get bad all down the walkway. I've been told that you are working with Floralawn to get something done, but that was since December. I haven't heard anything lately.

Mr. Snell: Hopefully they will grow back healthy. I don't know about the 100% yet. I don't think so. Let's have Bill take care of that.

Mr. Bishop: That is part of the overall Landscape Plan that we are expecting within the next couple of days from Floralawn.

Ms. Heughins: By Saturday?

Mr. Bishop: We will have to dissect it and see what we are going to act on first and go from there.

Ms. Heughins: There are a lot of dead bushes. Some were pulled out, but some haven't, but if this was an HOA yard, then they would be on my back to correct it. So, I'm getting on your back to correct it.

Mr. Bishop: I understand. We were there as recently as this morning looking at that situation.

Ms. Heughins: What did you think of it.

Mr. Bishop: We would need to trim the Washingtonians and the Pony Tail Palms.

Ms. Heughins: There are a lot of bushes that have been pulled out, a lot were dead that needs to be pulled out. Something has to be done to make it look halfway decent.

Mr. Snell: Okay Eileen. Bill will take care of it. Do we have any more comments on the golf course proposal? Hearing none,

On VOICE VOTE with all in favor the Annual Golf Plan was approved.

The meeting was recessed at 4:00 p.m.

The meeting was reconvened at 4:11 p.m.

SIXTH ORDER OF BUSINESS

Business Items

A. Discussion of Matters Relative to Potential Purchase of Sales Center

i. Consideration of Underwriting Agreement with MBS Capital Markets, LLC

Mr. Snell: Tricia, if you would introduce that please.

Ms. Adams: Absolutely. Board Members, included in your agenda package under Tab A is an Underwriting Agreement with MBS Capital Services. In order for Sete, who is on the line today, to present information to the Board of Supervisors regarding the potential purchase of the Sales Office and financing options, the Underwriting Agreement needs to be approved before getting any information from the Underwriter. This is a requirement. It does not bind the Board in terms of needing to refund bonds or take any other financing steps. If the Board does decide to refund bonds, other steps will be considered with Term Sheets and things like that, that will be placed before the Board. So, this would just be simply an agreement allowing the Bond Underwriter to share information and provide information to the District. So, staff recommends

approval of this in order to hear the presentation of potential financing options for the purpose of the Sales Center.

Mr. Piersall: So, this has nothing to do with the refinancing of the 2006 bonds that is at 5.5%.

Ms. Adams: Yes. If you look at the current agreement, this is looking at refunding the Series 2006A bonds. So those are the bonds that we are talking about.

Mr. Piersall: Can we talk about refinancing that bond regardless of what happens with the Sales Center?

Ms. Adams: Yes. If the Board approves this agreement regardless of if the Board decides to purchase the Sales Center or not, the Board can consider refunding the bonds for other purposes.

Mr. Piersall: I think it would be a great idea. We can refinance that bond at today's rates and then take that money and put it into reserves.

Ms. Adams: Yes, there are very favorable market conditions with a low interest rate.

Mr. Piersall: I discussed this with you that they would have to be earmarked for capital projects within a certain timeframe. Is that true?

Ms. Adams: Yes. As I said, I'm not a Bond Underwriter. That would be the appropriate person to direct questions to, but typically if a District is looking at a bond refunding/bond issuance for specific projects that are identified and there are certain timeframes that are required within the bond.

Mr. Piersall: Sete, did you hear that question?

Ms. Adams: Before Sete presents any information to the Board we need the Board to approve the Underwriting Agreement.

Ms. Murphy MOVED to approve the Underwriting Agreement with MBS Capital Markets, LLC. and Mr. Piersall seconded the motion.

Mr. Snell: Is there any further discussion?

Mr. Bishop: Just so I'm clear, there would be no fees incurred unless there is actually a refunding or refinancing of the bond.

Ms. Adams: Correct.

On VOICE VOTE with all in favor the Underwriting Agreement with MBS Capital Markets, LLC. was approved.

ii. Presentation of Potential Financing Options

Ms. Adams: Joining us today is Sete Zare with MBS Capital Markets. I believe she prepared a presentation. Are you ready, Sete?

Ms. Zare: Yes, now that we have been approved as Underwriter and we are complying with the Municipal Securities Rulemaking Board (MSRB) rules, we can display that presentation. I have the presentation in front of me and feel free to direct any questions to me and I'm happy to answer them as we move through the presentation.

Ms. Adams: Sounds good.

Ms. Zare: Just by way of background, the District issued its 2006 bonds in March of 2006 in the principal amount of \$15.9 million. Those bonds are currently outstanding in the principal amount of \$2.53 million. They carry a coupon of 5.5% and they are currently callable, which means at the discretion of the Board, we can take that high interest rate coupon, replace it with the low interest rate coupon and then provide savings that the residents will benefit from. In conjunction with your 2006A bonds, you also have your 2019 bonds outstanding. If you recall, we went through a very similar process where we issued your 2019 bonds to acquire the golf course and related improvements. Those bonds are outstanding in the principal amount just under \$1 million and carry a coupon of 3.88%. This presentation really focuses on refinancing your 2006A bonds. I provided multiple options on how you can realize the savings from this refinancing. Just to recap, the 2006A bonds are outstanding in the principal amount of \$2.53 million. They are currently callable. They carry a coupon of 5.5%. With this proposed financing, just given where we are with vertical buildout within the development, within this assessment area, for the most part, the District is fully developed. There is still about 10% of vacant land within the development, but it still lends itself to a senior subordinate structure where we can actually go to S&P rating agency and provide for an underlying rating with this financing on the senior component of this financing. If the District opts to refinance for annual debt service savings, meaning that they are going to lower their current assessment on their tax bill, we would be able to stay par neutral, meaning that we would not have to notice all of the residents within the District because the principal amount is actually staying equal to what it is right now. The only thing that is happening is that you are reducing your annual debt service that you see on your tax bill as a result of the favorable refinancing. This is match maturity. We will not extend the maturity. They will stay that

way until May 1, 2036. That would be one scenario of how the District could realize their savings. The second scenario is the annual debt service will maintain fairly level to what it is right now. Instead, you take those savings as project funds. These project funds could be used on any capital improvement if you want to go the tax-exempt route. If you do that, you are going to generate about \$505,000 in capital improvements, of which 85% of it needs to be spent within a three-year timeframe just to stay within tax law. Now, all 1,047 residences within the District will actually be assessed for the new money component of this refinancing. Because it is a project and you are taking your savings as project funds, you are actually going to increase your principal amount and that is going to force us to go through the Chapter 170 process. So, we will have to notice all residents that the principal amount is increasing, but their annual debt service is staying very level to what it is right now. I know that there has been quite a bit of discussion on what to use those funds for. One of the things that has been brought up is the purchase of the Sales Center. That is a feasible use of those funds; however, I caveat that by saying that it depends on what you do with the Sales Center on whether or not this is going to be taxable or non-taxable bonds. If they are taxable bonds, there is a slight premium to the rate that comes with the taxable bond, but that gives the District the flexibility to do what they want with the Sales Center in terms of leasing. We would have to lean on Bond Counsel depending on what direction the District does decide to move in, but there are tax laws that limit the amount of leasable space within the Sales Center to a private entity. So that is something that the Board definitely will need to consider. If we do go the taxable route where we are giving the District flexibility to do what they want with the Sales Center, then it comes with a premium because it's a taxable bond, which is generating just about \$405,000 in project funds. Again, we would have to go through the Chapter 170 process, notice all residents that there is an increase in the principal amount, but maintaining very level annual installments that the residents see on their tax bill. So, there are three different scenarios and three different options for the District. I know more will come to light as the District decides on how they want to realize those savings, but I'm open to taking any questions right now. I know that is a lot to digest.

Mr. Bishop: I have a question. I'm having trouble wrapping my brain around how this is equitable to everybody. I have not paid off the 2006A bond for my lot, but my neighbor has. My neighbors on both sides have, actually. How do we get them now to pay my portion of this 2006A bond, the \$2,530,000, a portion that is mine, but a portion of it that isn't theirs?

Ms. Zare: I will lean on Lindsay, but they are not paying. Only the residents who haven't paid off their 2006A bond are benefitting from the refinancing component of their overall financing. The residents that prepaid will be allocated their pro rata share of the new money portion, which would be the purchase of the Sales Center. They would be allocated a small pro rata allocation of that component of the financing. Your assessment would look different than their assessment because they prepaid their 2006A bonds in full.

Mr. Bishop: Who is going to sort all of that out?

Ms. Zare: You have a great team behind the scenes with GMS as well as Lindsay and her team who would make sure everything is sorted out accurately and everybody who is within the District would realize their fair share of pro rata allocation of the new money component of the financing.

Mr. Bishop: On the chart that is on the screen now, is there a line that says what the cost of the refinancing is, your fees and all of the other underwriting fees and everything?

Ms. Zare: Absolutely. Our fee per the Investment Banking Agreement that you just approved is the greater of \$50,000 or 1.5% of the principal amount issued. It's standard to our competitors' areas well. It's what you have seen in all Investment Banking Agreements that we put in front of you as well. There are other working team expenses as well. You have Bond Counsel provide their opinion on whether the bonds are tax exempt or taxable. You have District Counsel that is doing a lot of the work behind the scenes as well in document preparation, GMS and their team as your Assessment Consultant who is making sure that the allocations are fair and equitable. You have a full force behind you with the Costs of Issuance (COI) behind you, but all of those numbers are actually considered on Page 3 of the presentation. It's already been considered, but they are very standard in nature across all financings. To my fees specifically, we would not charge the District at all until the bonds are closed. That fee like everybody else's fee for the most part would come out of COI. Again, it's already considered in the numbers.

Mr. Bishop: The \$505,899 as an example, net to us or do we have to pay your fees out of that?

Ms. Zare: That's all of what you get. The COI is already considered and your net proceeds would be the \$505,899. So, the District would realize the full \$505,899. Again, these are estimates based off of our current market rates. Our hands are tied to how the market is doing every day, so this is where we are today in the current market. We are in a very low interest rate environment,

which is helping to generate quite a bit of savings for the District. Just to that point alone, if you look at net present value savings, regardless of what scenario the District decides to go with, you are looking at double digits 12% or greater. For general municipalities, their benchmark for net present value savings is just about 3%. We are well exceeding that benchmark given where we are in this interest rate environment.

Ms. Murphy: Our community is 15 years old. We have a long list of repairs that may be coming up in the next five years that could be very, very costly to us. The money that we have annually that we put into our Reserve Fund is not covering that. We are spending reserve funds three times faster than we are putting money into it. Is it possible at this time to look at what our expected major repairs and upkeep would be over the next five years and add that money into this? If you are repurposing these bonds, would it be feasible to do an additional amount at the same time? Then we can look at remodeling everything that needs to be remodeled. We could look at fixing all of the air conditioners. We could resurface the pool. We could maybe put in more pickleball or shuffleboard courts and all of the things that people are asking us to do that we don't have the money to do now. Is this an appropriate time to look at maybe adding that into this?

Ms. Zare: Absolutely. I'm speaking from a tax-exempt basis only. The projects that are being considered need to be capital improvements where the proceeds can be used for tax exempt purposes. How the District chooses to use the \$505,899, so long as it qualifies as a capital improvement, then the District could consider other improvements outside of purchasing the Sales Center. Your hands aren't tied to that by any means. I know that it's been a topic of conversation. By tax law, you have to spend 85% of the proceeds within a three-year timeframe. Whatever the improvements may be, we have to consider that those funds within the appropriate time. The short answer is yes. If it is a qualifiable capital improvement, the District can absolutely consider this in this financing to the amount that the proceeds actually generated from the refinancing. If the District is considering issuing more than what the refinancing is capable of producing. Keep in mind, right now, if you generate the \$505,899, it maintains your annual assessment at barely the same level that you have right now if you still have the 2006 bonds that you haven't prepaid. If you are planning to issue more than what the refinancing itself can provide for, then there are more hurdles to jump over and more thought behind the working team because there are some restrictions within the current ventures that we have to consider, but it is definitely a possibility. It is worth the District exploring the avenue that they want to take.

Ms. Murphy: If we were to go in that direction, those folks that have not paid off their bonds at this point, would have a different annual amount to pay in their taxes than those that have already paid off their two bonds.

Ms. Zare: So, the residents who prepaid their 2006 bonds in full, won't be subject to the refinancing component of the overall financing. I don't want to cross the line so please feel free to step in and interrupt at any point in time. Let's say for example you mentioned the pickleball courts, they benefit from the pickleball courts that you want to put in or whatever recreational improvements that may come up. They also benefit from that project so they will have a small pro rata allocation of that benefit that they will be assessed for. While it won't look like your assessment, if you haven't prepaid your 2006 bonds, it will be a small assessment for their pro rata allocation of the benefits that they are receiving from the pickleball courts or any other capital improvements that may come up.

Ms. Whelan: Yes, that is exactly right. I think the way to think of that is maybe with two different scenarios. With Scenario 1 where it is just a refinancing, I'm just making up numbers here so don't say, "*Where is this in the presentation?* If we just do a refinancing and don't do anything else and say that the principal amount is \$750 per month. That will only be levied on residents who still have outstanding debt service, who have not prepaid their assessment. If you do Scenario 2, which is a refinancing plus this new money component to fund either the Sales Center or additional other capital improvements and repairs and that portion is say, \$250, the residents that have not prepaid will a \$1,000 debt service assessment per year. The residents that prepaid under that scenario would see just a \$250 debt service assessment per year just for the money portion.

Mr. Piersall: I thought originally when we were talking about refinancing, those that have paid off their bond, there will be no impact on them. We were going to take the cost savings. Those who have not paid their bond, who are paying that 5.5%, if we refinance at the proposed 2.75% or 2.72%, that savings will then go to the CDD. So, then it would have no impact on anyone who has no debt service currently because they paid off their bond. Is that a true statement or is that wrong?

Ms. Zare: If we don't go with the project fund scenario then you are absolutely right, but the residents have not prepaid their 2006 assessment will only be subject to the rate financing. The end result for them, and similar to Lindsay, I'm going to make up a number. If they currently pay \$1,000 in debt service, because of the refinancing they would see a reduction and it could

potentially be \$900 instead of \$1,000. Those residents would benefit from the refinancing. About 312 units have not prepaid and those specific units would benefit from the refinancing if we went with the annual debt service reduction scenario.

Mr. Piersall: It is in the contract what they are assessing if we refinance. I'm thinking of this in terms of refinancing a house and we as a CDD Board are in a position to do this and take that cost savings and put it into our reserve for our community. So, the residents that are paying their bond, their dollar amount would be the same. We would be taking their savings, because we can negotiate from 5.5% down to a potential 2.75%

Ms. Zare: I'm not sure that I followed your question.

Mr. Bishop: I think what he is trying to get at is at is there any way that the CDD as an entity could benefit from the reduction in the interest rate?

Ms. Zare: Any one of these scenarios, is how the CDD is benefitting from the reduction in the interest rate as a result of calling your prior bond at 5.5% and replacing them with the lowest interest of around 2.75% depending on the scenario.

Mr. Bishop: The first example of this refinancing is if the CDD isn't paying it, how is the CDD benefiting from it?

Ms. Zare: The landowner is responsible for the debt service. The CDD is the issuer, but the debt runs with the landowner and each individual landowner within the District is repaying their pro rata share of the existing debt that is outstanding. I think I may be understanding a little more what Jim is asking. We have two different scenarios. One is just a straight refinancing nothing else. The only people that ultimately benefit from that are the people who have not prepaid their assessments. They will get a reduction in their annual debt service assessment as a result of the refunding. The CDD won't get any benefit from that. People who prepaid won't get any benefit from that. In Scenario 2, we do a refinancing plus a new money portion. The same people still benefit from the refinancing as did before. The people who prepaid don't benefit from the refinancing. The CDD doesn't benefit from the refinancing, but since we are issuing a new money portion, the CDD is benefitting from the infusion of additional capital to finance either a Sales Center or additional public infrastructure. So, the CDD itself only benefit per se. Under Scenario 2, you would do a refunding plus a new money issue. Does that make sense?

Ms. Murphy: So, what you are saying is under Scenario 1, the refunding par is \$2,530,000. The estimated refunding cost remains at \$2,530,000. So only those people, only those people that

have outstanding bonds, will have a reduction in their bond payment and the CDD will get no benefit because we are refinancing at the low rate, but the same dollar amount.

Ms. Zare: Exactly. It's exactly the same as if you are refinancing your home mortgage. So, you get a benefit from that in terms of a reduced monthly payment or annual payment. Your neighbor doesn't benefit from that at all. Only you. If you refinance your loan and take out a home equity line of credit (HELOC) and you use that money to do future improvements within your community, then other people are benefiting from that because you are both refinancing plus taking out additional funds for future improvements.

Ms. Murphy: In column 2, the refunding par is \$2,530,000 but the estimated refunding par is \$3,065,000. That's where the additional \$505,899 comes from.

Ms. Zare: That's right because you have a new money component now that is increasing your debt.

Ms. Murphy: Every homeowner is responsible for a portion of the \$505,899.

Ms. Zare: Right, for the new money component.

Mr. Snell: So, what's our next step? I am not going to make a decision until the next meeting.

Mr. Bishop: I think this is just part of information we need as we go to the next step dealing with FLC.

Mr. Snell: I would like to see us get a copy of this presentation to be able to study it and understand it as a start.

Ms. Zare: Absolutely. I apologize. In order to comply with the MSRB, we couldn't hand out a presentation before we got hired as the Underwriter. I will make sure that the District has and everyone on the Board has this presentation so they can definitely study it.

Mr. Snell: I think everybody understands it.

Mr. Piersall: In order for us to get more serious about this, it would be very helpful if you guys were here live with us. I just think it's a very important issue. To be clear, to refinance the existing bond, those that are paying it off, will still pay the same dollar amount annually. What would we generate for our own reserves if we so chose to go that route?

Ms. Zare: You are only pulling out capital under Option 2. If you are just refinancing, you are not pulling out any additional capital. The only people that see a benefit are the people who still have outstanding debt levied on their property.

Mr. Bishop: Under Scenario 1, we are not getting any extra money.

Ms. Zare: Right. I just want to make sure that's clear. If are talking about pulling out extra capital, that is only under Scenario 2.

Ms. Murphy: In Scenario 1, everybody that has a current bond, their bond payment will go down, but the CDD will get no benefit from it.

Ms. Zare: Correct. The benefit as in we will receive no infusion of capital.

Mr. Snell: Okay. Let's move on. Tricia, can you provide a copy of this to everybody?

Ms. Adams: Yes sir.

Mr. Snell: Next is the discussion of the referendum vote.

Mr. Bishop: That's not next. We have discussion on other financing options.

Ms. Murphy: That is what we just did.

Mr. Bishop: I think there are other financial options.

Mr. Snell: I agree with Bill. Are there any other financing options?

Ms. Adams: Yes. The District is not limited to considering a bond refunding and extracting the benefit from that to purchase the Sales Center. As I previously mentioned to the Board, with another District we recently worked with, the owner of the property financed the property and there were terms that were negotiated and became favorable to the parties. The Board is not prohibited from going out and seeking a commercial loan, although typically the favorable interest rate with the government bond issuance, would perhaps be more desirable. The Board is not limited to just that option.

Mr. Piersall: If we have a vote on whether we are or not going to seek, couldn't we eliminate all of that? We don't have to talk about financing if we are not going to purchase it.

Ms. Adams: The only thing the Board would want to continue to consider is even if you choose to not purchase the Sales Center, the Board may still want to consider refunding the 2006A bond to benefit the current residents who pay the debt service fee. Because that would reduce the debt service payment. So, there's no downside to considering that.

Mr. Bishop: It's at a heavy cost. The arithmetic doesn't work there. You can't borrow \$3,065,000, pay off \$2,520,000 and have \$505,899 left and pay all of the fees.

Ms. Zare: That is a different scenario. You need to look at the very first column, tax exempt refunding and annual debt service savings. The only time that you get \$505,899 back is if you

issue a new money portion to finance additional improvements. Otherwise, all you are looking at is that first column.

Mr. Bishop: According to the chart, we were borrowing \$3,065,000 and were supposedly going to end up with \$505,899.

Ms. Zare: Again, you need to look at the first column in the chart. The current par is about \$2.5 million. The refunding par is \$2.5 million. You are not taking out any more par. It's just an interest rate deduction. If you refinanced your house right now with a 4% interest rate and you refinanced down to a 2% interest rate, you are not increasing the mortgage amount on your house. You are just decreasing the interest rate. So, they are projecting based on current interest rates that you could see a savings of about 17%. By "you" I mean residents who have not paid their assessments.

Mr. Bishop: You didn't listen to me. I said in the middle column, if we are going to get \$505,899 in cash to spend, we are going to finance, according to this chart, \$3,065,000. We are going to pay off \$2,530,000. In order to pay their fees, we are not going to get \$505,899.

Ms. Zare: Its already considering all fees. This \$505,899 would be what you would receive to use towards capital improvements. It considers all costs of the financing.

Ms. Adams: My point was if the Board decides not to purchase the Sales Office, regardless of your decision to purchase the Sales Office, if you choose not to do Scenario 2, the Board will still want to consider doing Scenario 1 because it benefits the residents in this District who have debt service with their property. So, the Board does need to decide in terms of purchasing the Sales Office, but the concept of the refunding the debt service in order to lower the debt service payment would still want to be considered as a potential option, ultimately depending on the whole picture.

Mr. Bishop: To me, that's a separate issue. My opinion is, I believe that we would have a good enough banking relationship with SunTrust. We could go in there and get a mortgage against that property at probably a pretty favorable rate. I don't think the closing costs are going to be anywhere near what it would cost us to get \$505,899 out of it. That's my only point. I don't think a bond financing is the only way to go.

Ms. Adams: Correct. If you purchase the Sales Center and use a commercial loan, the Board will still want to consider the annual debt service reduction. It's a separate issue.

Mr. Piersall: So, there are 312 people that have not paid off the bond. Is that correct?

Ms. Adams: yes.

Mr. Piersall: If we refinance and the CDD takes the money and put it into reserves, it would be in the \$44,672.

Ms. Adams: No. Column 1 where it says annual debt service savings, the only savings are for those 312 households that still pay their annual debt service fees. They would pay a lower fee or alternatively, rather than paying it on in 2036, it could be a shorter term.

Mr. Piersall: If they continue to pay on that line and we refinanced it at the lower rate, what could we generate for ourselves?

Ms. Adams: Nothing.

Mr. Snell: Absolutely nothing.

Ms. Adams: The Board needs to decide if it wants to generate funds from a bond refunding or to pass that savings onto the residents.

Mr. Snell: That is a decision for a different day, so let's allow Tricia to move on with another financing option.

Ms. Adams: We discussed potentially that CB Arlington Ridge Landco could hold the note. Potentially there could be a commercial loan as Bill mentioned. The Board is not restricted to considering bond refunding as an option.

Mr. Bishop: If we decide to move forward, any contract I would think would be subject to us obtaining financing, but we don't have to make a decision on the financing today.

Ms. Adams: Correct. Lindsay, I don't know if Sete is still on the line, but I just want to be clear. The reason that you have two different scenarios; one a tax-exempt refunding and the other taxable refunding, is because ultimately the purpose of the building may determine whether it is qualified for tax exempt bonds. For example, Sete mentioned if the Board wanted to lease that building as commercial space, that may not qualify as a tax-exempt purpose and the tax-exempt bond may not be an option. So there needs to be a decision that is looked at in different scenarios because some of these things will impact others.

Mr. Piersall: Would it make sense to have a vote on whether or not we buy the Sales Center?

Mr. Snell: We are not at that point. We would not know what it would be there. I think we are at the point of still gathering information. This is my opinion, but we need to move forward with the next two items and decide.

Mr. Piersall: Wait.

Mr. Snell: Let me finish, Jim. Then if the Board wants to vote today on whether or not to buy it, then so be it. We can do that.

Mr. Piersall: I think we should.

Mr. Snell: I'm not prepared to vote for that because I don't know enough information to vote either way.

Mr. Bishop: I don't know if I'm interested.

Ms. Murphy: I'm not prepared to vote today on whether we should buy it.

Mr. Snell: So, we have at least Board Members that said, "*We don't want a motion.*" Do you want to make a motion to see if it gets a second, go ahead?

iii. Discussion of Referendum Vote

Mr. Snell: Tricia received an email from Roy.

Ms. Adams: Yes. This discussion of a referendum vote was actually added to the agenda because it was a Supervisor request. It was requested by Supervisor Craddock who is not in attendance. So, he provided the following statement:

"Dear Board Members, this discussion is mine and I would really like to be present for this discussion with the rest of the Board. Unfortunately, I cannot be there and I would like to share my thoughts. The reason that I requested this agenda item is that there is an ever growing of residents demanding that they have a say in deciding whether the Sales Office is purchased. I realize that we are far away from being in a position to exercise the purchase, but I would like to lay the groundwork for such a referendum if it comes to pass. Our attorney, Lindsay Whelan has commented to me and I'm paraphrasing. 'There is nothing to prevent the Board from having a referendum vote.' I am not suggesting that this community referendum be handled through the Lake County Supervisor of Election, but rather run it similar to how the HOA handles these matters. This will be easy and we would incur the cost associated with involving the Supervisor of Elections for a Special Election. As Lindsay said, there is nothing to prevent the CDD from carrying forward with their referendum vote. Please understand that this is not setting a precedent for future Board voting, but in this particular instance, it is warranted for the record. I strongly support a referendum vote. It would ask every resident in AR and I want this to be a community decision. I believe that to go to the residents at this meeting to state our position on whether a resident referendum is lawfully feasible and communicate that as such. We can deal with how-to's later. Trying to do this alone in the absence of direct resident participation without clear justification would be disastrous. Thank you."

Mr. Snell: Does anyone have anything else to add?

Ms. Murphy: I don't know today that I'm ready to decide whether we need to buy this building or not because we don't have enough information. I think if we put it to a vote today, tomorrow or next week, we are going to be in the same boat. We are going to be asking people to vote on something they don't know that they are voting on. So, I think we need to go back and sit down with CB Arlington Ridge Landco, go into negotiations and try to figure out what the asking price is. If we agree with the asking price, we need to have the building inspected to find out if there are any major or minor repairs that need to be done. Then take it one step further and decide what we are going to do with it. Do we need to do repairs? I don't believe that the residents of this community can vote any better than we can today on whether we should buy the building because nobody has any information on what it is going to cost, are there repairs involved and are there remodeling issues that we are going to be faced with? I think we have to go back and enter into negotiations to try to figure out if the dollar amount is even acceptable to us. Do we even want to go down that road? If we don't then all of this other stuff doesn't matter. We don't even have to do that now.

Mr. Piersall: Exactly. I thought it was crazy that we paid \$3,500 for the appraisal. I agree with you.

Ms. Murphy: I'm not saying that the vote is not a good idea or a bad idea. We are asking people to vote on something.

Mr. Snell: Clarify what you mean by the vote?

Ms. Murphy: The referendum. What Roy is asking us to do.

Mr. Snell: I think there are two issues here. Roy has raised the issue of whether or not this Board should hold a resident's vote on whether or not to buy it. That is one issue. The second issue to me is what you have been talking about that the Board would vote and make a decision. So, his point is whether or not we agree we are going to buy it at any point in time, do we open it up and allow the residents to have a vote as to whether or not we buy it.

Ms. Murphy: But how can residents vote yea or nay if they don't know what it is going to cost us?

Mr. Snell: It doesn't matter when they vote. It is whether or not the vote is put out to all of the residents. In my opinion, nobody can vote without being informed. There is a question here, which is do we put out for a resident vote at any point in time, whether its tomorrow or after we get the authority to start negotiations? In my opinion, nobody can make an informed decision, but

that's not the question that Roy has raised. The question is will we put it out or not put it out for resident vote.

Mr. Piersall: I will say this. Roy interacts on Facebook about this. One of his famous lines is, "*Don't get your panties in a wad.*" I think he's trying to pacify everybody and think they are okay before they vote on it. Personally, I think this building will be ours one day, but not now. I think they should try to market it. Try to sell it and they are going to come back to us and say, "You know what, let's make a deal." That's what I said. I think we should vote on it. I firmly believe they are going to have a problem marketing that building. They will come back to us. It's like a used car that they can't sell.

Mr. Snell: That is not the question at hand. The question is should we or should we not put it out for residential vote. There was limited discussion then and not about what we are going to vote.

Ms. Murphy: If we say, "*Yea*" or "*Nay*" for a referendum vote. Does that set a precedent for us the next time we want to have any other major project?

Mr. Snell: In my opinion, it absolutely does. In Roy's opinion, it does not. Every Supervisor should have an opinion about that. I would hope they would. Everyone else can give their opinion. My opinion is it definitely sets a precedent.

Ms. Murphy: That's the way that I feel too. Our form of government is representative form of government and five people were elected and appointed to serve on this Board to make these types of decisions. We are supposed to make decisions in the best interest of the community. I think for the most part, we really do our homework to make sure that we have all of the information that we need before we vote. I think if we start asking people to vote before we vote, it's going to set a precedent that I'm not sure we want to go down that road.

Mr. Piersall: Its chaos.

Mr. Bishop: I agree. The Board is tasked with the responsibility of making the tough decisions. If there was ever a time for a referendum, it might have been about the golf course. That was a lot bigger purchase than what this is going to be, maybe. I think it is a slippery slope to start having a referendum and informal poll whenever there is a tough decision.

Ms. Murphy: We sort of did that with the survey. We had one-third of the people that said no and two-thirds said yes. So, we already have an informal survey that we took and sent out to everybody.

Mr. Piersall: You had 312 responders out of 1,624 people. There is a vast majority of people that live in this community that are just happy. They just want to go about their lives. Go to dinner and play golf. They don't want to get involved. They trust us because that's why we are here.

Ms. Murphy: Can I make a make a motion to not go down the referendum vote?

Ms. Adams: You could just not take any action. The Board can choose to make a motion to not do something, but alternatively, you can just not take any action and move on to the next agenda item.

Ms. Murphy MOVED to not have a referendum vote for the Sales Center purchase and Mr. Piersall seconded the motion.

Mr. Snell: We did have a motion and a second and I want to comment on that. The advantage of making the motion and acting on that motion can mean one of two things. If it fails, it looks like we are obligated to go down that road. If it passes, it sets at least for this Board, what we have to do. I can't tell you which way I face, but we do have a motion. If we are not going to take any action, you would have to withdraw the motion. If you are of the opinion that we should vote on it, let's vote on it.

Ms. Murphy: I am going to withdraw the motion and not take any action on it at this time.

Mr. Piersall: What motion was withdrawn?

Mr. Snell: The motion of not having a resident vote. I don't believe Roy can make a motion unless he is physically present or via Zoom.

Ms. Adams: Correct.

Mr. Bishop: If Ms. Murphy withdraw, he would have to withdraw the second also.

Mr. Snell: Correct. Bill's point was that Claire made the motion, she withdrew it, which means that under Roberts Rules of Order, Jim has to withdraw his second as well.

Mr. Bishop: What happens if he doesn't.

Mr. Snell: I don't know. It sounds like he doesn't want to.

Ms. Adams: The Board is not bound to run their meetings by Roberts Rules of Order.

Mr. Snell: That is correct.

Ms. Adams: The Chairman will have discretion on this matter.

Mr. Snell: Claire, you definitely want to withdraw the motion?

Ms. Murphy: Yes.

Mr. Snell: So, there will be no Board action. That does mean it will not come up in the future. My bet is that Roy will make a motion next month.

Mr. Piersall: That just adds another layer of confusion.

iv. Delegation of Authority to Board member to Negotiate Terms for Sales Center Purchase

Mr. Snell: We need somebody to move forward with negotiations. I can tell you that it won't be me because I'm going to be gone for a month and we can't delay this for a month. I intend to Zoom into the next Board meeting.

Ms. Adams: Mr. Chairman, I would like to make a remark regarding this item.

Mr. Snell: Certainly.

Ms. Adams: I just want to mention that this Board Member has not delegated authority to make a decision regarding the purchase. This would be a delegation of an authority to negotiate terms. Those terms would then be brought back to the Board for discussion and consideration. This person will represent the Board and negotiate with CB Arlington Ridge Landco and FLC on behalf of the District but would not be delegated authority to make a purchasing decision.

Mr. Snell MOVED to delegate authority to Mr. Bishop to negotiate with CB Arlington Ridge Landco and FLC on behalf of the District for the Sales Center purchase and Ms. Murphy seconded the motion.

Mr. Snell: Is there any further discussion? Hearing none,

On VOICE VOTE with all in favor delegating authority to Mr. Bishop to negotiate with CB Arlington Ridge Landco and FLC on behalf of the District for the Sales Center purchase was approved.

Mr. Piersall: So, Bill is going to come back to us with a figure from them and then we will discuss that figure and the price that Bill has negotiated with them. Is that correct?

Ms. Adams: Yes.

Mr. Bishop: That doesn't necessarily mean that I have to come back in agreement with the price.

Mr. Piersall: No.

Ms. Adams: Correct.

Mr. Piersall: You might be just the reporter.

B. Consideration of Resolution 2021-08 Approving the Proposed Fiscal Year 2022 Budget and Setting a Public Hearing

Ms. Adams: Good afternoon Board members. Included in your agenda packet under tab B is Resolution 2021-08. This Resolution is intended to approve your proposed budget as well as set your hearing for your final budget adoption. Today's meeting is really a kick-off for your budgeting process. The Board has the ability to amend a proposed budget all the way up to your final budget adoption. We do have several timelines to keep in mind as well as some noticing requirements. The Board is required to provide 60 days' notice to Lake County prior to your budget adoption with your proposed budget. If the Board approves a proposed budget that has a proposed O and M increase, such as the one that you are going to be reviewing today, there is an additional notice requirement in addition to your usual budget adoption notice requirements. So, if the Board approves the proposed budget with an increase of operations and maintenance fees, it does require mailed notice to the landowners here in Arlington Ridge. So those are some things to keep in mind. What a lot of boards like to do is go through and discuss the budget. Mr. Chairman would you like for me to go through the budget?

Mr. Snell: Yes, please.

Ms. Adams: Provided under separate cover earlier this week is a copy of the proposed budget for Fiscal Year 2022. I believe that all supervisors have received a copy of this. Budget information starts on page 1. The first section of the budget is your revenues. I will go through just the changes from previous years then answer any questions in each section, then we can move on the next section if that's how the Board would like to proceed. Earlier this year, the Board approved the option of imposing RV storage lot fees so you will see that has been added as a line item under revenue, but the amount is zero. This is an item that has been added for Board information purposes to keep that in mind, that is something that can be considered. Another item that has been added under revenue, is rental income for Fairfax Hall. This ties back to the opportunities now that COVID restrictions are lifting, and the fact that the ballroom will be marketed. This assumption was made that the ballroom would be rented one time per month at a current rate of \$1,000, with a revenue of \$12,000 per year. You will also see there is advertising income, which are the fees that are derived from the newsletter, coffee talk, etc., and there is also event ticket sales which is offsetting the special events expense as well as your operations and maintenance assessments.

Your operations and maintenance assessments by far, are the most substantive part of your revenue. The next section are your administrative costs, if there are any questions.

Ms. Murphy: I have two. Engineering fees, why is that double?

Ms. Adams: The anticipation of going into a pavement management program, I checked in with Keith regarding his anticipated fees and this was the estimate.

Mr. Bishop: Can that not be charged to the capital budget rather than the operating?

Ms. Adams: Typically, with Districts, engineering expenses is looked at as an administrative expense. There have been some engineering plans such as the Pavement Management Plans and some of the geotechnical analysis that has been charged to capital, but it would be unusual to charge your District Engineer who you engaged with those expenses to capital. Those are typically administrative expenses.

Ms. Murphy: *Insurance* doubled.

Ms. Adams: Yes. *Insurance* is actually based on a quote from our current insurance provider. I believe this is your public officials liability insurance as well as your liability insurance. We are seeing significant insurance increases for the upcoming year. Your property insurance for the common areas, Village Green, etc. is under field and your property insurance for the golf course assets are in your golf course budget. Insurance is distributed to three different areas. The next section of your budget on Page 2 are your field expenses.

Ms. Murphy: Is it the same thing with Rentals and Leases? It's doubled.

Ms. Adams: I need to look into the narrative for this. We actually have Hannah on the call today. Supervisor Murphy was just inquiring about the increase for *Rentals and Leases*. Hannah, can you refresh my memory on why that is proposed to go up from \$2,500 to \$4,500?

Ms. Smith: I thought Emily requested that to be increased, but it looks like that was an error on my part. So, that can be reduced back down to \$2,500 for rentals and leases.

Mr. Piersall: Is *Onsite Management*, GMS?

Ms. Smith: Yes.

Ms. Adams: The *Onsite Management* is the amenity management. Your District management services are separate from *Onsite Management* services. You engaged GMS for both of those.

Mr. Piersall: So *Onsite Management* doesn't have anything to do with Troon or Justin?

Ms. Adams: Correct.

Mr. Piersall: Or Frank?

Ms. Adams: Correct.

Ms. Murphy: *Holiday Decorations* are going up to \$23,000.

Ms. Adams: That is a good item to discuss. This amount can be reduced. It was based on the most prominent community areas being lighted as they have in the past with a new service provider.

Ms. Murphy: Did you get numbers from new service providers?

Ms. Adams: Yes. The Board may recall there was some discussion. There was the lack of satisfaction with holiday decorations in the past two years regarding the quality of lighting and installation. The Board delegated Supervisor Piersall to work with staff regarding gathering some proposals. I believe that the lowest proposal that was received. Specific proposals will be presented to the Board for approval, but this number would give the Board flexibility to approve a minimal amount of what had been done in the past. Moving right along, next it *Towncenter Administration, Gate House, Common Area/Recreation, Fairfax Hall and Social Center*.

Ms. Smith: I'm sorry. I would like to come back to the \$4,500 for *Rentals and Leases*. The reason for the increase is because the mat exchange for Unifirst increased to \$220 per month. So, the mat exchange was added in, but was not included last year.

Ms. Adams: There is a program where the rugs in front of Fairfax Hall and different buildings are rented. The exchange service cost was factored in there.

Ms. Murphy: That is a big increase. *Utilities* in Fairfax Hall has come down, but if we are going to start using the hall, the utilities on that would go up.

Ms. Adams: It could. The lights have turned off in here, but the air conditioning had been running throughout the year even though the building was not in use.

Ms. Murphy: Okay. Next is *Pool Maintenance*.

Ms. Adams: *Pool Maintenance* is another item that is going to be coming to the Board to consider Service Agreements.

Ms. Murphy: So, it is based on those?

Ms. Adams: Yes. Ultimately the Board will make a decision on the service level, but that is based on current market conditions. I will note that the bottom of Page 3 contemplates a transfer out to your Capital Reserve Fund of \$120,000. It also contemplates the transfer out to the golf course and F&B, primarily to benefit the F&B budget of \$146,619, which is consistent with the

golf club budget. It also includes a \$5,000 contingency. The next section of your budget is the narrative, which provides for a detailed explanation of what's included in each line item. Then once you get to certain pages, like for example, Page 6, it breaks down *Insurance* into different categories. On Page 7, it gives you information about how much contingency is built into each utility service. Stop me if you have any questions. Moving through the narrative, on Page 15, it has details for various licensing. I know that the Board Members had received this and scrutinized it. They could ask questions in advance of the meeting if you had any. The next portion of the budget is the golf club. You already had an overview of the budget from the Annual Plan. It identifies the revenue, operating expenses, labor, cost of goods, identifies how much is anticipated to be transferred in from the golf club meaning how much in the black they will be operating to benefit F&B and a detailed narrative. It also includes details for golf course operations driven by rounds. It shows the revenue, operating expenses, labor and cost of goods sold. There's a transfer out to F&B, lease payments, narrative for several pages with details about what is included in each line item. Your Capital Reserve Fund includes a projected end of year balance. Your *Transfer In* from the General and Capital Funds have been made this year. The Capital Outlay projected for the next six months is based on what has already been approved and appropriated by the Board and not yet billed, but it does not include all of the items that the Board is currently considering. You will see your end of total projections for Capital Outlay on Page 26. Your Debt Service Budget on Page 27 is primarily driven by your Amortization Schedule. This account is managed by the Trustee. The District doesn't really have any ability to make changes to this. We have the interest and principal expenses. Those payments are based on your Amortization Schedule that is attached immediately behind your Debt Service Budget on Page 28. Page 29 is the golf course bond for Series 2019 as well as your schedule payments attached to Page 30. The very last page of the budget is a comparison so you can see if the Board wants to budget for all of the expenses that are in here, including the *Transfer Out* to your Capital Reserve Fund by \$120,000, your Fiscal Year 2022 per unit net assessment would be \$1,771.63. Your gross assessment, which is on resident Tax Bills in the non-ad valorem section, includes the amount that could be discounted if they pay their taxes early as well as the fees collected by the county would be \$1,884.71. This current year, it was \$1,792.54, so the annual proposed increase with this budget would be \$92.17.

Ms. Murphy: I think we are in a bad place right now. We have a Reserve Study that was done in 2014 and then it was revised in early 2019. I looked at the Reserve Study. It is kind of a

road map of what expenses we might be faced with over the next 5, 10, 15 and 20 years to remodel the restaurant, replacing booths, replacing air conditioners, everything that we have to do to maintain this community in tiptop shape. If I looked at, just for the next five years, the estimates that they are projecting come to about \$1.8 million. That doesn't mean we have to do everything that's on that list right away. A leaky roof would have to be right away, but we may not have to replace flower beds or whatever else is in that report. Our Reserve Account started at \$550,000. We contributed \$120,624. As of the end of April, we have \$563,000 left. The approved expenditures for resurfacing the tennis courts and replacing the pergolas at the pool. The initial road repairs, the additional test boring, roof replacement at Fairfax Hall and social center and the kiln replacement hadn't been paid yet. Once those items are paid, our Reserve Account is going to be down to \$335,000. We have about \$175,000 on our project list that we haven't even talked about whether we are going to do them or not. We are spending our reserve money three times faster than we are increasing our reserve money. In a couple of years, we are going to be out of money. We are heading in a downward spiral. I know that our community is 15 years old, but those things are going to happen. Those of you that have a home that has been here for 10 or 12 years, you are finding that you need a new room, you may need a new air conditioner, you may need new appliances. We are in that place right now for all of our community buildings. I think we probably have three options as I see it. There may be more that I'm not thinking of. One is that we can keep the status quo and just repair everything that is an emergency repair year-to-year, which would be detrimental to our community. I can see our community buildings would deteriorate to the point that we might have to close the gym because the roof is leaking or we might have to close the card room because that roof is leaking or we have to resurface the pool. We don't have \$50,000 to resurface the pool so we have to close the pool. So, I don't think going bare bones just fixing what needs to be fixed anytime something needs to be fixed is a good option. I think that's a bad way to go. My second option is we could increase O&M ever year to the tune of what needs to be fixed that particular year. We can use the Reserve Study as a guide. If the Reserve Study says this year it is \$100,000 or \$200,000, we can increase the O&M by that much, budget that money in the budget every year for the next five years. My third option, which is my preferred option, was probably go with a new bond. I think if we are going to repurpose the original bonds, this might be the time to look at putting maybe \$2 million into another bond. We would have the money to repair everything. We would have the money to remodel everything. We would have the money

to put in pickleball courts. We would have money to put in shuffle ball courts and horseshoe pits and all of the things that the people in this community are asking for. We would have the money to buy the Sales Office and do all of the remodeling. Move all of the offices over there if that is what we decide to do. We can move some of the stuff in the pool hall and the ping pong tables into the current administrative office and maybe have another card room. The card room ladies and men can't play cards because there is craft going on at that particular time. The craft people can't do their crafts because the card people are there or the mahjong people are there. So, we are having a space problem as well. I'm not sure if that's the direction we should go in, but I think at this time we are looking at the budget and maybe repurposing those other bonds. We might want to look at this and really think hard about where we want to go with our community. Do we want to do a long-range plan? Do we want to attach that money to certain things and say, "*This is what we need to do?*" All of these things need to be repaired. Maybe we need to start thinking about doing that now. I think we have a wonderful community here and I think we as residents need to be proud of the community that we have. In order to do that, we have to have buildings that are in good shape. If our pool is closed and somebody is trying to sell their house and they take them on a tour of the facility and the pool is closed, the value of their home is going to go down. It's something that I've been thinking about for several months now and I think because its budget season, it is the time to step back and look at this as a possible option.

Mr. Piersall: Well said, Claire.

Mr. Bishop: It's kind of like deja vu all over again about conversations we had two years ago.

Ms. Murphy: I think two years ago, we increased the O&M and that money was going to start building up, but we have been spending it three times faster than we have been putting it in. We spent \$425,000 at one meeting. It's not a good place to be in. I'm not saying this lightly. I'm not saying it just because it's the easy way out. I think it's the hard way out, but it would be done. We wouldn't have to worry about anything for at least the next five years and maybe even ten years if we use that kind of approach.

Mr. Bishop: I agree with your synopsis. I come at it from 25 years of HOA management in trying to get Boards to have enough money in the reserve funds. So, I know the importance of it and the problems if it's not done.

Ms. Murphy: I know that I will probably be tarred and feathered on Facebook tomorrow for even suggesting this, but I think we as residents really need to look at what we want our community to be, what we want it to look like and what we want to be able to use every day we want to use something and we want it to be in good shape.

Mr. Bishop: I think it's the Board's responsibility of maintaining everything. We have to figure out how to get the money to do that in the most efficient way. I was a big proponent of getting the Reserve Study. One of the biggest things that I am not sure about in that Reserve Study was the pavement section. I think that the estimates based on the current work we had from the engineer recently. I think that needs to be re-worked somewhat as far as the long-term costs of that. That is a major portion of that Reserve Study. I'm not sure that I like the idea of borrowing money and paying interest on it today and next year and not spending it for five more years. I know of like the better approach of doing a realistic annual assessment to have enough in the annual assessment to set a reasonable amount aside into the Capital Budget. Another big problem we have is in my view, the Capital Budget for a big part has turned into a wish list of projects rather than what we have and we have to maintain them. In my view, it's a reserve or a replacement. It's not a reserve to buy something else. I think a lot of times we look at these hundreds of thousands of dollars in the checking account and think, "*We have a lot of money here, so let's go ahead and do this*" and we can't do that. We need to be judicious about how we do it. I think that I know the answer, but my question is if we make a motion on this budget, it still can be modified at a later point and increased?

Ms. Adams: No. When you approve a Proposed Budget, it actually sets a cap on the O&M assessment. The cap can be reduced at your budget adoption, but it cannot be increased. So, the amount that is noticed is a cap. The Board can set a higher amount than what is in the Proposed Budget and then you have the ability to work with the budget and bring it down to where you want it to be during your budget adoption, but you don't have the ability to increase it. One of the reasons that Hannah is joining us today is because she is aware that the recommended capital contribution is more along the lines of \$300,000 plus. The Board might want to look at different scenarios on what the assessment would be with a different level of contribution to the Capital Reserve Fund or however the Board wants to approach the budgeting process.

Ms. Murphy: What was our total O&M last year? Was it \$1.8 million or \$1.08?

Mr. Snell: It was \$1,800,000.

Mr. Bishop: Another factor that unfortunately is what it is mainly because of COVID, but I was hoping by this coming fiscal year, the contribution necessary to the golf club operation would be less than what it needs to be. I'm not faulting you in any way. Staff is doing a tremendous job, but we are stuck with what it is.

Mr. Piersall: I understand what you are saying, but the reality is that the community is growing. So, Claire speaks about the mahjong people having a problem with the craft people. The community is growing. Homes are being built. It is almost like the roads can't sustain too many cars on the roadway. I would like to raise the assessment in this budget a couple of so we have some money going into reserves. If they are spread out easily among 1,046 people, it's about the cost of a pair of tires.

Ms. Murphy: This budget is already suggesting that if you raise assessments by \$92.17 per household.

Ms. Adams: That's if the Board chooses to contribute \$120,000 to your capital reserves.

Mr. Piersall: Can you come back with some other options to raise more capital?

Ms. Adams: If you look at your revenue section, those are the options that the Board has already adopted either by a rule or you have in place.

Mr. Piersall: What page are you referring to, Tricia?

Ms. Adams: On Page 1, your revenues. These are your revenue sources, your O&M assessments. I wouldn't look at ticket sales as revenue because that is offsetting revenue. The activities at AR and special events are subsidized by about \$15,000 a year. That is the policy that has been historically set.

Ms. Smith: That is the same for advertising income as well. It's being offset by the newsletter expense.

Ms. Adams: Good point. To some extent, even your rental income for Fairfax Hall, there are expenses to operating Fairfax Hall. This is to help contribute to the operations of Fairfax Hall.

Ms. Murphy: If we have the bond folks do a \$2 million plus the refinancing, is it possible to make a motion today to have them come back with numbers and not lock us into it?

Ms. Adams: The Board could direct staff to bring back different scenarios. I think you probably recall that Sete was not 100% saying that the Board had the ability to do a particular amount. You have bond issuances that have restrictions. In most cases, there's a restriction on the number of years. The projects need to be defined as qualified capital purchases. We can ask for

Sete to run different scenarios, but we are not 100% confident that the Board has the ability to issue \$2 million in bonds.

Ms. Murphy: It would give us a starting point and a number to look at. Then we can compare that number against the increase in O&M over the next five years. It would give us something to compare.

Ms. Adams: We can do that, but remember by June 15th, you have to adopt a Proposed Budget.

Ms. Murphy: Right. We can always budget this for next year.

Ms. Adams: I just wanted to make sure that we meet that timeline.

Mr. Piersall: Tricia, do we need to notify Lake County 60 days prior?

Ms. Adams: Yes. There must be 60 days between that notice and your actual budget hearing. There is also a notice requirement for your budget hearing. I believe it is a 14- and 21-day notice.

Mr. Piersall: Tax Bills go out in November, correct?

Ms. Adams: Yes. The assessments have to go to the county within a certain timeframe. Every county has different guidelines and the budget has to be adopted by a certain date as well. So, we are cognizant of all of those guidelines.

Mr. Piersall: Its May now. Can we not raise the assessment right here and now, just to get the ball rolling?

Ms. Adams: Yes.

Mr. Piersall: There are going to be some money in reserves. So, we are generating something.

Ms. Adams: We are asking the Board to adopt Resolution 2021-08 and the Proposed Budget. If the Board wants to approve the Proposed Budget that is before you, you have the O&M assessment amount. You know that there is an increase. That is absolutely an option. You are approving your Proposed Budget and setting your Public Hearing for your August meeting.

Mr. Piersall: So, we can approve the budget and raise the assessment as opposed to what is on the last page.

Ms. Adams: No. You need to decide now if you want to increase it more than what is proposed because that amount needs to be noticed. The amount that is noticed can be decreased at your budget adoption, but it cannot be increased. The Board can work on the budget at every

meeting and make changes to the budget, but you cannot increase the assessment level. You can only reduce it at your budget adoption.

Mr. Snell: We can only increase it once a year and that is when we adopt the budget at this point in time. So, we can't come back in October and increase assessments.

Ms. Adams: Correct.

Mr. Snell: I disagree with you, Bill. I think Claire is right that one of the purposes of the CDD is to be able to issue bonds. If we took our \$2 million that she proposed and spread it over a five-year period and you increase the assessment every year based on the current budget, that is a \$362 increase every year. If it's spread over four years, that is a \$457 increase over the current amount. I don't think that's wise.

Mr. Bishop: I'm not sure that we need \$2 million.

Mr. Snell: There are people that say we need more. Either way, I'm not in favor of an annual increase in O&M assessments to cover things that we need when there is a better way to do it. Yes, we are borrowing some money and paying some interest on it, but the impact on the residents, I believe is less every year. There are people that cannot afford a \$362 increase every year.

Mr. Bishop: I'm not proposing that either; however, as an example, there may be a way to move forward today. We can still explore that. The issuance of a bond is outside of the discussion of the O&M budget. If we went up to \$2 million from \$1,863,322 in O&M assessments, that would put another \$136,000 available to put in the capital fund in addition to the \$120,000 that is already in the budget. So, then we would be putting \$250,000 under the O&M Budget for this fiscal year. We can still explore the bond payment later on, but at least we are getting some money into it for next year.

Ms. Smith: Just as a reference, if you choose not to make any type of assessment increase, your contribution for the year with the budget as it is, would be decreased to only \$56,000, if there was no assessment increase whatsoever.

Ms. Adams: That is the contribution to your capital reserve.

Ms. Smith: Correct.

Mr. Bishop: That is not locking us into that today. That is just getting it for the purposes of noticing and so on. We can still lower the amount of the assessment.

Ms. Adams: Yes. What you're balancing is that an increased O&M assessment requires a mailed notice. The amount on the mailed notice is what is delivered to each property owner. So, you are balancing the ability to be flexible and to lower that with communicating with property owners on what their proposed assessment is.

Mr. Bishop: Even with the Proposed Budget, we would have to mail that notice.

Ms. Adams: Yes. If your assessment increases by any amount, it requires a mailed notice.

Ms. Murphy: I think we are just kicking the can down the road. We are going to be faced with this same problem next year.

Mr. Bishop: I'm not saying don't pursue the bond. Knock yourself out. Go for it. This would not exclude exploring the bond possibility. This is just putting some more money into next fiscal year to have a little more money in the Capital Fund.

Mr. Piersall: In addition to it.

Mr. Bishop: Yes. Then we get into the weeds of how much money we need to actually fund through the bond and come up with a definite five-year plan like you mentioned and see exactly what it would take.

Ms. Murphy: So, if I made a motion today to pursue a \$2 million bond, find out what that gives us and what it is going to cost us.

Ms. Adams: I don't think today would be the day to make a motion. I think the concept today would be to provide staff direction to bring back information for Board consideration.

Ms. Murphy: I would like to see the cost for refinancing so we know the impact of the \$2 million bond because we can always go lower.

Ms. Adams: Yes. I don't think Sete stated on the call once her presentation was done, but I can communicate back to her the Board's thoughts regarding different scenarios that the Board would like to see.

Mr. Piersall: When those scenarios are presented, can they be black and white on paper?

Ms. Adams: Yes. In the future, now that you approved the agreement, that could be included in the agenda package and Board Members can have it in advance of the meeting. It was just withheld today until an agreement was approved.

Mr. Piersall: So, in addition to that, we are going to pursue the bond. What about raising the assessment, which I feel is justified so we can get some cash now.

Ms. Adams: Just to be clear, do we want to have Hannah plug in a number that is a contribution to your Capital Reserve Fund and see what that assessment level is or do you want to increase your gross or net assessment to \$2 million versus \$1.8 million and see what that assessment is and then make a decision?

Mr. Piersall: Yes.

Ms. Adams: Hannah, do you have a comment?

Ms. Smith: Yes. Would you like to know the increase if we did it at \$2 million even? Is that the question?

Ms. Adams: Yes.

Ms. Smith: Okay. If we increase O&M assessments to \$2 million for Fiscal Year 2022, the increase per unit annually would be \$231.38. You would go from your current Fiscal Year 2021 gross unit assessment of \$1,792 and the new gross assessment for Fiscal Year 2022 would be \$2,023.92. That would change the annual contribution to the Capital Reserve to \$256,678.

Mr. Snell: What is the dollar difference?

Ms. Smith: The dollar amount between grosses would be \$231.38. That would be the annual contribution per homeowner.

Mr. Piersall: On the Tax Bill.

Ms. Smith: Correct.

Ms. Adams: It is \$20 per household per month.

Mr. Piersall: Let's do it. I make a motion to raise the Operating Budget.

Ms. Adams: Just to clarify, we can make changes in the budget and then the motion would be to adopt the resolution approving the Proposed Budget and setting the public hearing. To be clear, the Board wants to see the \$2 million coming in for O&M and the difference as a transfer out to your capital reserve.

Mr. Piersall: Yes.

Mr. Snell: We have maybe a complex motion or we have a motion. Jim said he wants the O&M assessment to increase to \$2 million. Those things are not part of the motion. It's just for information. So we need a second.

Mr. Bishop: Second.

Ms. Murphy: My problem with increasing it by \$231.38 per household this year and then coming back in three months and saying, *"Okay, now we are going to bond out and the bond is*

going to be \$1,800.” Then they are going to say, “Well, you just increased my annual assessment by \$231.38 and now you are coming back to me and telling me that I need to give you another \$1,800. “I think \$231.38 is too high. I would like for us, for this year go in with the \$92.17 increase and if we have to next year, do the O&M increase next year. Because we may be able to get a bond in between.

Mr. Piersall: We are charged doing as you said earlier, “*The best for this community. To keep this community viable and make it everything that everybody wants,*” and we spent all this time understanding the structure of this. The naysayers are always going to be there, but they don’t understand what goes into all of this. They really don’t. I think \$231.38 in this day and age is the price for your car. A car payment is probably about \$180. Knowing that we are doing the best for this community, I would like to do both. I would like get money into the capital reserve for something that needs to be done. Remember saving money for the unknown. Save for a rainy day.

Mr. Bishop: What we are doing today is just setting the cap. That doesn’t mean what’s what the assessment is going to be. It does mean that a letter will be going out.

Mr. Murphy: We can go lower than the \$231.38.

Ms. Adams: Yes, at your budget adoption, but you cannot increase it.

Ms. Murphy: I can live with that.

Ms. Whelan: Just to clarify Claire’s point, there would be an assessment letter that would go out to all residents that would indicate that high watermark number. So even if the Board did decide at its August public hearing to bring it down, which you are entitled to do, what is sent to the residents is the maximum amount that you all approved today. So just be aware of that.

Ms. Murphy: Is there something in that letter that says, this is the maximum, but it could be lower.

Ms. Whelan: There is, but most people don’t actually read the letter. They just look at the number. So, yes, that is included as information in the letter. Based on experience, people are going to look at whatever the number says in the letter.

Mr. Piersall: Prior to you receiving your tax bill, would it be in the proposed tax bill to the residents?

Ms. Adams: The Board did approve an agreement to provide non-ad valorem assessments to the TRIM Notice. Is that the question?

Mr. Piersall: Yes, the proposed notices that come out from Lake County.

Ms. Adams: This year will be the first year.

Ms. Murphy: It wasn't on there last year.

Ms. Adams: It has never been done in the past, but the Board did approve an agreement to add the non-ad valorem assessments to the TRIM notice sent out by the Property Appraiser. There was no cost to the District to do that. You did approve it.

Mr. Snell: But that doesn't go out until after the August Board meeting.

Ms. Adams: Exactly.

Mr. Bishop: It is sent out after the Board has done everything with the budget and approves it.

Mr. Snell: They won't know what to put in it if we haven't approved the budget.

Ms. Adams: Exactly. That's why we are on this timeline.

Mr. Snell: The problem I had with it is that last time I was against the increase. I felt it was an arbitrary number and we didn't do enough discussion in my mind to justify it. I have a problem with that. We need to do some better financial planning that what we have been doing. That's just the way that I see it.

Mr. Piersall: I vehemently disagree because this is just money in the bank for when we need. I think we need to justify it. Once we spend it, then you have to justify, but it will be there.

Mr. Snell: Then we will disagree because in my opinion, if we increase the assessment, then we need to justify it first to ourselves and I can't do that for an arbitrary number. I think we have to answer to the residents of the community. I don't think we should have a referendum on it. It will always be a very bad move. So, I'm opposed to that, vehemently. I just don't want to deal with an arbitrary number. I think we do need to have an increase this year, but I don't know the amount right this second.

Mr. Bishop: Right at this moment, we are not finalizing the budget. We are finalizing being able to discuss the budget in my view. To me, it's not an arbitrary number. It's an amount of money that is going to go into the reserve into the Capital Fund.

Mr. Piersall: Exactly.

Mr. Bishop: If anything, it's not enough.

Mr. Piersall: Exactly right.

Mr. Snell: To me, that's why its arbitrary because we don't know what it should be. Last time, a number was proposed that was more than what was in the Proposed Budget and it didn't change. So, if we put it out there, the residents are going to believe that's what it is going to be.

Ms. Murphy: If you look at the Reserve Study for last year and the year before of the things that we didn't do that we should've done such as the heat pumps and the air conditioning units, we know we are having trouble with some of those and are having to refurbish those. There is some kitchen equipment like the pizza oven, which is probably on its last legs. The buildings need to be painted. If anyone has gone into Chesapeake Grille and looked at the quality of the future that's in there and the carpeting, it is way overdue. So just those three years comes not quite to \$300,000. It doesn't include the roof or the roads.

Ms. Adams: Just to be clear, those assets are accounted for in the budget. They just estimate the replacement based on the expected useful life.

Ms. Murphy: I realize that.

Ms. Adams: Which based on the field conditions may change, but those assets are accounted for in the recommended contribution level.

Mr. Bishop: Philosophically, the way that I always approached reserve funding is if I live in a unit for the first five years of its 20-year life and then I sell and the next guy moves in and lives there for five years and he sells. Then the next guy that comes in is there from Years 10 to 15. That is when the roof needs to be replaced. The first two guys have not contributed something to the cost of that roof that is now needing to be replaced, whereas the third guy is stuck with it.

Mr. Snell: He's stuck with a residential property.

Mr. Bishop: No, he isn't. In an HOA, that's why you have reserves for replacements. Then everybody along the way is paying a little into the fund and when you get to Year 15, there is money there to pay for it.

Mr. Snell: Not on a private residence.

Mr. Bishop: In an HOA where there's a clubhouse, yes.

Mr. Snell: In a clubhouse, but not at a private residence.

Mr. Bishop: That's what I'm talking about, or a condominium.

Mr. Snell: I'm sorry, Bill, I didn't get your point. I thought you were talking about a house that they were living in, not a clubhouse. So, you are talking about the clubhouse.

Mr. Bishop: The common elements of an HOA or condominium.

Mr. Snell: I totally agree. I misunderstood you.

Mr. Bishop: It is same scenario here.

Mr. Snell: I totally agree with that.

Mr. Bishop: That's why we need to have reasonable annual assessments that are putting money into that instead of going out and borrowing money that only future residents are paying for.

Mr. Snell: Are there any other comments by the Board?

Mr. Piersall: I just want to get money in the bank. If it takes place by assessing \$231 distributed over 1,046 homes, I say we do that, so we get some instant cash. I think we should pursue what Claire said. The way to go is with a bond, but for the immediate moment, we should do it without question.

Mr. Snell: Are there any audience comments? Now is your chance to speak up.

Mr. Howard Sechler (Lot 303): I would just like to caution you to be a little more prudent in spending. For example, Christmas decorations, we don't have to look like Disney down the boulevard for \$23,000. We do it nicer when the residents did it ourselves and lighting the Christmas tree than we had two years ago. So, let's be more prudent. We don't need \$1,000 benches up and down the Boulevard. We can sit on \$100 benches. They lasted for 15 years from the original developer. It is easy to say \$231.38. I can afford it, but there are some people in here that probably can't afford it that are on a fixed income. If they want to live here, they are going to have to pay the piper. Let's be more prudent in our spending. The past Board just spent money like it was water. During the bankruptcy, the bank didn't put a penny into this place and that's why you are having problems today. We are paying after the fact now.

Mr. Snell: Thank you, Howard. I have some thoughts on that, but I'm going to hold them.

Mr. Ted Kostich (Lot 604): I would just like to take exception to one comment that was made about being everything to everybody. In a perfect world, that's an absolutely great idea, but everybody can't win the lottery or the State wouldn't make money. So, what I suggest is prioritize first base on requirements; what we must have and then work our way down the list. Because probably like all of you, your budgets are final. Just because you want something or want to purchase something else or someone says, "*I wish you would do this for me,*" that doesn't mean you could do it without having to give something else up. Ideally, if we lived in a perfect world, everybody in the community would have what they want, but the world isn't perfect and we only

have so much money. I would just ask us to consider what the must haves are, what we would like to have and go from there. Thank you very much.

Mr. Snell: Thank you. Very well said.

Ms. Murphy: I would like to respond to that. In my projections, I went down the must have list of the Reserve Fund. Like I said, some of them may not happen this year, but they may happen next year or the following year. That's what I use as the basis to come up with the \$1.8 million that we may need in the next five years. It wasn't a number that I picked out of the air. I sat down and I went through and highlighted everything from Year 1 to five years down the road. So, it's just not an arbitrary number. There was some thought process that went into it. It was only those things that they are suggesting we should do or may have to do. Some of those that we should do, we might be able to say, "*It can't be done and we won't have to do it this year,*" but some of the have-to's if we need to get the pool in shape or get an air conditioner fixed, those are have-to's. There are a lot of those in there over the next five years that we are going to be faced with.

Mr. Snell: Does anyone else in the audience wish to comment?

Ms. Joann Lasko (Lot 503): I agree with Claire. I lived in a condo association where they didn't do what Bill said. On Day 1 they started collecting dues, so when I moved in, I had to paid for all repairs past, present and future. Every time I turned around, I was being assessed. I think the better way to approach it is to have one assessment. Get it over and done with. Put our to-do list together, prioritize it and work down. I also don't agree with the fact that it should be a double whammy. I don't think we should spend out of reserves right now and do the bond. That's asking people for a lot, to increase their fees yearly and then hit them with a bond. So, I think you need to consider those two things. Thank you. You guys are doing a great job.

Mr. Snell: Thank you, Joann. Is there anybody else in the audience or by Zoom?

Mr. Rich Gaimari (Lot 1028): Thanks again for all of your work. This has been a really enlightening meeting. My main concern and I'm sure that I'm not the only one, but I'm probably a minority, is the golf course. We all spent a lot of money on it, \$1,600 plus as an assessment, but I think this bond deal that they are proposing and adding to that might be a very good option. It's something to increase money that we need to put into the golf course. I'm sorry Claire, I love your ideas, but \$2 million isn't enough. We are talking about \$5 million to \$10 million that the golf course needs. I know nobody wants to hear that and that's fine. I don't think it needs to be done now, but with a bond, that's an option. Maybe we can increase that a little more and look at fixing

the golf course totally now. Get rid of all the problems, not just fix two holes this year. Fix everything next year. That's a great option. Yes, there are other things that need to be done in this community, but the golf course is a big part of it. That's my opinion and I think it's very miniscule as far as what it is going to cost every resident. I'd love your input.

Mr. Zimmer: From a capital investment standpoint, we have a 10-year plan looking at what those investment would be. I think if you are looking at a \$5 million or \$10 million number, that's changing what the club would need to be if you are looking at a return on investment. I think that would be a much deeper study that you would have to look at and what your intentions would be or what you want the golf course to be and how that correlates to what the operating budget would need to be to maintain that and what the fees would need to be in order for that to make long-term financial sense for a return on an investment. There are lots of ways that you can approach capital. It's ultimately what the long term goals of the community are for the golf course.

Mr. Tony Iannone (Lot 174): I have two comments. Claire, if you could listen to your entire presentation, you did a good job of selling why we shouldn't buy the Sales Office. We have so many other priorities and that doesn't sound like it should be one of our priorities. That is just my feeling on that. My main concern is what is going on with the minutes. There seems to be no minutes on the website. The last minutes I can see are from a February meeting. Where are the rest of the minutes?

Mr. Snell: March is on there. We don't have April minutes because it was a long meeting. It is very difficult to hear a lot of what people are saying here and it's very difficult to get that correct and on paper. Tricia and I have been talking about it, but there have been some errors in the minutes that have delayed the minutes from being approved. The draft minutes aren't on there either, right? When they can't hear what is said, I know that Bill made a comment that we should not do this and it is written in the minutes that Bill said we should do this, they have to be corrected because that totally changes the context of what he said. The minutes will be out here when they can be properly transcribed and reviewed, but until they can be properly transcribed, you are not going to see them. I do not apologize for that because I insist that they be accurate. Not precise, but accurate. Tricia understands the meaning of that. Anyone else can comment on that.

Mr. Iannone: I understand that Terry, but for guys that listen on Zoom, we have to count on the minutes to hear the part that you don't understand what people are talking about. That's the only way that we can do it, which is by reading the minutes. I don't know how they do it, but it

seems like they are farther and farther behind. I understand that you want to be correct, but that's the only way that people on Zoom know what is going on because you can't understand a lot of what is said.

Mr. Snell: I understand that Tony, but until we can get them transcribed properly, they are just not going to be there.

Mr. Iannone: Okay.

Mr. Snell: I can't help that because they have to be done right. Is there anyone else?

Ms. Adams: Nobody else.

Ms. Murphy: I would like to make a motion to accept the budget as it is because I don't feel an O&M increase following with a bond is the right way to go.

Ms. Murphy MOVED to approve the Proposed Fiscal Year 2022 Budget as presented and Mr. Bishop seconded the motion.

Mr. Snell: Are there any other comments?

Mr. Bishop: My only comment is the only reason I support this is in future discussions we have and hopefully we will have a budget workshop, but we need to look at some expenses and maybe pair some of the expense down so we can put more into capital, even at this funding level.

Ms. Murphy: I think we also need to come up with a good list of what we think is going to need to be done in the next five years.

Mr. Snell: I think we are on board. Does anyone in the audience have any comments? Does anyone on Zoom have any comments? Hearing none,

On VOICE VOTE with all in favor the Proposed Fiscal Year 2022 Budget as presented was approved.

Ms. Adams: Now we need a motion to approve the resolution setting the public hearing.

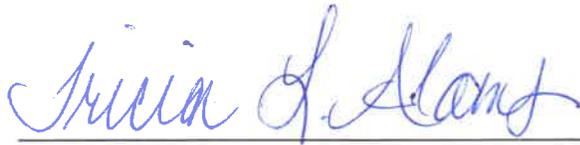
Mr. Bishop MOVED to adopt Resolution 2021-08 Approving the Proposed Fiscal Year 2022 Budget and Setting a Public Hearing for August 19, 2021 at 2:00 p.m. at this location and Mr. Snell seconded the motion.

Mr. Snell: Are there any comments from the Board? Hearing none,

On VOICE VOTE with all in favor Resolution 2021-08 Approving the Proposed Fiscal Year 2022 Budget as presented and Setting a Public Hearing for August 19, 2021 at 2:00 p.m. at this location was adopted.

Mr. Snell: Due to the length of the meeting, all remaining items were deferred.

On MOTION by Mr. Bishop seconded by Mr. Snell with all in favor the meeting was adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman