

MINUTES OF WORKSHOP BRIGHTON LAKES COMMUNITY DEVELOPMENT DISTRICT

A workshop of the Board of Supervisors of the Brighton Lakes Community Development District was held Thursday, June 20, 2013, at 6:00 p.m. at the Brighton Lakes Recreation Center, 4250 Brighton Lakes Boulevard, Kissimmee, Florida.

Present were:

Michelle Incandela	Chairman
Jennifer Palmer	Vice Chairman
John Mastromarino	Assistant Secretary
John McGrath	Assistant Secretary
Dolores Pieters	Assistant Secretary

Also present were:

Gary L. Moyer	District Manager
Brian Smith	Field Manager
Residents and members of the public	

This represents the context and summary of the workshop.

FIRST ORDER OF BUSINESS

Call to Order and Roll Call

Mr. Moyer called the meeting to order at 6:15 p.m.

Mr. Moyer called the roll, indicating a quorum was present for the workshop.

SECOND ORDER OF BUSINESS

Discussion of Proposed Budget for Fiscal Year 2014

Mr. Moyer stated the primary purpose of today's meeting is to review the proposed budget for fiscal year 2014 in preparation for the public hearing for the adoption of this budget at the August meeting.

Ms. Palmer stated Mr. Gerry Frawley sent an email a couple weeks ago about The Villages, and I wanted to make sure everyone understands that The Villages is different from our CDD. The Villages Board is never intended to be handed over to home owners. It will be managed by someone else so that the tax exemption is legal but there are questions about it. Our Board is run by the residents, so we are not in that same situation. I want to make sure everyone has that follow-up information.

Mr. Moyer stated in defense of The Villages, there are numerous court cases and a Supreme Court case that says there is absolutely nothing wrong with having landowner votes that are controlled by one or a very limited number of landowners. It goes back to the law from the mid-1930s that has never been overturned. What is so frustrating about that experience for The Villages is that, of course, we provide all that information to the IRS. That is our defense, because the Supreme Court says there is nothing wrong with

this. The IRS feels it is above the law. It does not pay attention to anyone or anything. I do not know if anyone saw the Technical Advice Memorandum, which is five pages where they cite what they think are the facts, that The Villages is controlled by the Village Center CDD, and so forth. At the end, they simply say they do not agree with that and we do not think that should be permitted, so we think your District is not a political subdivision. Never once did they reference or argue the law. Never once did they reference the Supreme Court case. Never once did they say it is not applicable because your situation is different than the Tolaria Lake situation. The only reason I know anything about this is because I am a Supervisor for the Village Center CDD, so I live it every day. We have been going around with the IRS for 5½ years. They started with the conclusion 5½ years ago, and it has taken this long to actually come out and say it is not a political subdivision.

A Resident asked are you able to recoup the legal costs? I read it was \$700,000.

Mr. Moyer stated no. It will ultimately end up going to tax court.

Ms. Palmer stated I can imagine your frustration. I know we have been frustrated with issues in this District that were completely different, such as the gates. We deal with it as a Board member and as a home owner, so we take it very personally.

Ms. Incandela stated especially when the legal authority is on your side.

Mr. Moyer stated most of the budget line items are very similar to last year. The notable difference is that we are projecting to spend \$30,000 annually for the guard at the pool. Any time I provide a budget to the Board, I do my best not to raise the assessments on the residents if I can. There are some savings on the administrative side that we can use, and a big part of that is legal services. Mr. Brian Crumbaker does not attend these meetings in person, and there has not been a lot of legal controversy to deal with, so we reduced legal expenses. Last year we budgeted \$20,000, and this year, we are proposing \$8,000, which gives us \$12,000 toward the \$30,000. The rest of that amount came from field expenses. We have R&M Reserves and Miscellaneous Contingency, and added together, that is another \$22,000. There are some other minor adjustments, but for the most part, that is how we propose to balance the budget. It occurred to me that perhaps we can adjust the hours for the guards at the front gate and reduce those hours, thereby reducing that expense. Anything else we reduce, for the most part, will go to reserves or contingencies.

Ms. Palmer asked what time do they leave in the morning?

Mr. Smith stated 5:00.

Mr. Mastromarino stated I have a couple questions on the contingencies. I have noticed in the past few months that there have been some damages to the trees and turf from vehicles driving on Brighton Lakes Boulevard. Where is that included in the budget?

Mr. Moyer stated what we try to do generally is to the extent there are monies available in this budget, we will take the monies from this current operating budget. You also have a renewal and replacement fund that this Board started several years ago, to everyone's credit. That is shown on page 13. If we run into a situation where we have some major expenditures that fall outside of your operating budget, you would use the monies from renewal and replacement.

Ms. Palmer stated the reason we have that amount in renewal and replacement is because we know that at some point, we will have to replace these roadways, which is at our expense. So several years ago, we made a deliberate decision to raise the assessments by \$100, with the understanding that we knew we wanted to set money away in anticipation of what we knew would be big expenditures, e.g., roads, pool leak, recreation center roof damage. That way we would not have to hit the home owners with a large lump sum one year. We wanted to plan in advance and have that money available.

Mr. Mastromarino stated that is the way to do it because it will be a pretty hefty expense to replace the roadways.

Ms. Palmer stated the good thing about the roadways, even though the subdivision is 13 years old, because of the problems in the beginning with the underdrainage, a lot of these roads were actually repaved after a couple years prior to the developer leaving because they had to redo the underdrains. Even though Huron Circle and the front of Brighton Lakes Boulevard are 13 years old, the roadways are newer than that. There are a few areas, though, that we may need to look at.

Mr. Smith stated we need to do some patching.

Mr. Moyer stated fund balance is shown on page 13. The Government Accounting Standards Board requires that we break down our fund balance, as shown for operating reserves, landscape, recreation facilities, roadways, and a category for the \$75,000 that we budget each year. All that adds up to \$568,000. In addition to that, we have \$224,000 of unallocated fund balance, which can be used by the Board for any purpose whatsoever. It is not restricted and available now.

Ms. Palmer stated the \$224,000 plus \$568,000 minus \$75,000 is our tangible fund balance right now.

Mr. Moyer stated we will know better at the end of the fiscal year. It is actually higher than that right now. At the end of the fiscal year, we project having \$793,000.

Mr. McGrath stated this is due to a law change within the last year requiring these assignments.

Mr. Moyer stated that is correct. I was also of a mind not to allocate anything so the money is there for whatever catastrophic purpose. If we have to replace all our trees, we have money to do that.

Ms. Palmer stated we can make a motion to transfer funds if needed.

Mr. Moyer stated yes, that is correct.

Mr. Mastromarino asked have they risen incrementally over the years?

Mr. Moyer stated they have increased about \$100,000, and we try never to touch the \$75,000, which is shown in the current budget. We generally do not spend the Miscellaneous Contingency dollars or R&M Reserves that I mentioned, so we are looking at \$75,000 plus \$10,000 plus \$12,000, which is about \$100,000 annually that we usually put into the reserves.

Mr. Mastromarino asked is there a maximum that the State allows, or is that something we do not need to be concerned with?

Mr. Moyer stated no.

Ms. Palmer stated it is my personal opinion that the more money we keep in there as the District ages, the better. When other Districts were going bankrupt, we were still healthy.

Ms. Incandela stated I am getting nervous with how quickly things are deteriorating and getting hit with ridiculous expenses. I do not even know what may happen in the future. When do we expect that we will have to raise assessments again? If we are anticipating in four years that we will need to increase assessments by \$100, then I would like to do it in increments of \$25 per year for the next four years so that we are not hitting people all at once.

Ms. Palmer asked what was the cost that we thought we would have to incur on the roads?

Mr. Moyer stated I think I put that number together, and I seem to recall it being \$700,000, but that estimate was done several years ago.

Ms. Palmer stated it is probably not that far off now with the economy going down. Things are just starting to come back up. Let us assume it is \$850,000 now. At some point, we are going to need to resurface this pool.

Mr. Smith stated it needs to be done soon.

Ms. Palmer stated I agree. Are there any other anticipated things we need to consider? The building is in good shape structurally.

Mr. Smith stated the roofs are good. The buildings are structurally sound. Most of where we have deterioration is in the wood at the tot lots and the fitness room. We are looking at \$12,000 to replace the fitness equipment with \$5,000 for the flooring and having it professionally painted by a company. We keep trying to touch it up, but we would like to have a professional painter come in and do a good job. Other than that, the walls out front are in good shape, and we continue to maintain those. We are constantly fixing drainage, although we have some drainage issues but we are dealing with them one at a time. We have done some repairs and replacement to sidewalks and the asphalt. Those are the things to look at, but it is nothing major. The pool will probably be the biggest item to do next, and I am estimating about \$20,000. We are trying to stay within our current budget. We are not spending a lot of money doing various things. We are just trying to keep things looking as nice as possible and maintaining them at a decent level.

Ms. Palmer asked how many homes are here, 741?

Mr. McGrath stated 751 homes.

Ms. Palmer stated for the sake of argument, let us say that people enjoy having the guard here. I do not like the idea of cutting back hours out there. I think we have a good, solid staff out there. I like the staffing level so I do not want to cut their hours. I think we have enough problems with people being upset about gates that we should not change anything. It is starting to calm down. The pool security guard will cost \$30,000 annually, and people like having him here. That amount comes to \$46 per home. I know it changes a little depending on the size of the lots, but we could increase assessments \$40 per year and use that as the rationale. I hate not having a reason or saying it is for reserves. If we were to say we would increase it \$46 annually for the pool security guard, that is \$3.33 per month to have security at the pool. Then I do not mind pulling from reserves to do the pool resurfacing and get new equipment because we have those reserves from the \$75,000. If we are anticipating to spend \$45,000 this year on the tot lots and the pool

resurfacing, perhaps we raise it \$50 this year and \$40 next year, or even \$20 each of the next two years.

Ms. Incandela asked what do other Districts do with respect to an assessment increase? Is there a general increase every year?

Mr. Moyer stated no, most of these Boards try very hard not to increase them annually.

Ms. Palmer asked are we unusual in setting aside reserves?

Mr. Moyer stated no, not at all. To their credit, most Districts are starting and building reserves in similar ways that this District did. If you desire to increase the assessments, that is fine. I am not sure you are to the point yet where you need to be concerned about that.

Mr. McGrath stated the point is to take a little now and next year, as opposed to increasing it all at once.

Ms. Palmer stated I hate to increase it just to do it. If reserves are not increasing as much as we would like in two years, then we can increase the assessments then. If residents ask why, we tell them it is to increase the reserves. If we were to increase the assessments this year, our rationale is that the residents came to this Board and said they need security. We provided the security and ran the tests for the pool security guard. I was not necessarily against it, but I was unsure if it was going to work. I was wrong because it has done some great things at the recreation center. I also think having security around the basketball courts has done more to get rid of the bad elements, in conjunction with everything else we are doing. If we are going to continue this program, then we know the cost associated with that is \$3.33 per month per resident or \$40 annually. I think that is palatable to people because there is a reason for it.

Mr. McGrath stated I would like to go back to the position itself. I have been very pleased with the individual, who seems to fit in and is malleable to do whatever needs to be done. We are fortunate in that regard. Right now, there is no question that some days there is no one at the recreation center, but I think we really still have a problem. Come December, no one will be in the pool. They will be playing basketball, but the volume of traffic is such that we may drive him insane just standing here with no one around.

Ms. Palmer stated I think there are a lot of people who still use this recreation center. Kids have Christmas vacation in December, and there will be a lot of activities and volume here, with people milling around.

Mr. Moyer stated we had talked about using him as a rover during those downtimes.

Ms. Incandela asked was he here last December?

Mr. McGrath stated yes.

Ms. Incandela asked what were his hours at the time?

Mr. McGrath stated they were full-time hours.

Mr. Smith stated we had him here at night, as well, because of the number of people using the exercise equipment and kids playing basketball. The basketball court gets really busy in the wintertime. That activity will not slow down by any means. Just having him for that is nice. We can get him a golf cart with lights so he can cruise the streets, and that would not be a bad thing.

Mr. McGrath stated it is easy, but it is illegal because it is a public street.

Ms. Incandela stated it sounds like he is busy enough here.

Mr. Smith stated we could use an electric vehicle, like the NEVs in Celebration which are very popular. We might even see if we can make this a NEV community. Home owners could get a NEV and travel within the community. It would be another effort in going green.

Ms. Palmer stated there are some people who will like it because they can use it to take their kids to and from the bus stop. The HOA will be concerned with them being on the home owner's property.

Mr. Moyer stated NEVs can travel 35 mph.

Mr. Smith stated that is correct, and they cannot travel on a road with a speed limit higher than 35 mph. We do not necessarily need to promote that for the home owners but we could get one for our security guard. It will cost less than \$10,000.

Ms. Incandela stated I am hearing that he is busy enough here so I do not know that I want to pull him out of the recreation center because when an incident happens here, he is out somewhere else.

Mr. McGrath stated that is true.

Ms. Palmer stated if he continues with full-time hours, then he will be here from 2:00 to 10:00 p.m. The basketball court does not really get busy until later.

Mr. Smith stated in the wintertime, we could keep him here until 10:30 p.m. The basketball courts close at 10:00 p.m., so between 10:00 and 10:30 p.m., he can patrol a different street every night just to provide a presence so people can see him. If he sees

something suspicious, he can call it in or call the sheriff. That would give more of a sense and presence of security.

Ms. Palmer stated even when school starts back up, if he has that vehicle, he can patrol around the school bus stop. There are a lot of kids that have to come a long distance to the bus stop, and he can travel around to make sure kids are safe and provide that presence.

Mr. McGrath stated this is something that I think would be very valuable to the home owners association. It might even be something where we could ask for a donation because there would be a real benefit. They have the choice of saying “yes” or “no,” but we can always ask.

Ms. Palmer stated I am fine with keeping the budget as it is because we still have reserves. The pool is a mess and it needs to be resurfaced. We also need certain equipment in the fitness room. There is a good segment of the community that uses that room on a regular basis, and they deserve good equipment. We need to do some work in the tot lots for the safety aspect, if nothing else. We have three projects that we know we need to do, and we want to keep our security officer. Can we do that with this proposed budget? Certainly, we can do it. We can use some monies from reserves, which we have, and still continue to add to our reserve balance. Or we can keep our reserve balance as it is and use the reserve addition for fiscal year 2014 of \$75,000, which will cover most of these projects. Or we have the option of levying an increase of about \$40 per home to cover the cost of the security officer, knowing we can cover the rest of the projects from current reserves.

Mr. Moyer stated when we levied the \$100 increase, we had to send out a letter to every home owner and tell them where the public hearing will be. Even at \$100, there were not a lot of people who showed up at the hearing.

Ms. Palmer asked in the letter, can we include the reason for the increase?

Mr. Moyer stated yes.

Ms. Palmer stated then people do not have to come to the public hearing uninformed wanting to know why we are increasing their assessment. This time, there is a real focus of why we are increasing it.

Ms. Incandela stated I would still keep it general and say it is for enhanced security, the pool facilities and the refurbishment and renewal of equipment at the community

center. Do we want to increase the assessments \$25 this year and \$25 next year, or do \$40 or \$50 in one year?

Ms. Palmer stated because of reserves the way they are, I would like to do a one-time increase this year and then not do one for another couple years. I personally would rather see the increase one time and then not have an increase for the next couple years. Then if we have to increase it four years from now, we could consider it. We can let the residents know that the total increase will be \$100 but we are going to split it up, then we are letting people know ahead of time what to expect. Otherwise, if we have an increase two years in a row, residents will not like that.

Mr. McGrath stated my memory is that we did the \$100 increase five years ago.

Mr. Moyer stated I think that is correct.

Ms. Palmer stated there was an economic downturn at that time, and we were concerned about that. But even then, it was not very objectionable.

Ms. Incandela stated I think the person who had the most objections to raising the assessments was former Board member Mr. Tom Mihalic. He changed his position because no one came to the meeting to object or had a question.

Mr. Mastromarino stated if we do not increase the assessment by \$40 per home, we will still see an increase in the reserve this year.

Mr. Moyer stated that is correct.

Ms. Palmer stated we are looking to do all the playgrounds, the pool, the fitness equipment, and the security officer. Will we still be able to add to reserves with all of those projects?

Mr. Moyer stated no, I think the first three projects will be funded through reserves, but we will still have the \$75,000 for next year and still be able to pay the \$30,000 for the security guard from those other sources.

Ms. Palmer asked we will use existing reserves for the three projects?

Mr. Moyer stated yes.

Ms. Palmer asked then what happens to reserves and the operating budget?

Mr. Smith stated we will be under budget at the end of this year.

Mr. Moyer stated the way we prepared this budget for fiscal year 2014 anticipates that, so page 13 anticipates that we will have \$128,000 to add to reserves at the end of this fiscal year, and it has already been rolled into the reserve analysis on page 13.

Ms. Incandela stated the reason why we want healthy reserves is because we do not actually know the figures for the roadway replacement; we are guessing. We could be off by quite a bit.

Mr. Mastromarino stated since it is a petroleum-based product, I would imagine the prices are a lot higher now. It would be prudent to get an estimate of what it would be.

Mr. Moyer stated the engineer can provide that pretty quickly for us.

Mr. Smith stated it is pretty much a formula and he can calculate those numbers for us. He is the engineer for Celebration, and we just completed more alleys, so he can provide that pretty easily.

Ms. Palmer asked how many miles of surface did you pave?

Mr. Smith stated I do not know exactly, but the engineer has that information.

Mr. McGrath stated it would be unlikely that we would do all the roads within one year.

Mr. Moyer stated that is correct. You can break it up into two or three phases and do one phase each year.

Mr. McGrath stated the area in the front is traveled by everyone, so presumably that would be phase one. Then we can work our way back.

Mr. Moyer stated that is correct.

Ms. Palmer stated another thing we need to consider is, property taxes have significantly decreased over the past couple years. I think they will probably remain steady this year because property values and home sales are starting to become steady. Since we levied that \$100 increase, everyone's property taxes have decreased by at least \$100, if not more.

Mr. McGrath stated that is correct.

Ms. Palmer stated our last property tax bill was less than the year before, so people have seen a decrease in their property taxes. An increase in assessments will not necessarily be as bad as the years when property values were increasing dramatically, which meant property taxes were also increasing. That is something to think about.

Mr. Mastromarino stated at the last couple meetings, we discussed the handball court or racquetball court. Is that allocated in this budget under anything?

Mr. Moyer stated no.

Ms. Palmer asked where would we consider putting it?

Mr. Smith stated over here behind the lift station.

Ms. Palmer asked would this be instead of the basketball court or in addition to?

Mr. Smith stated in addition to the basketball court.

Ms. Incandela stated I thought we were also going to look into some other areas where we can put it.

Ms. Palmer stated my only concern putting it here is the ponds. The closer you get the ponds, the greater likelihood of balls going into the ponds and kids going in to retrieve them, whereas we discussed possibly putting it in the big area on Chapala.

Mr. McGrath stated we discussed it.

Mr. Smith stated when you decide to do this project, we can discuss at a meeting where you want to put it. There are pros and cons putting it on Chapala. If we put it way out there, it is a long ways from the bathrooms.

Ms. Palmer asked how big will it need to be?

Mr. Smith stated probably 40 feet by 30 feet.

Mr. McGrath stated half the size of the tennis court.

Ms. Palmer stated there is a lot of land at the guardhouse, also, just as another suggestion since it is not being used for anything.

Mr. Smith stated there are various locations available throughout the community.

Mr. McGrath stated when we discussed it at the last meeting, one of the points was being an advantage to having everything here at the recreation center. That does not mean it has to be here, but I would think that is a good idea, all other things being equal.

Mr. Mastromarino stated we talked about doing away with some of the tot lots. I went around and surveyed a couple of them, and they do need some work and replacement. If we do away with the tot lots, will that savings contribute to the handball court?

Ms. Palmer stated the tot lots are used a lot.

Mr. Smith stated we are not going to get rid of all the tot lots.

Ms. Palmer stated there is still one at the end of Biel Court. There will not be that much savings to realize.

Ms. Incandela stated they cost us a lot in maintenance and they will cost a lot to replace.

Mr. Moyer stated you Board members are in and around the community all the time. Is there a demand for handball?

Ms. Palmer stated no.

Mr. McGrath stated there is a resident who is religiously at all our meetings and tries to do his job. He would use it, he said. He said everyone here who is from New York will love to play handball. If that resident who is participating at our meetings, and we have 750 others who are not, and if he thinks a handball court is a good idea, then I think it is a good idea. I believe once the expense of putting it up at a lower cost, then we have just maintenance. We discussed putting it even at the far wall of one of the tennis courts. We have two tennis courts that are hardly used even with one person.

Ms. Palmer stated the tennis courts get used, but I wonder if there might be a compromise. I have never heard anyone ask for handball other than this one resident. I have asked the question before of putting up one that can be converted to tennis, so it can be used for tennis or handball.

Mr. Smith stated a handball court will have one wall with two sides.

Mr. McGrath stated it is a starting point.

Ms. Palmer stated I understand that he comes to meetings, but I do not know how many adults work evenings or have small children at home and other circumstances that prevent them from attending meetings. As a Board member, although I appreciate people who attend these meetings on a regular basis, I have to make the decision that I think best supports the masses. Our tot lots and basketball courts serve a lot of residents. Resurfacing the pool serves a lot of residents.

Ms. Incandela stated it is probably not an expensive venture. I do not know who is going to use the handball courts. It is not built for kids and it is not the adults. So it will be the teens, and all they need is the ball, and it keeps them busy. I do not know how many teens want a handball court. If we put it here, will they use it?

Ms. Palmer stated I do not know. The reason we have the basketball court is for the teens. We are looking to do a soccer field, which I think girls and boys will both use.

Mr. Moyer asked not to be argumentative, but do they have handball in high school?

Mr. Smith stated no.

Mr. Moyer stated I am not even sure a kid would know what a handball court is.

Mr. Gerry Frawley stated Mr. Joe Klusko and I both came from a place where I knew 72,000 people who would play handball. They all came with braces on and they all wore green. Mr. Klusko was in the same business. I know where he is coming from. In New York City, handball is more common because you can play it off the side of a building, but that is the frame of reference he is coming from.

Ms. Incandela stated I also grew up with it so it is common to me and kids do play handball and racquetball against the sides of buildings.

Mr. Frawley stated the end of the tennis court, which is now a fence, is a good place to put it. The tennis court is not being used all the time, and we could make that end multi-use. We would not take out a tennis court. But whoever gets there first gets to play.

Ms. Palmer stated a single can play tennis on it.

Mr. Frawley stated most tennis courts have plywood attached to the fence so you can practice if you want to play by yourself. They could do it off that wall.

Mr. Mastromarino stated the concern I have with something like that is high winds and potential hurricanes.

Mr. Smith stated it has to be installed to code. It will have rebar.

Mr. McGrath stated after 13 years of this community, it is something new. I cannot recall anything else that is new. The basketball court is a great improvement. The tot lots are also great. We have not had anything new for residents in 13 years.

Ms. Palmer stated this all sounds great, and we can discuss it, but we cannot make a decision on any of this because this is a workshop, not a publicly advertised meeting where we can make official decisions. I do not even know in this forum if we can ask staff to look at pricing.

Mr. McGrath stated they have already done that.

Ms. Palmer stated we can discuss this at the next meeting to determine if we can do all these things from our budget, if we are healthy enough to take on all these ventures. If we are going to take on this additional project and we want to look at a \$40 or \$50 increase, we need to know how that fits into the budget. That is how we have to look at this now. Unfortunately, we cannot make any decisions on any of these other things in this forum.

Mr. McGrath stated we already made the decision.

Ms. Palmer asked to move forward with it?

Mr. McGrath stated yes.

Ms. Incandela stated no, we did not make a decision. We just asked for pricing information and the potential pros and cons of doing it.

Mr. McGrath stated I stand corrected.

Mr. Smith stated we are looking to see if this will work and the right size for it to see if it will fit out here.

A Resident asked can we put plywood on the fence at the tennis court and try that?

Mr. McGrath stated it would be inexpensive.

Ms. Palmer stated that has to be done to code.

Mr. Smith stated that is correct and that might be difficult to do.

Ms. Palmer stated for fitness equipment, I recall we are looking at about \$15,000. The pool resurfacing might be about \$25,000. What do we want to estimate for the tot lots, \$30,000 or \$40,000?

Mr. Smith stated a case of equipment is about \$10,000 to replace each tot lot. If you add a couple swing sets, that is another \$5,000.

Ms. Palmer asked are we looking at three locations: the recreation center, Volta Circle and in the back?

Mr. McGrath stated I believe so.

Mr. Smith stated the tot lot here has three pieces of equipment. It would be about \$16,000 for those three pieces plus \$3,000 or \$4,000 for a swing set, total about \$20,000 for this tot lot. The one at Volta Circle would be \$8,000 to \$10,000.

Ms. Palmer stated that one gets used a lot.

Mr. Smith stated yes, and we want to put in good equipment, so we can figure \$10,000 for that location.

Ms. Palmer asked will we put in a swing set at that location, also?

Mr. Smith stated no.

Ms. Palmer stated that brings us to \$30,000.

Mr. Smith stated the one at the end of Brighton Lakes Boulevard will be about \$10,000 plus \$5,000 for a swing set.

Ms. Palmer stated that is a total of about \$45,000 in playground equipment.

Mr. Smith stated that leaves the one on Chapala for \$10,000 in equipment and \$5,000 for a swing set. The total will be between \$50,000 and \$60,000.

Ms. Palmer stated let us use the \$60,000 estimate.

Ms. Incandela stated one of the things we discussed on Chapala was to do just some large swing sets that would accommodate a number of kids and not do a full playground. That will reduce the expense.

Mr. Smith stated we need to define the budget and then we can select the equipment.

Ms. Palmer stated that covers the playgrounds, the pool resurfacing and the pool security guard even though that is not a reserve expense. Is there anything else?

Mr. Smith stated painting the recreation center and the guardhouse, at a cost of \$7,000 to \$10,000.

Ms. Palmer stated that all totals to \$140,000. That is a lot of money. If we can increase the assessments \$40 or \$50, it is more than an even amount.

Mr. Frawley stated no one is paying on the house that burned.

Mr. Moyer stated yes, they are.

Mr. Frawley asked who is paying?

Mr. Moyer stated whoever the owner is, and if it is not a home owner, then the bank pays it.

Ms. Palmer stated at \$50, that is \$37,500 additional revenues, which still leaves us with \$100,000 to come out of reserves.

Mr. Moyer stated you can do it over three years, or you can take it all out of reserves with the understanding that in three years, you will replenish that amount in reserves.

Ms. Palmer stated it all adds up.

Mr. Mastromarino stated it does, and of the \$140,000, the only thing that is an annual cost is \$30,000 for the security guard. The others are one-time expenses.

Ms. Palmer stated that is correct. If we include a \$50 increase on the assessments, then we are looking at taking \$100,000 out of reserves, which is next fiscal year's reserves, the \$75,000 plus the contingencies. We will still have over \$700,000 at the end of next year if we spend every penny in the budget.

Mr. Moyer stated that is correct.

Ms. Palmer stated if we have a \$50 increase, it is neutral.

Mr. McGrath stated that letter will have more meat to it if we say why we are proposing the increase. Who will argue about having a place for kids to play?

Ms. Palmer stated not only will the kids have a place to play, but we can resurface the pool which people are always talking about, and we can continue with the security at the recreation center.

Mr. Mastromarino stated that is a lot of features for \$50.

Ms. Palmer stated it is a good value.

Mr. Mastromarino stated if I look at this budget as a home owner, I notice there is all this money in reserves. If we know what the roadways will cost, then we know what that reserve amount should be.

Ms. Palmer stated most people do not know we have that amount of money in reserves. When residents see this, they do not know what it is for. Before you were on the Board, would you have thought that we have \$750,000 in reserves, waiting to be spent?

Mr. Mastromarino stated I would have suspected and been interested in what we have for reserves. I have reserves for my own home.

Ms. Palmer stated the average home owner does not know. I believe they think whatever we assess in a year is pretty much spent. They do not even ask.

Mr. Frawley stated the majority of home owners do not even know that your assessments are paid with their mortgage. They just thought that the builder donated all this to us.

Ms. Palmer asked when is the bond paid off for the first section of homes? Was it a 30-year bond?

Mr. Moyer stated yes.

Ms. Palmer stated so there are 17 years left on the first bond issue. What about the second phase?

Mr. Moyer stated the 2004 bonds will mature in 2035 and the 2007 refunding bonds mature in 2031.

Mr. Frawley asked what are the totals, in round figures?

Mr. Moyer stated for the 2004 bonds, the principal balance is \$2.9 million, and for the 2007 refunding bonds, the balance is \$2,675,000, so just under \$6 million.

Mr. McGrath stated thank you for working so hard to prepare this budget that we are discussing. When we started with the security guard here last year, that was an expense. We said let us see if we will keep it, and it appears we are going to keep the program. I agree that it needs to be an added cost that did not exist before because it is an added service that did not exist before. Using reserves to pay for that service is not what reserves were designed for.

Ms. Palmer stated reserves can only be used for capital outlay. The pool security guard needs to be captured in the operating budget. I am not comfortable using the reserves for operating expenditures. If there is a hurricane season this year that affects us, we may need those reserves for any number of things.

Mr. Moyer stated your next regular meeting is in July. If you want to increase the assessments by \$50 per home owner, you will need to authorize that at the July meeting,

which means we will need to meet in August because we have to prepare a letter and mail it to all residents 30 days in advance of the hearing.

Ms. Palmer asked can we schedule the August meeting after school is in session? I think more people will be able to attend once kids go back to school. That will give every home owner the opportunity to attend.

Mr. Moyer stated the earliest you can meet is the third week in August, probably later than that.

Mr. Mastromarino stated we could also do this in September because October will be too late.

Mr. Moyer stated it has to be done by August because I need to certify the tax roll by the end of August.

Mr. McGrath stated we agree that the security guard program is good and needs to continue.

Ms. Palmer stated I do. I have heard so many people comment that it works. However, he cannot smoke at the entrance to the facility.

Mr. Moyer stated we have the Board's direction for the next meeting.

Mr. Frawley asked what is the status on unemployment compensation?

Mr. Moyer stated that will expire in about a month.

Ms. Palmer stated we went around with Severn Trent about this, and one employee's benefits expired in January 2013 and was paid this quarter, and the other will expire right about now. One of the things I found out that was irritating is that one of the people we were paying had actually gotten employment, did not work there long and went back on unemployment, and we had to pay their unemployment again.

Mr. McGrath stated the good part about that is, in the future, we are using outsourcing for employees, so we will not have to face this issue again.

Mr. Smith stated I am considering moving Mr. Geinor Real to a temporary agency, and we can look at that to see what it will cost us rather than having him as a CDD employee. We can see what the benefits would be for him and see what the cost is, because that will be a higher cost.

Ms. Palmer asked how much is he paid now?

Mr. Smith stated \$12.75.

Ms. Palmer asked he will still be paid that amount with the temporary agency?

Mr. Moyer stated yes.

Mr. McGrath stated then it eliminates the need for us to pay unemployment.

Ms. Palmer stated if he is happy where he is, then I would say we retain his employment the way that it is now. I would hate for him to wonder why we are moving him to an agency and then have him think he has done something wrong or that we are trying to get rid of him. I do not want to start any sort of animosity when he has a really good relationship with the security guard. Mr. Frawley mentioned about the pool safety equipment, and he responded to that. Look how long it took for that to happen. We have someone now who is doing things, who is comfortable with the residents, and who has a certain amount of respect from the residents and also from the security guard. I would rather not ruin that dynamic if we do not have to. But I do agree that if he leaves, then we hire his replacement from a temporary agency.

Mr. McGrath stated he is at \$13 per hour.

Ms. Palmer stated it would be at least \$16 with a temporary agency.

Ms. Incandela asked does this budget include raises for the employees?

Ms. Palmer asked does it include Christmas bonuses?

Mr. Moyer stated I do not think we included those.

Ms. Palmer stated we need to include those this year. I do not know how it works with the security guards, if Mr. Paul McCartan does anything for his employees. If he does not, then we should.

Ms. Incandela stated I think regardless of what Mr. McCartan does, we should do something from the CDD.

Ms. Palmer stated there are three, if they are still there in December: the female and the two that are normally at the guardhouse. If it changes, then we can rethink it.

Mr. McGrath stated it can be a gift card or something similar.

Ms. Incandela stated you are leaving out Steve, the pool security guard.

Ms. Palmer stated yes, include Steve and Mr. Real.

Mr. Moyer stated we budgeted \$45,000, which assumed \$13 per hour, eight hours per day, seven days per week.

Mr. McGrath stated that is a difference of \$7,040. I ran the numbers and that adds up to \$37,960.

Mr. Moyer stated the rest would be benefits. The reality is we do not have an employee who is working eight hours per day, seven days per week.

Mr. Smith stated yes, we do. Mr. Real works five days and then Geraldo works two days a week. He is with a temporary agency. We need to include an increase in this budget for when it comes time to include an increase.

Ms. Palmer stated figure in his increase into the salary and include a Christmas bonus.

Mr. Smith stated we can offer him a \$.25 raise, which you can request at the next meeting or we can just include in the budget now.

Ms. Palmer asked what was his increase last year?

Mr. Smith stated I believe it was \$.25, as well.

Mr. Moyer stated provide those numbers to the accountant.

Mr. Smith stated we can also include a one-time Christmas bonus for all of the employees, whatever dollar amount that is, \$100 or whatever you want to give them. You can include the security people who have been here for a period of time, say six months. You probably do not want to include someone who has been here only a week.

Ms. Palmer stated I think six months is good.

Mr. Smith asked what kind of Christmas bonus?

Ms. Palmer stated if they are working for someone else, then we can give them \$100 each and give Mr. Real \$250 or \$200 since he works for us directly.

Ms. Incandela stated we can afford the extra \$50 for a \$250 bonus.

Ms. Palmer stated I agree. I think it is a nice amount.

Mr. Mastromarino stated I think he has a sense of ownership here.

Ms. Palmer stated I agree. I think it is fair to have a lower amount for the security guards because they work for another company.

Mr. Smith stated I will include a salary increase of \$.25 for Mr. Real as well as a \$250 Christmas bonus, and then \$100 bonus for each of the guards who have been here longer than six months.

Mr. Mastromarino stated the tot lot equipment is a pretty significant amount of money. Are we changing the materials so they will last longer?

Mr. Smith stated yes, we will put in plastic and metal equipment. It will be metal framing with plastic sides.

Mr. McGrath stated Mr. Smith has provided some information for us on this equipment.

Mr. Mastromarino asked in lieu of benches, should we have picnic tables instead? Will that be cost neutral in lieu of the benches?

Mr. Smith stated picnic tables cost more than the benches we currently have because they are pretty simple and easy for us to fix. I have a welder who maintains these and I asked if he can make these, so he was going to make more benches. They will last a long time.

Mr. Mastromarino stated I was thinking of the Chapala tot lot, and the last time I was there, I was thinking it would be nice to have a couple picnic tables.

Mr. Smith stated the parks that are not going to be tot lots anymore could have some picnic tables and we can change things up a little in those areas.

Ms. Incandela stated I like the metal swing sets that are low maintenance and not very expensive but will also accommodate larger kids and adults. I like those better than picnic sets because picnic sets bring garbage and people with cans and food and other items that they do not throw away.

Mr. Mastromarino stated I noticed the past few months and for this coming year a \$3,000 increase for pool maintenance. Is that something that will increase \$3,000 to \$4,000 every year?

Mr. Moyer stated no, it does not increase every year by that amount. The way the budget is prepared is to look at what we have expended in the current period and project going forward what we think it is going to be next year. If there is a blip in that line item, they will pick that up. When we know for certain that we are going to spend \$35,000 this year, we are not going to budget \$30,000 for next year. That is how that came about.

Mr. Mastromarino asked will the parking lot across from the basketball court have any increases in the budget?

Mr. Smith stated we need to discuss that. I talked with the home owner over there finally. I had tried to meet with him beforehand but my staff got the work done faster than I thought they would. The home owner has some problems with the parking lot, so I met with him out there. I explained the reason for the parking lot is for overflow with events at the recreation center so that people do not park all along the streets, and also because the school bus stops there so it is a place for parents to park instead of along the streets. He does not mind that, but the big thing he does not like is the guys playing basketball and parking there. He has three daughters.

Ms. Palmer stated but they are parking in front of his house now.

Mr. Smith stated that is correct.

Ms. Palmer stated they are going to cause an accident because you cannot see who is coming around the corner.

Mr. Smith stated I mentioned all of that to him. I talked with him about it and asked if he would consider putting up a vinyl stockade fence along his property to the back. He is more in favor of that since he would like to have that fence. We can look at doing that. The material will be about \$1,500 to \$1,700 and my staff can install it.

Mr. McGrath stated that fence will all be on CDD property.

Mr. Smith stated that is correct.

Mr. McGrath stated this affects the current home owner, who might say they want to put up a fence around the rest of his yard. If the home owners association does not approve of the type of fence that he wants to match ours with, does that matter?

Ms. Palmer stated I think we extend to the home owners association the courtesy of letting them know what kind of fence we are installing.

Mr. Smith stated we will obtain ARC approval and let them know what we are doing and where we are putting it. If the home owner ever wants to tie into it, then he will have to stay on his property to that post because of where our post will be located.

Mr. Mastromarino asked will it go along his property line?

Mr. Smith stated yes, and it will all be on CDD property. This is not setting a precedent because we have vinyl fencing on CDD property everywhere.

Mr. Mastromarino stated I have seen the other CDD fencing. Do we power wash that fencing periodically?

Mr. Smith stated yes, and that is minimal additional cost to wash 100 feet of fence.

Mr. McGrath stated I am not sure how long it will be before the bank takes it over again. It has been a curious story over the past years.

Ms. Palmer stated then we should get it installed while he is still there because then after the house is sold, the parking lot will already be there.

Mr. McGrath stated if we do not need the fence, I would not have a problem not putting up the fence. If you think it is something to better improve the quality of the neighborhood, that is fine, rather than just to have one home owner who really does not have a say on CDD property.

Mr. Smith stated we will put up the fence, which is pretty minimal. One advantage of the fence is if they are sitting on the back porch at night with cars driving by and their lights shining in, the fence will alleviate that.

Ms. Palmer stated if we have to install a fence, then I want to make sure our security guard goes down there periodically. My fear is that will become a place for drug deals and other negative activity because it is covered and inconspicuous if you park your car along the fence. I want to make sure he patrols that fence. If we put up a dummy camera and someone is attacked there, they can sue us based on that false presence of security.

Mr. Smith stated we will put in a light there and have the security guard patrol that area periodically.

Mr. Frawley stated I think the drug deals that are going on in the parking lot will just move to the new parking lot.

Mr. Mastromarino stated I agree. As soon as the fence was mentioned, I immediately thought it will be conducive to that activity.

Ms. Palmer stated I understand his concern. Maybe the parking lot can start five feet away from the fence or something that blocks the cars from pulling right up to the fence.

Mr. Smith stated I will probably put in a small rail, a 4x4 with one rail that closes in the whole area. If that gets beat up, then I will put mulch down, and the existing budget will pay for all that.

Mr. McGrath stated there is nothing wrong in proceeding with the parking lot and putting in the fence where we are talking about some time in the future.

Ms. Palmer stated if you are going to do the fence, you want to do it in the beginning, all at once. That way it is all complete if that house changes hands. The one thing Mr. Smith is correct about that space is other home owners will also have a shield from lights coming into their back windows.

Mr. Smith stated between the railing and the fence, I will install some plants to break it up.

Mr. Mastromarino asked will we need to be concerned with any enhancements to that in next year's budget?

Mr. Smith stated no, we can do all of this with this year's budget.

Ms. Incandela stated pvc comes in that off-white color, too.

Mr. Smith stated we can go with beige if you prefer.

Ms. Incandela stated I do not think it is more expensive.

Mr. Smith stated it is a few dollars more for each piece.

Ms. Incandela stated the white is really harsh, and I think the beige is more subtle.

Ms. Pieters stated the HOA has language in the documents that fences are not allowed along Brighton Lakes Boulevard.

Ms. Palmer stated it will not be directly along the roadway.

Ms. Pieters stated people who have put up fences there have either done it legally or it went unnoticed. It is my opinion that fences were not allowed along Brighton Lakes Boulevard.

Ms. Palmer stated it is not along Brighton Lakes Boulevard. It will be along their backyard.

Ms. Pieters stated but we will be putting a fence there and the home owner can decide if he wants to put up a fence on his property to meet up with this one.

Ms. Incandela stated the home owner's responsibility is to check with the HOA before he does anything. If they do not, that is not anything we can control, unfortunately. From what I am hearing about the property being in financial distress, I know pvc fences are very expensive and perhaps it is in his budget to continue with the fence. I do not know that, but that is his responsibility. Whether or not we install the fence should not be in anticipation of the home owner violating HOA rules. We have to do what is best for our situation and the other home owners.

Mr. Smith stated she is saying that all of the other home owners along Brighton Lakes Boulevard are not allowed to put up fences behind their houses.

Ms. Incandela stated if the home owner is not allowed by HOA standards to continue with that fence line on whatever side he is or is not allowed to, that is between him and the HOA. Maybe we cannot tell him that he can just come off our post. Maybe we tell him pursuant to approval from the HOA, we will certainly allow him to come off our fence, provided that he seeks the appropriate approval from the HOA and it fits within their guidelines.

Mr. Smith stated Ms. Pieters is saying that the HOA will not let us put up a fence.

Ms. Palmer stated it is not along Brighton Lakes Boulevard; it is along the back of the house.

Mr. McGrath stated it does not matter.

Mr. Frawley stated it cannot run alongside Brighton Lakes Boulevard.

Mr. McGrath stated the question is moot because we are talking about CDD property, and we have a requirement to handle that. It is not within the HOA's jurisdiction. Other than notifying them out of courtesy, I do not think it matters.

Ms. Incandela stated there are a number of fencing violations existing within the community. If the HOA decided to pursue a violation against the CDD, that would be a really bad move on their part.

Mr. McGrath stated it is not their area of concern.

Mr. Pieters asked can you put in a hedge or something other than a fence?

Ms. Palmer stated if we put in shrubs or something similar, there would be a replacement cost associated with that. We would need to get shrubs that are big enough to block the view. It is not just this home owner but others that will see the headlights from cars pulling into the parking lot. If you have small children or you are sitting at home enjoying your evening and all of a sudden, headlights from 10 cars are coming through your back window, I think then we are impeding on the privacy of the home owners and we are making a decision that is not beneficial to home owners.

Mr. Mastromarino stated I think you can put in hedges to block the lights. It will not be more aesthetically pleasing as much as it is more maintenance with hedges than with a fence. We would need to weigh out the costs for that. I personally think the hedges will look nicer.

Mr. Smith stated then you can have people walking through the hedges into people's backyards.

Ms. Palmer stated we had complaints about that up near the guardhouse, so we put in a path to direct people where to come through.

Mr. Mastromarino stated with those homes there, you really have no place to go through.

Ms. Palmer stated people cut through my yard every day because I am the only one who does not have a fence.

Mr. Frawley asked are you going to put the fence all the way to the back?

Mr. Smith stated I am going to come off the back corner of his house. There are already plants there. I will put the posts on our property and go all the way to the corner of his property and take one or two panels into the back of his lot. The buffer area where I mow will be left there. I will install some plants along that.

Mr. Mastromarino asked where will the short piece go?

Mr. Smith stated the short piece will go along his backyard.

Ms. Palmer asked where will the long piece go?

Mr. Smith stated along Brighton Lakes Boulevard.

Ms. Palmer asked why?

Mr. McGrath stated it is the west part of the parking lot.

Mr. Smith described the location of the fence and the parking lot.

Mr. Smith stated I will toe that in so people do not walk along the edge of this fence. They have to walk down a ways to get to his backyard.

Mr. Mastromarino stated that is longer than the 50 or 60 feet I was thinking of because I was thinking it was going the other way.

Ms. Palmer stated I thought that, as well.

Mr. Mastromarino stated to Ms. Pieters's point, we will be putting a fence along Brighton Lakes Boulevard.

Mr. Smith stated yes, and there are several neighbors in that area with a fence along Brighton Lakes Boulevard.

Ms. Pieters stated they have illegal fences.

Ms. Palmer stated so do the residents on the corner across the street.

Mr. Frawley stated the house on the corner at Baykal is the HOA president's home.

Ms. Palmer stated he has a wooden fence along Brighton Lakes Boulevard.

Ms. Pieters stated he has had it there for years.

Ms. Palmer asked if the HOA president has a fence along Brighton Lakes Boulevard, how can he or anyone from the HOA say anything about a fence along Brighton Lakes Boulevard?

Ms. Pieters stated they may have been grandfathered in.

Mr. Smith stated I will mention it to the HOA and see what they say.

Ms. Palmer stated Mr. Moyer will prepare a letter to the residents regarding the increase. Perhaps Ms. Incandela can also review the letter.

Mr. Moyer stated it will not be mailed until after the July meeting, so there is time for all the Board members to review it.

THIRD ORDER OF BUSINESS

Resident Comments and Questions

There being none, the next order of business followed.

FOURTH ORDER OF BUSINESS

Other Business

There being none, the next order of business followed.

FIFTH ORDER OF BUSINESS

Adjournment

The next meeting will be Thursday, July 18, 2013, at 6:00 p.m.

The workshop adjourned at 7:15 p.m.

Gary L. Moyer, Secretary

Michelle Incandela, Chairman