

**MINUTES OF MEETING  
GOLDEN LAKES  
COMMUNITY DEVELOPMENT DISTRICT**

A special meeting of the Board of Supervisors of the Golden Lakes Community Development District was held on Friday October 14, 2016 at 10:00 a.m. at the Club at Eaglebrooke, 1300 Eaglebrooke Boulevard, Lakeland, Florida.

Present and constituting a quorum were:

Rich Weaver	Chairman
John L. Knapp	Vice Chairman
Donald L. Adams	Assistant Secretary
Anthony J. Stevens	Assistant Secretary

Also present were:

Gary Moyer	Manager
Scott D. Clark, Esq.	Attorney
Steven C. Shealey, PE	Engineer
JoAnna Likar	LE Wilson & Associates, Inc.

*The following is a summary of the minutes and actions taken at the October 14, 2016 Golden Lakes CDD Board of Supervisors meeting.*

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Weaver called the meeting to order and called the roll.

**SECOND ORDER OF BUSINESS**

**Audience Comments**

Mr. Weaver opened the floor for audience comments. He asked for each individual to state their name and address; and indicate their views whether they are for or against the Eaglebrooke acquisition.

Mr. John Dorin of 1183 Clearpointe stated the following:

- He appreciates the diligence the Board was taking to ensure the residents were well informed about the acquisition. He felt it was in the best interest of all those who reside to move forward with this purchase so the District maintains solvency for this club. He is concerned the current management in place does not have a General Manager available 365 days a year. He understands this could be a situation where the District continues

with where the club is presently rather than moving ahead with a recommendation mentioned earlier, which states to turn the golf course and the facility over to a PGA Professional Management Group. Mr. Dorin believes this is extremely important as the District moves forward.

- Another issue is, looking at the primary and most critical things which needs to be handled on the front end in addition to those which were previously mentioned. The drainage issues on this golf course and driving range are extremely important to cash flow and putting them as a secondary item would not be in the District's best interest.
- In order to maintain a high level of participation on this golf course, you have to be able to get on the course. If all your time is spent on the cart path, it diminishes the interest in people from the outside and people who even live here wanting to play. It is extremely important and should be added to the important items versus a secondary item.
- The last thing is having meetings at 10:00 am in the morning on a Friday is not in the best interest of the 610 homes occupied by people who live in this community.

Ms. Donna Ranoni from 7315 Osprey Landing Point stated the following:

- She completely opposes the purchase. It is not making any money and page 30 explains it all.
- She would like this to work, and loves living in the community. She wants it to stay the way it is but cannot afford to pay for it. She feels the District is subsidizing golfers for Lakeland.
- She agrees with Mr. Dorin about the meeting being at 10:00 am on a weekday as she is missing work.

Mr. Brian Ahern, Clearpointe stated the following:

- There has been lots of discussion by the Board and their reason for doing this is to preserve the value of the homes in the Eaglebrooke Community. He believes this is a great objective, but questioned whether the Board can substantiate this in some way to make people feel more comfortable.
- Mr. Weaver informed the resident the cost is based on the square footage of the lots some are in the \$400-500 per year range and some are in the \$1600 per year range.

- The resident questioned why the allocation is being done different than with the regular assessments.

Mr. Steve Markee, Eagleridge stated the following:

- If you want to look at what could happen in the transitional time by selling the course to an outside party, go look at Imperial Lakes and the value of those homes today.

Mr. Dale Jacobs stated the following:

- He sold his interest in the golf club to the family many years ago, but in the end was the only one left standing who built it. He has been managing it for 19 years. As an owner, he has six homes, and 15 lots. If homeowners are affected by \$600 a year, he gets affected by \$12,000 a year. It is not in his best interest to sell it to the District, but instead to an outside party.
- The problem with the outside parties is many of them will diminish the property by taking out salaries, not taking care of the greens, cheapening the food, or doing whatever to make a profit. They will then flip it and sell it to someone else and make some money. They will buy it for \$2.5 Million and sell it for \$3 or \$3.5 Million and move on. The next guy pays more for it than he should and if he gets into any financial trouble, he goes under. You then have an Imperial Lake situation. We are talking about paying \$400 to \$500 a year, but you might pay \$200 extra every year because you are losing money. The value of the homes at Imperial Lakes Golf Course have gone down 30% so if you have a \$400,000 or \$300,000 home on the golf course you have lost \$100,000.
- It is in everyone's best interest to try and put this thing together. Mr. Jacobs put a lot of restrictions on this speaking to Mr. John Duran. He told them they have to get a CMA Manager and there is actually a couple of good ones. What they do not want to do, is get a management company because the management company will bring a manager. Then the management company will put the manager in and the District will have to pay for the manager. Mr. Jacobs did this in the beginning and it cost him \$300,000. A manager is needed and there are many good ones out there. They will raise the value of this place.
- A homeowner stated in principal the original intent behind Eaglebrooke is, it is golf development surrounded by the idea of a community. Community is a word; common

unity, uniting around a common ideal. In his opinion the common idea is golf community. Golf is a major part of what makes this place work and it makes him side, regardless of numbers, with this being the right direction.

- A resident asked if there is a cap to how much will be assessed in the future, if they are losing money. She understands the value of a home, as she owns three homes; however, if you are paying \$20,000 a year in taxes you have already lost.
- Mr. Weaver responded there is no cap.
- The club currently pays \$70,000 to \$75,000 in property taxes, which they would no longer pay. The net red is slightly less than \$100,000, which is part of what has been taken into account. The primary financial account of this is to make sure the District has enough operational revenue to cover short-fall. The golf experts say this club is close to where it needs to be and the NGF report shows the magic number slightly over \$3 Million in revenue. \$3 Million in revenue is where the club has been, it has been slightly above and slightly below but this is the magic number for this club to break even. The intention of the Board is to bring a professional manager in from day.
- There is no guarantee the club will not lose money, but this has been taken into account. If you look at the taxes for the infrastructure, the roads and all the other things, the District has not raised taxes in almost 10 years.
- Mr. Weaver thanked all those who have sent in emails. He informed those in attendance they do not get an opportunity to respond to each email individually.

Mr. Bob Smart stated the following:

- He questioned how much the golden parachute is because he does not believe there are in the number he looked at as far as the NGF study.
- Mr. Weaver responded they are not building parachutes. They are guarantees of employment and it goes to continuity. It is not in the best interest of the club for us to bring in a professional manager and get rid of the current staff. It was a part of the agreement, and a stipulation from the sellers. The key people will be offered some type of employment agreement. All of this is yet to be worked out. They will be given the appropriate duties and if they are unable or unwilling to do those duties, then they may be terminated for cost. It is not a golden parachute.
- The purchase process will be discussed further in the meeting today.

Ms. Donna Debstein stated the following:

- When people come to visit her, they say it is such a nice community. The homes are kept up. She is a single person on social security. She does not want this community to become another Imperial Lakes. The community needs to take control before someone else comes in and takes control.

Mr. Rob Pearce stated the following:

- Imperial Lakes is so depressing. Four years ago it was the hot place to live. All the bigtime golfers joined and builders were building houses like crazy.
- Mr. Weaver stated if anyone had questions to email [admin@goldenlakescdd.org](mailto:admin@goldenlakescdd.org).

**THIRD ORDER OF BUSINESS**

**Emails from Residents Regarding Eaglebrooke Acquisition**

The Board its best to answer questions on frequently asked question on the website.

**FOURTH ORDER OF BUSINESS**

**Club at Eaglebrooke and Acquisition Feasibility Student**

- Mr. Clark was asked if there is anything in the District's documents which addresses zoning when it comes to the sale of the golf course.
- Mr. Clark indicated he has not been provided all of the zoning documents, but it looks to him like the golf course property is in pretty much a straight zone. He has not seen a lot of restrictions like in some communities.
- Mr. Clark just received the title work on Wednesday and it is approximately 700 pages. He has been going through it and trying to answer questions such as the zoning status of the course and what can be done with it other than a golf course. This an ongoing question, but it is the big question with golf courses everywhere. In his area in Orlando he has at least six golf courses currently trying to be developed by closing them to build houses. People come in and find a way to do that, the government can always change its mind.
- Mr. Weaver reviewed the NGF report. Page one. There was a typo of the projected acquisition program clause on the introductory page of the NGF study. He believes this was caught before it was posted on the District website. The number should be \$3.6

million. On page 28, under the administration wages, the 2012 to 2015 average is actually the total of the prior four years, which needs to be divided by four. He is not sure if this was corrected. The number is not \$480,000, it is a little over \$120,000.

- The acquisition program cost summary came in at \$3.6 Million based on the NGF study.
- The Board has another 45 days in the due diligence timeline. Mr. Weaver questioned whether this is a negotiable timeline. Everything is negotiable but the answer could be no. If The Board wants to pursue this, he thinks they need to make a decision based on what is in front of them today. He would like to get through the draft and if there are no unanswered questions, then he would like to take a vote with the Supervisors in terms of yay or nay on whether to move forward with the additional due diligence.

Mr. Stevens concerns:

- At the July meeting the Board received the tax returns for McDonald Enterprises, which is the current owner of the club and all facilities. There are some discrepancies between the tax return and the numbers on page 30 of the report which may or may not be significant. The 2014 tax return shows a loss of \$532,000 and the NGF report shows \$312,000. The returns show sales of \$3,000,049 and the report shows \$3,000,059. The 2015 tax return shows \$2.9 Million in revenue which is close to what is reported, but it shows a \$300,079 loss instead of \$226,000. Mr. Stevens had not gone through all the details and figures but these are the two discrepancies he sees in the report compared to the tax return.
- Mr. Weaver asked Mr. Clark if the financials on the NGF report are derived directly from the numbers from the club opposed to from the tax return. Mr. Clark confirmed the information was derived from the club.
- Mr. Clark there is no depreciation shown in the study and he has the question whether depreciation quit or whether Mr. Richard Singer choose not to show it for some purpose. It could account for the difference but it
- Mr. Stevens noted the NGF report mentioned personnel in the food areas had some concerns about the equipment in the kitchen. The report talks about immediate replacements of things like the skids and a few other things. The roof has to be done immediately so he is trying to see if there is anything else which needs to be done to

factor in if the asking price is reasonable. The tax returns show the years in which the equipment was put in place and indicates much of the kitchen equipment was put in place in 2000. The real question is whether some or a substantial portion of the kitchen equipment needs to be replaced.

- Mr. Weaver cannot remember the number for replacement of equipment, but it is part of the \$435,000 line item for repairs, replacements and enhancements.
- Mr. Stevens stated the tax returns show new air conditioning installed in 2012, new air compressors installed in 2008 and carpet in the ballroom installed in 2008. Looking at the esthetic enhancements for the club it appears everything was put in place in 2000.
- There is nothing in the report assessing how the tennis courts are. They said the same thing about the pool.
- Mr. Weaver stated the big line items are renovating the bathroom, replacing the pool area and sprucing up the area.
- One of Mr. Adams' observation is the amount of money that the club makes on food services and entertainment is much higher than a normal club according to the NGF report. Part of the Districts' focus should be to market the club by making it a destination place to eat, gather and commune which kind of leads to an aspect of due diligence as Mr. Jacob was saying. There are several managers in the area who are very knowledgeable in managing courses. He suggested contacting some of them and asking what they would do to market the club as well as improve the finances both from a social prospective as well as a golfing prospective.

Mr. Knapp discussed the following:

- One part of the report that jumps out is there is an unfavorable demand ratio from the local market. The District can talk about marketing and having a plan before going forward if there is an unfavorable ratio of supply and demand. A good plan is needed to improve both the golf side and the food side. He would like to see this as part of the due diligence. He wants to see a plan, or at least a very good outline of a plan, that addresses exactly where these golf opportunities are going to come from.
- The other thing is the cost which Mr. Stevens brought up and the understanding it was offered as is. He would like more information on consulting fees. There is \$585,000

identified as improvements, some were short-term some long-term, but when you start adding all of that up, you certainly get north of \$3 Million.

- As to the acquisition cost he thinks more than the principal and interest on the note will need to be covered if any short falls or additional costs are going to be covered. Expenses down the road if that is going to be included in the \$600 per home, the homeowners need to know.
- A lack of a better definition than what is included in that. What is the benefit to the community, if there is a social type membership. More personnel might be needed.
- Mr. Clark stated the report raises a lot of questions about how the District is going to do things if they own this. They include what a membership is, what a social membership is, what will be offered to the community and how this will impact the numbers.
- The report makes reference to social membership. Mr. Weaver has talked to and asked several people who are social members what they are paying annually. The numbers are always \$300 to \$400 less than the report states are a social membership. He thinks it is \$108 which is north of what 1,000 people are telling him \$750 to 800. There is a disconnect between these numbers.
- Mr. Clark is working on a memo which is not finalized, but he will circulate to the Board once it is done to help understand this issue.
- One of the original questions was whether there was anything in the membership agreements which would interfere with the sale and would keep new ownership from making an adjustment to the membership category and rights.
- Mr. Clark stated there is a general concept that new ownership cannot. This is particularly addressed in the golf memberships. The District will have to look at what a particularly golf and corporate membership represents and try to make sure it continues to offer the benefit of the bargain and beyond.
- Mr. Shealey was questioned where he was with the survey.

Mr. Shealey discussed the following:

- He is waiting on the Board to decide to move forward as it was held up at the last meeting waiting on the NGF report. It should be done in 2-3 weeks.



- The latest certification for the water management agency were submitted as there are a couple of structures which needed to be cleaned out. It has been taken care of.
- Mr. Clark stated the transfer of the liquor license is just a process the District has to go through. A three-page due diligence list has been developed and he will share with the Board.
- Mr. Weaver requested Mr. Moyer get the survey proposal. He recommended as long as the cost does not exceed a certain dollar figure and the terms are acceptable District Counsel and management, that the District continue with due diligence so another meeting does not need to be held to approve this.
- A verbal poll was taken and there was Board consensus to continue with due diligence.
- Phase one and phase two those are one was \$2,500 and the other was \$5,000. Both of them are needed so the total is \$7,500. The survey on the individual parcel was around \$1,600 or \$1,700. It is less expensive because they have access to the original survey and data. They will be coming out to re-verify the original survey rather than finding the original point.

On MOTION by Mr. Stevens seconded by Mr. Adams with all in favor, the environmental phase one and phase two study from Environmental South Technologies was approved subject to the approval of the agreement by District Counsel.

- Mr. Weaver questioned what smoking gun can come back on the survey that the District could take.
- Mr. Moyer stated the reason for a survey is to tell you the things you are buying are on property that you will own and is not on someone else's property. The time period on the survey is two to three weeks certainly less than a month.
- There is a 90-days validation of bonds, and the drop dead date in order to sell the bonds and make the purchase is the end of October.
- There is no additional cost for bond counsel unless the District goes forward. There will be costs for the survey.
- Whether a meeting is held in late October or early November, it would authorize bond counsel now to prepare the trust indenture which is the contract between the District and

bond holders, which is the subject of the validation that goes to the court. So there will be certain pleadings in the complaint and the state attorney participates on behalf of the State of Florida in part of the process.

- It is a hearing before a judge that will make certain determinations. Once this is done, there is a 30-day appeal period in which a lot of work can be done in terms of structuring the bond itself, which is done by the investment banker. All the things discussed in terms of the environmental assessment, the survey and things like that are important but the credit package, will be put together by the investment banker, deals primarily with having 610 rooftops, 25 or 35 other lots because the security to the bond holder are the assessments and not necessarily the revenues from the golf course. They will be looking at the golf course and the NGF report, whether the golf course can be self-sustaining but the reality is the credit of this transaction special assessments. As part of that the District needs to go through a process of having hearings or a hearing on how those special assessments will be allocated.

On MOTION by Mr. Knapp seconded by Mr. Stevens with all in favor, the proposal for the survey was approved at a cost not to exceed \$1,800.

- A special meeting will be noticed for November 10, 2016 at 7:00 p.m. after verifying the meeting place is available.

#### **FIFTH ORDER OF BUSINESS**

#### **Minutes of August 23, 2016 Meeting**

The minutes were placed in the agenda package for informational purposes only.

#### **SIXTH ORDER OF BUSINESS**

#### **Proposal of Lights**

- A lightning strike took out a string of lights on Osprey Landing and Reflections Lake. Everything is operational but there are three poles where all the wiring is burnt out. A proposal, which was not included in the package, was received for \$6,300. It includes approximately 300 feet of boring under the road and between the two poles.

On MOTION by Mr. Knapp seconded by Mr. Adams with all in favor, the proposal for lights was approved.

**SEVENTH ORDER OF BUSINESS**

**Supervisor Request**

**Mr. Knapp**

- Many years ago the residents came and made a request to collect funds to put up a flag out front. This Board approved it with the stipulation that only the American flag could fly from the flag pole out front and the HOA would take over the responsibility of maintaining it. A request has been made to allow the flags of our four armed services to fly below the American flag.

On MOTION by Mr. Knapp seconded by Mr. Weaver with all in favor, flying the armed services flag under the American flag on dates of the anniversaries was approved.

**Mr. Weaver**

- He would like to do an online survey with the residents regarding the potential purchase and what amenities they like, what amenities they do not like, and what amenities they want to see.
- The Districts has a maintenance agreement with a gate company that is not very responsive when there are issues.
- Mr. Weaver presented a proposal, and they have a 24-hour turnaround time, this item needs to be placed on the November meeting for further discussion. Mr. Weaver requested Ms. Likar get information on getting the parts.
- Discussion ensued regarding changing the gate company to a new one. It was discussed they had to provide a 30 day termination notice to the current company.

On MOTION by Mr. Knapp seconded by Mr. Adams with all in favor to provide 30 day termination notice to the current gate management company and move to GateTech was approved.

- Mr. Shealey is expecting another proposal for the storm sewer repairs on Osprey Landing and will circulate once he receives it. He had three contractors come look at the wall and all three have declined to provide a proposal. He has been in touch with another contractor to come and provide a proposal.
- Discussed ensued regarding the entrance where the pavers are settling. The worst case scenario is an inlet will have to be put in on the north side where the pipe comes through the drainage system. This is going to be fairly expensive. Mr. Shealey had a contractor look at it and they will probably be able to adjust the side, rebuild the sideway so it instead of draining to the road it drains back into the grass area. They are still evaluating this process to get the waters off the pavers.

**EIGHT ORDER OF BUSINESS**


**Adjournment**

There being no further business,

On MOTION by Mr. Stevens seconded by Mr. Adams with all in favor the meeting was adjourned.



Gary Moyer  
Secretary



Rich Weaver  
Chairman