

**MINUTES OF WORKSHOP
VISTA LAKES
COMMUNITY DEVELOPMENT DISTRICT**

A workshop of the Board of Supervisors of the Vista Lakes Community Development District was held Thursday, August 14, 2014 at 9:00 a.m. at the Vista Lakes Clubhouse, 8841 Lee Vista Boulevard, Orlando, Florida 32829.

Present were:

Ronald Cumello
Renee Hale
Gary Schuett
Frank Sebestyen
Jason McCright
Gary Moyer
Scott Clark
Brian Smith
Mike Swaggerty
Jeff Cornet
Residents

Chairman
Vice Chairperson
Assistant Secretary
Assistant Secretary
Assistant Secretary
District Manager
District Counsel
Field Manager
Servello & Son
Servello & Son

FIRST ORDER OF BUSINESS

Roll Call

Mr. Moyer called the workshop to order. The record shall reflect all Supervisors and staff are present.

SECOND ORDER OF BUSINESS

Discussion of Fiscal Year 2015 Budget

Mr. Moyer stated the purpose of the workshop is to review the budget for which we will have a Public Hearing on during your regular meeting which starts at 10:00 a.m. The Board historically has done these workshops to go through the budget and get comments and make adjustments prior to the Public Hearing. As a brief overview, this budget as you already know is similar to what we operate under currently, with many of the same programs. There are a couple of line items which were over-budgeted this year, notably on water and wastewater which is primarily irrigation. Probably as part of this discussion, we can also fold in Mr. MacCubbin's report that is in your agenda package. One of the things he highlighted is he thought the property is and has been wet and that we may be over-irrigating the property, which could account for the fact we are over budget on that line item, and he also had an extensive list of recommendations

dealing with pest control and the suitability of certain plants. Perhaps we can spend 10 minutes on that. Maybe the best way to get this started is to talk about MacCubbin's report and ask Mr. Smith what he thinks and what corrective actions we need to take to address those concerns because really that is the business we are in, frankly, the water management system, ponds and other similar items which are fairly straightforward, but landscaping appears to be difficult, with bad soils, high ph, wrong plants, low-lying ground and too much water. That is the summary of what was brought to our attention. Mr. Smith, do you want to comment on some of that?

Mr. Smith responded my goal was to get this real opinion of what we got out here. We do have an issue with some plant choices and their locations because in July we had a lot of rain prior to his coming here plus the irrigation. I did pass this along to the contractor and had them pull back on the water and get a little more control with those layers, but from what I understand in talking to the contractors and being out here it is a notoriously wet site, and there are some areas which remain wet, whether you are irrigating or not in the summer it just holds water. That is not unusual, with some hard areas underneath the mucky soil and the water just sits on top. Overall, I am pleased with his report and we will get this to our contractors and I will have them come out here as well, but overall, the site looks good.

Mr. Schuett stated I often drive by and notice the irrigation is on. Is there any way to control that?

Mr. Smith responded yes, there is. This is an old irrigation system and it is *piece-mealed* together, and I know you have had problems in the past with this irrigation system trying to get these weather stations out here which are not as reliable. The ideal thing would be to have one nice irrigation system with a weather station where you can get your evapotranspiration calculations when it is raining, but that is the challenge we have.

Mr. Moyer asked can this be put on the maxicom system?

Mr. Smith responded that would be a lot of work. We are starting to change out clocks and what we will be able to do is possibly contact those clocks remotely so we will be able to control it, and at some point put a weather station up here. Before doing that as clocks go down on us, we are changing to a much better system. Over time, it will all work out, but I think it is just getting with the contractor and getting the irrigation people out here. Overall, they are doing pretty good, but they have a history with top management now, if we can adjust that a little bit, I think it will be alright.

Mr. Moyer stated if we have a weather forecast, this is like the old typical Florida when I moved down here with the rain every day at 4:00 for two hours and it rains a lot. If we have a sense that is going to be a pattern for a week, can they turn all of the irrigation systems off or do they have to go clock by clock?

Mr. Smith responded they have to go clock by clock.

Mr. Cumello stated let me suggest this. I am looking at the Reserve Study which has a lifespan on our irrigation system of 12 to 15 years, and we allocated money that looks like \$71,000 in the Reserve Study for replacement costs. One option would be to replace the system and move into a program even if it is by phases, replace the system and upgrade it to a better system to control the irrigation flow.

Mr. Smith stated we can do that and that is how we are going now, but I think just from his report, there is probably over-watering with irrigation, but just being a wet site, with so much rain there may not be anywhere for the water to flow and the water sits there.

Mr. Cumello stated residents see when it is raining that the irrigation systems are on. The weather stations are not working. The technology is 15 years old now and you would think there is new technology that would control it better.

Mr. Smith stated the research is done over a period of time.

Mr. Moyer stated we currently have \$71,000.

Mr. Smith stated I was thinking that was over a period of time.

Mr. Cumello stated the time period is up to 15 years and we are at 15 years. This place started in 2000.

Mr. Smith stated I am working with Servello, but he did not know he had to think of a budget, so he is trying to *piece-meal* it together, so my recollection is that was over a period of time and I can make some significant changes to the system. I will start working on the weather station right now.

Mr. Cumello asked should we sole-source it or should we bid it since it could be a significant amount of money?

Mr. Smith responded I will get several proposals. I will get a plan first and from that we will see how it works for me because I will have to put together a program from which we can see what it is going to cost and he will estimate the cost since we purchase a lot of our stuff from John

Deere and I would want for us to install the best equipment. I will look into this and let him know he has got to put together a plan for that.

Mr. Cumello stated that would address at least the over-watering possibly. The rain is the rain. We do not want the irrigation on. Again we are talking about the budget, and when it comes to plants which are the wrong type or have root rot, which is in the report, my question would be with the proposed \$55,000 on that line item for the next Fiscal Year, do we have sufficient money budgeted to do the replacements?

Mr. Smith responded the way we are working it now, as we are replacing plants with correct plants, I am using a lot of the yellow shrubs and they seem to be doing well, I have taken some of Tom's suggestions, but right now Servello, although they got a late start because of some changes with staff, the last work took quite a bit of time, but it has been scheduled and they are starting that now, so after this go-round we will come back and do another go-round. In the meantime, we can also look at adjusting the irrigation system to suit the plants we have now and see if we can make those improvements as well.

Mr. Cumello stated the key question is do we think the \$55,000 we are budgeting for 2015 is going to be sufficient to address what is in this report?

Mr. Smith responded yes. I think that is sufficient to possibly operate like we need to and then do the adjustments to the irrigation system. The overall landscape operation is in good condition. There are some areas for which you need detail plant by plant, but I think 5,000 plant replacements is for the next go round next year.

Mr. Sebestyen asked is this report coming up the so-called vision statement we have been asking about?

Mr. Smith responded this report is actually part of your agenda.

Mr. Cumello stated the other issue we are focusing on in the report is there seems to be a lot of pest control issues too. Have you talked to the contractor on that one?

Mr. Smith responded as you know Servello does not do all of the pest control, so we have two different contractors going a bit back and forth on that, but once again I am going to supply this report to our contractor and I am going to follow up now that I think I have got a Project Manager for Servello. We are going to meet and go paragraph by paragraph through this report and get them to start making those adjustments.

Mr. Cumello asked are you getting any push-back from 4 All Seasons?

Mr. Smith responded no. Once again, I think the turf looks good.

Mr. Moyer stated when I read through the report at least on the fertilization and pest control, it looked like it was a broader statement than just a couple of plants. It was saying it was sort of throughout the entire project these various types of plants, some of which are susceptible to certain diseases made it sound the way you made it sound, a lot of our plants have whatever fungus or disease that needs to be corrected.

Mr. Cumello stated where we have the climbing plants or trees from just looking at the report here he said Weeping Willows do not belong around the lake. They need to be replaced. Do we think we have funds within the \$55,000 if we choose to make those replacements or have to replace them as they die? We could start a process of taking out the worst ones.

Mr. Smith stated in some areas we are over-planted so if we lose a tree it is not a bad thing, sometimes it gives you a better view of the pond or a lake and the Willows have a lifespan similar to the Hawthorns as mentioned and they get old and they just need to be replaced. I think \$55,000 at this point is good for ongoing plant replacements. If we want to re-do an entire area like we are re-doing the entrance, I think we may need more money, but \$55,000 for just ongoing normal plant replacement is fine.

Mr. Sebestyen stated this Horticultural Update is not the vision plan I was thinking we were going to get. I was told we were going to get nothing real, maybe a couple of pages and the vision should be Central Florida horticultural plants and then going forward working with the HOA in terms of what they are doing as well and come up with a general plan so when you look at replacing plants you can say this fits in with everything else we are doing for this community.

Mr. Moyer stated you are right. That is under community visioning documents, but again, this is not something the horticulturalist would bring to this Board, but we certainly could be a part of a community visioning process, but that requires the community to get involved and tell us what they want Vista Lakes to look like and then he could be a resource to say you want this particular look, but that will not fit given the soils and the acidity and things like that and I think he could be a resource.

Mr. Smith stated I think I have had that conversation with him and I said we at some point are looking for a view of the future of what it is going to look like and I think it is something Ms. Eichorn, Tom and I can get together on and anyone else that wants to get involved in and go in that direction, but I did tell him as part of his report the plants he is going to choose and suggest it

has to go toward the original theme of what the community looks like was and that is where he is going, which is kind of a more South Carolina/Georgia type of feel with some of the hardwoods we have here. However, we do quite a bit of work thrown in with more of the tropical plants, so somewhere the Northern Florida feel and that is kind of where he has gone with his suggestions.

Mr. Sebestyen stated we should work together.

Mr. Smith stated I think we can work together and get something like that.

Mr. Sebestyen stated I do not know that we have anyone on this committee or the HOA who really is knowledgeable enough to be able to give a view based on all of the different plants that fit in.

Mr. Smith stated my plan is to go back to the original landscape architect, find out who it was and find out what the original architect plan was and bring them into it as well.

Mr. Cumello stated if you do not, let me know because I looked at all of the contracts, I have history with contracts and I can go back and look at who the landscape people were originally. I think there was more than one company because they did the work in phases.

Ms. Hale stated you were talking about a system earlier, and we have a maxicom system out there. Are they both HOA and CDD or just the HOA?

Mr. Cumello responded I do not think it covers the CDD because the CDD has multiple systems.

Ms. Hale stated OK, it is just the HOA.

Mr. Cumello stated we had this overrun on irrigation and I know in the notes it states due to a certain account and has an account number. Do we know what is causing this 131% overrun?

Mr. Moyer responded we will give Mr. Smith that information so he can determine what the meter is.

Mr. Smith stated we have some substantial main breaks along the Boulevard which will create the heavy flow and more expense.

Mr. Cumello stated my only concern is we are looking at the budget for 2015. If we had an increase in the cost which we are going to realize in 2015, then we have a different problem. If we had a one-time event in 2014, which will go away, it is not an issue. I was looking at current financials on Page 8 and it said we already spent \$49,000 on the utility for water and sewage which was 131% and it said account number 8082.

Mr. Moyer stated we will have to check on that.

Mr. Cumello stated if the cost has increased, it should be reflected in the budget.

Mr. Moyer stated that is correct. We can make modifications at this meeting, but at the end of the Public Hearing I need the Board to adopt a budget. If we find there needs to be adjustments to the budget, as you are all aware, we do that through a budget amendment process. We can come back at any meeting to do a budget amendment. That is what we are going to have to do.

Mr. Cumello stated the other concern I had was our budget is set up based on revenue from the City of Orlando which we have not received so far in this current budget. Do we have any risk there?

Mr. Moyer responded I do not think so. I was talking to the accounting folks to make an effort to get that collected. Therefore, I think someone just needs to stay on top of it. As you go through the budget again, administrative expenses are exactly the same as last year. There are some minor tweaks within the administrative expenses, but overall the amount stays the same, and a similar program for field. We talked about the utility water and sewer being over budget. We have to figure that out and somehow get it back down to budget. There are not a whole lot of different reserves pertaining to the Reserve Study which is \$84,500. Since it appears based on our financials we will have some monies added to the fund balance, we will then at the end of this Fiscal Year when we close the books, come back to this Board and allocate the fund balance to the reserves. That is what we did last year if you remember and we will do the same this year.

Mr. Cumello asked will assessments remain the same?

Mr. Moyer responded yes sir. You will notice on the revenues side again this is through June 30th, we were still owed \$29,000. That number is now down to \$5,000 because of the tax certificate sale and for all practical purposes we have everything we levied.

Mr. Cumello stated I have on all of our contracts such as Servello or 4 All Seasons, everything staying the same for the next Fiscal Year. Are we looking at any increases?

Mr. Moyer responded ours is remaining the same.

Mr. Cumello asked are all of the other ones changing?

Mr. Smith responded we had that conversation with Servello. I understand there is no cost increase.

Mr. Moyer asked do you want to discuss Servello?

Mr. Smith responded their superintendent moved on to ValleyCrest. I know there has been numerous discussions around out there, I am not sure where they came from, but I did meet with Servello. As a matter of fact, they are going to be here probably at 9:30 as soon as we are done with this meeting to give you a little more confidence everything is in control. I met with three of their people and the new Project Manager and with Derek, because Derek was overseeing him. He is still here, so he knows the site really well, but like I said, they are going to be here to provide more confidence.

Mr. Cumello asked who is coming and at what level?

Mr. Smith responded the Area Project Manager and our Project Manager will be here.

Mr. Cumello asked have we talked to the owner?

Mr. Smith responded I have not talked to the owner.

Mr. Moyer asked who is the Area Project Manager?

Mr. Smith responded the Area Project Manager is Mike.

Mr. Moyer asked is John still with the company?

Mr. Smith responded if there is any question, I can call John.

Mr. Moyer stated Ms. Eichorn says he is not with the company.

Mr. Cumello stated I thought he was the Vice President.

A resident stated I noticed a decreased amount of workers out there and they love taking their breaks in the gazebo and they are sitting there and smoking cigarettes for a long time.

Mr. Cumello stated we do not pay them by the hour.

Mr. Smith stated they should not be hanging out in areas near residents. However, taking a break in shaded areas is allowed.

A resident asked is the report on the website?

Mr. Smith responded I will ensure it is posted on the website.

Mr. Cumello asked do we need a motion?

Mr. Moyer responded unless there is more discussion, we will need a motion to adjourn the workshop meeting, but then we need to wait another half hour before we start the regular meeting. Since it is a workshop, if there is anything else you all want to discuss, we can continue to do that. You just cannot take formal action until 10:00.

Mr. Sebestyen asked can we discuss the Resolution now?

Mr. Moyer responded we can talk about that now and that is the document I will ask the Board to approve. There are two Resolutions. The first one is the appropriation and budget approval Resolution, and we will fill those numbers in on Page 3 to reflect what is in the budget and the other Resolution is the Assessment Levy Resolution which we actually send to the Tax Collector to merge our assessment roll onto the county real estate tax bills.

Mr. Sebestyen asked are we talking about an increase for the coming year?

Mr. Moyer responded no sir.

Mr. Clark stated there is a chart at the end of the budget presentation on Page 14 which shows the existing and proposed assessments.

Mr. Cumello stated I think it was last year or the year before where the Tax Assessor got it wrong and we had to go back, and people got notices which were incorrect. Therefore, we need to ensure this does not happen again.

Mr. Moyer stated the other thing I will point out to the Board, and I think we have talked about this before, is we have a line item in here for the collection cost. It is under Administrative. We budgeted based on 2% of the roll, which is almost \$24,000 for the tax collector, but the Tax Collector in Orange County does it on a flat fee per lot or parcel basis and historically we spend \$1,300 to \$1,500 for that service. I wanted you to be aware because at the end of the year, the money does fall through to the fund balance and it is a small contingency fund, but we do budget because the 2% he could at any time say he wants 2%.

Mr. Schuett asked would you like to bring Servello in since we have some time remaining?

Mr. Moyer responded sure. Is this OK with the Board?

Ms. Hale responded yes.

Mr. Mike Swaggerty stated I took over for Derek Bueller who is the manager here. I am the Vice President and Branch Manager. This is Jeffrey Cornet. He is the Project Manager in charge of this entire development. He is here on a daily basis. I just wanted to ensure you we are well aware of the contract and are asking you to keep it. Hopefully we are doing a good job. Everything looks really well and I just wanted to ensure you all knew me and introduce myself so we may move forward.

A resident stated you are doing a good job, but I live out in front of Ridgefront Boulevard and I see workers all of the time and I just noticed some workers hanging out and smoking cigarettes and things like that.

Mr. Swaggerty stated Mr. Cornet is the gentleman in charge here. He is out here every day, including weekends, so if you have an issue, please contact him immediately.

Mr. Cornet stated I want to make one other comment. We are starting the installation of plant material which was approved. We are in Amherst which needed to be done by the lift station. We are going to get everything handled here within a week and a half to two weeks, so I just wanted to make sure you knew it was being taken care of.

Mr. Cumello asked are we grading that area?

Mr. Cornet responded we will re-sod it.

Mr. Cumello asked can you discuss briefly since we have had this changeover with the accounting, about Servello and where you guys are going?

Mr. Cornet responded we are going forward. There is nothing wrong, we are strong and we went through some changes. I guess changes are good in some aspects, but we are not slacking any of our duties and we are strong financially and we are just changing people to have more experience. They brought me on board just for that reason. I have been doing this for four years.

Mr. Cumello asked are you new with Servello?

Mr. Cornet responded I am new to Servello. I have been around for a long time though. I just want to reassure you going forward that all of the rumors you have heard are not true. I just want to ensure you of that.

Mr. Moyer asked do we get the same amount of people as you had? Has anything changed in that regard?

Mr. Swaggerty responded it is the same crew we have had for years.

Mr. Smith asked how long have you worked at this site?

Mr. Swaggerty responded I have been working here for approximately six months.

Mr. Cornet stated we still have the key people who have been on site. They are here and they are doing a great job.

A resident stated I feel that you as the landscape company are out there and you notice the grass and you see when it is not fertilized properly. We as the community have seen it deteriorate a little bit.

Mr. Swaggerty stated since you are out there so much and you see something, e-mail me and we will send out a work order to get it repaired. Let me know because that is very helpful.

A resident stated you did a walk-through the other day. Do you send information back to the CDD?

Mr. Swaggerty responded yes. We will refer to the punch list you gave us.

The resident stated I noticed everything looks beautiful.

Mr. Cumello stated at the last CDD meeting we approved all of those improvements. Could we have a view on when we think that will be done?

Mr. Swaggerty responded we should be done in two weeks.

Mr. Cumello asked will you be done with everything?

Mr. Swaggerty responded yes. We were doing work yesterday and today. We will probably bring in plants next week and start taking the old ones out and putting the new ones in, as we finish each section, we will check on it all I will make sure Mr. Smith and I communicate.

Mr. Cumello asked do you have a feel percentage-wise what your completion is so far against all of those orders?

Mr. Cornet responded we have to remove all of the old grass, after which we need to grade it out.

Mr. Cumello stated I am referring to the entire project we approved.

Mr. Smith stated approximately 10% is complete.

Mr. Sebestyen asked are we replacing the plants with something that is going to grow here?

Mr. Swaggerty responded yes.

Mr. Smith stated we also had a discussion about irrigation. I know there has been a few major fairly large water main breaks, but overall there is a bit of concern with the irrigation.

Mr. Swaggerty stated I am glad you brought that up. My irrigation technician went around and his opinion is almost all of the rain sensors are old, so I was going to actually send a proposal to do a changeout of all of the sensors which will help tremendously.

Mr. Smith stated I am going to have Russ with my office get with you and your irrigation technician and go around with you to determine what you can do.

Mr. Swaggerty stated sure. We are not going to submit a new work order or ask for more money.

Mr. Moyer stated we still have a little bit of time before we can start the regular meeting. Is there anything in your Field Operations Report we need to discuss?

Mr. Smith responded we need to discuss Christmas lights. We have approximately 19 locations which we need to decorate if we chose to do that, and the start-up just to get them set up and looking good is approximately \$300 for each location, and that is probably both sides, including walls and that is minimal decorating and then the fountains out front, you are looking at approximately \$500 or possibly a little more. I am thinking we would want to have a budget of anywhere from \$6,000 to \$7,000 for Christmas decorations.

Mr. Clark stated they are actually festive seasonal lights.

Mr. Smith stated this is the start-up cost. Every year just because of the nature of the Holiday lights, it probably will not be as much. Maybe over approximately \$3,000 for all of those locations unless they want more lights.

Mr. Moyer stated it will bring this a little under budget.

A Resident asked when does this budget go into effect?

Mr. Moyer responded the one Mr. Smith will be spending under will be the 2015 budget which goes into effect on October 1st.

The resident asked do we already have that line item there?

Mr. Moyer responded we do not, but as I mentioned before there is that tax collector number we know we probably will not use and there is some money that we could reallocate from that line item.

Mr. Cumello asked should we bill at least the line item with some minimum value for this budget?

Mr. Moyer responded yes, I think so. I will look at that rule. We will pull it out of contingencies. Last year we had \$5,000 in contingencies. We have approximately \$12,500 in this budget, so we will, if the Board is of a mind to do that go ahead take it from contingencies.

Mr. Cumello stated I think we should put at least a few thousand. We have a placeholder for it.

Ms. Hale stated maybe \$7,000 or \$8,000. He said it is going to be \$6,000 to \$7,000, so why would you put \$2,000?

Mr. Cumello responded I was not thinking in terms of worrying about funding the whole amount because we have money in the budget to do that. I was just coming from an accounting standpoint to have a line item. I will leave it up to our District Manager.

Mr. Schuett asked what are our options now on contract runs?


Mr. Moyer responded I think we just renewed the contract, but it is for a year with a fairly short termination provision and it is at convenience, not for cause. We give them 30 days notice, and if we notice during the next three or four months that, in fact, there has been a deterioration in the company, Mr. Smith has a really good specification that we use for landscape maintenance. We can get your bids back between meetings, frankly. Mr. Smith and I run around doing 20 of these Districts, all of which have this high landscape component in the budget and just about every community, you are not faced with anything exceptional because each community has its own quirks which are difficult to manage, and this one happens to be a very wet property and we need to take that into consideration when we re-do the irrigation, but most of these landscape companies are pretty good. They want to do a good job and from time to time we do see Boards which get a little upset at landscapers and they do go through the process. Sometimes it is good to go through the process of getting bids and looking at the work being done and getting updated prices, but I have to smile from time to time because there are five or six good companies and they rotate from project to project.

THIRD ORDER OF BUSINESS

Adjournment

There being no further business,

On MOTION by Mr. Cumello seconded by Mr. McCright with all in favor, the meeting was adjourned at approximately 9:50 a.m.


Gary L. Moyer
Secretary


Ronald Cumello
Chairman