

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

July 14, 2025, at 9:00 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	Finance Committee	PRESENT
Chair Howard Young	X	David Brendsel	-
Vice-Chair Peter Overs	X	Stephen Christiansen	X
Treasurer Jayne Schwarz	X	Rita Lehman	X
Secretary Bill Kulkoski	Zoom	Larry Pedersen	-
Assistant Sec/Treas Karen Mars	X	Dennis Popp	-
OTHERS		Carlton Smith	-
GM J.B. Belknap	X	Beth Tyndall	-
Controller Lynn Brew	X	Jeffrey Buxton (Alternate)	Zoom
District Counsel Tom Hart		Terry Potts (Alternate)	-
Assistant GM Karon Bennett	X	Residents	1

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:30 AM.

- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
 - a. **PROCESS**–Management will present their preliminary budget report for operation and maintenance of the Recreation Facilities for the FY2025-2026. It will identify departmental expenditures as well as the assessment and other revenue needed to fund those expenditures. The same will happen for the reserve accounts – capital and deferred – along with management’s assumptions.
 - b. On Friday, the Board of Supervisors will consider a resolution to approve the preliminary budget report and preliminary assessment roll to fund the expenditures. In the resolution, the debt service assessment (lot owner’s bond payment of \$1,424.58) is identified for each lot within the District.
 - c. Management will send the notice of preliminary budget and assessment to each lot owner. That report also includes the debt service assessment. Management will mail this package out in late July. This action is similar to the TRIM notice that property owners receive from Lee County regarding their property taxes. The mailing will include the lot owner’s notice of the Public Hearing on September 5, 2025, to adopt the FY2026 budget and the assessments.
 - d. After the public hearing and adoption of the budget for FY2026 (October 1, 2025-September 30, 2026), management will mail or electronically transmit the final amount of the assessment for quarterly payments.
 - e. The rolls for the bond assessment get transmitted to the Lee County tax collector and are included on the lot owner’s real estate tax bill.

- III. **PRESENTATION OF BUDGETS** - General Manager Belknap and Controller Brew used the mid-year review, guidance from department heads, and input from various vendors as a basis for assumptions on which the 2025-2026 budget was built.

General Assumptions - 2025-26 Fiscal Budget

- Mandatory increase in the hourly minimum wage to \$14 from \$13 for regular wages and \$10.98 from \$9.98 for tipped wages, and an increase in standard salary non-exempt level from \$43,888 in July’24 to \$58,656.
- 3% salary/wage increase for the staff based on performance.
- Forecasting 11.5% increase in P&L and D&O Insurance beginning on May26 renewal date
- The cost of Healthcare premiums is estimated to increase by 10% over FY25 projected
- 2024-25 Actuals include fiscal year-end GASB87, GASB96 & Financing Lease adjustments
- New facilities in FY’26 include storage containers, restrooms at driving range, & facilities maintenance area.

Facilities Maintenance Manager Nate Bears joined the meeting to participate in the Facilities Maintenance and Fitness Center portion of the budget review.

Facilities Maintenance

- Plan to expand staff by two to support additional facilities and amenities, and to meet service expectations
- LCEC increased rates plus new facilities coming online, including storage containers and restrooms
- 15% increase in maintenance & repair line item based on historical cost increases and additional amenities.(Includes sub-acct line items 7610-7680 & 7690)
- 4%-5% increase in service contracts based on vendor guidance
- Increased Sports Courts Maintenance line item to meet resident expectations, including more frequent clay topdressing and the scheduled purchase of HGRD supplied equipment
- Planned replacement of ice machines at #5, Cart Barn, and Pool-based on equipment reaching end of life expectancy. These are leases
- 15% decrease in chemicals from FY25 budget due to strategic comparison shopping

The group discussed restroom maintenance and renovation plans, particularly for facilities at holes #5 and #17, including painting, replacing partitions, and fixing fixtures, with a target completion date of September 30th. Management will research the cost of hand dryers in addition to towels in these restrooms to address paper towel supply issues.

Fitness Center

- No significant assumptions were made.

Discussion - It was reiterated that the proposed budget is designed to break even, ensuring that projected revenues align with anticipated expenses. The adequacy of current staffing levels was considered, particularly in light of the growing participation in activities.

Administration - Wendy Shea presented an analysis of the concert series. Proposed that concert Series tickets remain the same price as last year, \$85 each with 125-seat upgrades for an additional \$10. Individual ticket prices remain the same \$27.

The Concert Series performances are as follows:

- Saturday, January 10, 2026 - Lou Gazarra "Lou Vegas"
- Saturday, January 24, 2026 – A Night of Comedy—Lynn Trefzger & Kira Soltanovich
- Saturday, February 7, 2026 – Rachel York—" For the Love of it"
- Friday, February 20, 2026 – Fleetwood Gold

There will be a one-time evening show featuring Jayne Curry Show on Saturday, February 27, 2026.

There was a one-hour break in the proceedings for lunch. At 1:00 PM, the meeting resumed with a discussion on the Administration budget.

The group reviewed the sub-association fee increase of 3% and agreed management needed to evaluate and update costs so that the Board could revisit the underlying contract at a later date. The Board approved the transition of the HGRD Board election ballot mailing process to an internal operation of the Administration Department.

The group discussed financial planning topics, including AI implementation, credit card fees, and support services.

The group examined the annual credit card processing fees. Alternative solutions to reduce costs were discussed, including the promotion of low-fee payment platforms such as Zelle and the possible discontinuation of American


Express acceptance. Additionally, the group reviewed the postage line item and considered a phased transition to electronic billing for new residents. While this initiative was supported in principle, concerns were raised regarding equitable access for residents who may not have email.

- IV. **QUESTIONS & DISCUSSION** – No questions were asked by the public regarding the budget.
- V. **RESIDENT COMMENTS** – No comments were made.
- VI. **ADJOURNMENT** – At 1:55 PM, the meeting was adjourned until the following day, June 15, 2025, at 9:00 AM.

Submitted By:

Karon Bennett 8/18/2025
Karon Bennett, Assistant GM Date

Approved By the HGRD Board:


Peter Owers, HGRD Board Vice-Chair 8/18/2025
Peter Owers, HGRD Board Vice-Chair Date

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

July 15, 2025, at 9:00 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	Finance Committee	PRESENT
Chair Howard Young	X	David Brendsel	-
Vice-Chair Peter Overs	X	Stephen Christiansen	X
Treasurer Jayne Schwarz	X	Rita Lehman	X
Secretary Bill Kulkoski	Zoom	Larry Pedersen	-
Assistant Sec/Treas Karen Mars	X	Dennis Popp	-
OTHERS		Carlton Smith	-
GM J.B. Belknap	X	Beth Tyndall	-
Controller Lynn Brew	X	Jeffrey Buxton (Alternate)	Zoom
District Counsel Tom Hart	X	Terry Potts (Alternate)	-
Assistant GM Karon Bennett	X	Residents	1

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:00 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **PRESENTATION OF BUDGETS** - Director of Golf and Grounds Maintenance Tim Kortanek joined GM Belknap and Controller Brew to review the Golf Course Maintenance and CLIS Departments. In Head Golf Pro Bruce Harris' excused absence, GM Belknap led the review of the Golf Operations.

Golf Course Maintenance Assumptions

- Following a 2-year delay, WescoTurf is anticipating a February delivery of 5 new pieces of leased equipment (est \$375k plus interest) adds \$7,250/mo.
- Anticipating a 10% decrease in the maintenance & repairs line item based on the new equipment
- 10% increase in chemicals; 1% increase in fertilizer

The group discussed the golf course maintenance budget and expenses, focusing on the department's budget overrun due to equipment leasing, chemicals, and personnel costs. Concerns were raised about equipment wear and tear related to mowing schedules. The Board noted that while the course is in good condition, rising maintenance costs and membership fees are becoming a concern. The group is considering ways to reduce maintenance expenses while maintaining quality.

Common Lot Irrigation System (CLIS) Assumptions

- CLIS Income from HOA for common areas budgeted with a 7% increase
- 20% of the Director of GCM/Grounds' salary is allocated to CLIS
- 3% increase in Mainscape "System Maintenance" (Wet Checks)
- 21.25% increase over FY25 budget in "Time & Materials" related to replacement of valves, clogged/broken heads, and other unanticipated charges unrelated to planned 2-wire electrical improvements.

The 30-year-old CLIS has severely eroded over the last five years. The group discussed the need for the 2-wire CLIS project. The project does not replace the piping throughout the community as it would be cost prohibitive. Therefore, breaks will continue to be repaired within the budget.

Management discussed the process implemented in order to control customer service request charged. Tim will review requests and determine priority service calls vs others which can be done during routine system maintenance.

Further discussion on the financing aspect of the CLIS two-wire project took place on Wednesday, July 16, 2025.

There was a one-and-a-half-hour break in the proceedings for lunch.

Golf Pro Shop Assumptions - Membership Dues & Fees

- Resident single membership increases \$175/yr.; Household increases \$180/yr. (5%); 7% increase for non-residents
- Golf membership maxes out at 600 members (523 res and 77 non-res)
- Added 11 non-resident singles & 2 couples for additional revenue to cover GMC expenses
- 13% increase for Non-Member green fee revenue sources: Public, Member Guest, and Resident Non Member.
- New Yamaha cart lease increased by 22%

Golf-related revenues are used to support golf course playability. Efforts are made to align golf revenue with the expenses of golf course maintenance and Golf Pro Shop operations. The group engaged in a discussion regarding golf dues, the overall aesthetics of the course, and opportunities for generating outside revenue.

To support membership goals, the golf team will closely monitor golf membership sales and report updates during the October, November, and December Board meetings. The Board emphasized that specific budget cuts will be made if membership and revenue targets are not met, while maintaining the current golf course quality. The golf operations team was encouraged to actively recruit non-resident members to reach target numbers. Additionally, it was recommended that staff explore the option of opening tee times earlier to non-member players as a strategy to increase revenue.

The group discussed changes to the Hole-in-One Club. Controller Brew will update the hole-in-one club policy to make it an annual opt-in/opt-out system with automatic renewal.

IV. **QUESTIONS & DISCUSSION** – The public asked no questions regarding the budget.

V. **ADJOURNMENT** – At 1:45 PM, the meeting was adjourned until the following day, July 16, 2025, at 9:00 AM.

Submitted By:

 8/18/2025
Karon Bennett, Assistant GM Date

Approved By the HGRD Board:

 8/18/2025
Peter Owers, HGRD Board Vice-Chair Date

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

July 16, 2025 at 9:00 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	Finance Committee	PRESENT
Chair Howard Young	X	David Brendsel	-
Vice-Chair Peter Overs	X	Stephen Christiansen	X
Treasurer Jayne Schwarz	X	Rita Lehman	X
Secretary Bill Kulkoski	Zoom	Larry Pedersen	-
Assistant Sec/Treas Karen Mars	X	Dennis Popp	-
OTHERS		Carlton Smith	-
GM J.B. Belknap	X	Beth Tyndall	-
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District Counsel Tom Hart	X	Terry Potts (Alternate)	-
Assistant GM Karon Bennett	X	Residents	1

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:00 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **PRESENTATION OF BUDGETS** - GM J.B. Belknap, Controller Lynn Brew, and Food & Beverage Director Janine Stepanich reviewed the food & beverage portion of the proposed budget.

Restaurant Assumptions

- Food cost 46% - Beverage cost 28%
- Reduced H-2B staffing level to 6 from 10 in FY25.
- Storage for H-2B apartment contents will now be stored in on-site storage containers, eliminating the need for an off-site storage unit
- New dishwasher lease \$338/mo.
- Projected subsidy \$528,846

The group reviewed food and beverage operations, noting strong financial performance with revenue growth year-over-year and improved gross margins. The conversation covered banquet sales, with an understanding that wedding and event bookings are challenging due to limited local hotel options, transportation, and restricted ballroom availability due to resident usage during the season.

Management expressed confidence in the department’s ability to reduce H2B staffing levels from 10 to 6 positions without compromising service quality. The discussion continued on the importance of improving speed and accuracy by utilizing iPads for food ordering and providing training opportunities for the staff. Management was asked about ongoing challenges related to inappropriate customer behavior in the bar area. These situations are being addressed through de-escalation strategies to maintain a respectful and safe environment for both staff and guests. The Board expressed support for the current direction of Food & Beverage operations.

IV. **BUDGET REVIEW – Reserves**

The group discussed the reserve model, which includes items formerly shown as capital and deferred and the 2-wire CLIS project. The model is based on 10 years of revenue and expenditures. The Club Benchmark tool is used for planning of asset (cost \$5,000 or more) replacement, deferred maintenance and small equipment. In addition, the 2-wire CLIS project requirements were added to the model. The model uses a 3% inflationary rate each year for 10 years. The board decided to propose funding the budget for the inclusion of the 2-wire project by drawing down reserves and spreading an estimated cost over 10 years. This resulted in a normal 3% reserve increase plus \$50 for 10 years. The balance in the

reserve accounts was discussed, recognizing the reserves are less than some desired. However, as the Finance committee members and board members discussed, the separate Losses Reserve Fund was over \$625,000. The Board discussed the balance between maintaining adequate reserves and minimizing financial impact on residents.

Six companies attended the mandatory pre-bid meeting for the CLIS two-wire construction portion of the project. Bids are due July 24, 2025, at midnight.. The project has an estimated 110–120-day installation timeline. The project construction bids will be reviewed by the Finance committee and recommendations provided at a later Board meeting. Any proposed assessment for reserves may be adjusted based on construction estimates received.

- V. **RESIDENT COMMENTS** – No resident comments were made.
- VI. **QUESTIONS & DISCUSSION** – The public asked no questions regarding the budget.
- VII. **ADJOURNMENT** – At 12:40 PM, the meeting was adjourned. Having completed all their business, the Board canceled the meeting scheduled for Thursday, July 17, 2025.

Submitted By:

Karon Bennett *8/18/2025*
Karon Bennett, Assistant GM Date

Approved By the HGRD Board:

[Signature] *8/18/2025*
Peter Ovens, HGRD Board Vice-Chair Date

All Projects Were
Completed by the end
of Day Three.

**Day Four was
Canceled.**

HERONS GLEN RECREATION DISTRICT 2025-2026 PROPOSED OPERATING BUDGET

	2024-25	2024-25	2025-26		
DEPARTMENTS <i>(rounded)</i>	BUDGET	Y/E PROJ	BUDGET	\$ Δ	% Δ
Administration	\$ 1,276,194	\$ 1,233,281	\$ 1,305,854	\$ 29,660	2.3%
Food & Beverage	549,860	408,491	528,846	(21,015)	-3.8%
Facilities Maintenance	960,379	895,047	1,019,841	59,463	6.2%
Irrigation (CLIS)	313,028	377,147	355,794	42,766	13.7%
Fitness Center	65,872	56,210	63,650	(2,223)	-3.4%
TOTAL:	\$ 3,165,333	\$ 2,970,175	\$ 3,273,985	\$ 108,651	3.4%
CAPEX & DEF MAINT RESERVE	\$ 536,900		\$ 617,500	\$ 80,600	15.0%
TOTAL ANNUAL ASSESSMENT	\$ 3,702,233		\$ 3,891,484	\$ 269,851	5.1%
GOLF OPERATIONS					
Pro Shop	\$ 1,796,116	\$ 1,916,255	\$ 1,998,768	\$ 202,652	11.3%
Golf Course Maint	(1,796,116)	(1,861,650)	\$ (1,998,768)	202,652	11.3%
NET GOLF OPERATIONS:	\$ 0	\$ 54,605	\$ (0)	\$ 0	
Golf Membership Fees	2024-25		2025-26		
Resident Household	\$ 5,600		\$ 5,880		5.0%
Resident Single	3,500		3,675		5.0%
Tennis Association Fee	\$ 4,000		\$ 4,200		5.0%

	2024-25	2025-26	2025-26		
O&M Assessment per lot: <i>(rounded)</i>	Annual	Annual	Quarterly	\$ Δ Annual	
O&M	\$ 2,435	\$ 2,518	\$ 630	\$ 83	3.4%
CapEx & Def Maint Reserve (Calc Based on Model)	413	475 *	119	62	15.0%
Total Assessment	\$ 2,848	\$ 2,993	\$ 748	\$ 145	5.1%

* Includes \$50 annual increase in reserves to supplement the funding of the CLIS 2-wire project

Debt service (bond payments) are an amount of \$1,424.58 per year, which will appear on your Lee County Property Tax bill