

SOUTH VILLAGE  
COMMUNITY DEVELOPMENT DISTRICT

The Board of Supervisors of the South Village Community Development District conducted a workshop on Thursday, January 19, 2017 at 6:30 p.m. at the Eagle Landing Residents Club, 3975 Eagle Landing Parkway, Orange Park, Florida

Present and constituting a quorum were:

Gary Cross	Chairman
Grant Krueger	Vice Chairman
Kelly Hermening	Supervisor
Chris Payton	Supervisor
Bobby J. Poole	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Rob Dugan	Arnold Palmer Golf
Corey Hamlin	Arnold Palmer Golf
Josh Heintzman	Arnold Palmer Golf

The following is a summary of the actions taken at the January 19, 2017 workshop. A copy of the proceedings can be obtained by contacting the District Manager.

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Oliver called the workshop to order at 6:30 p.m., called the roll and stated we originally scheduled the workshop with the sole purpose of going over the onsite staffing and coming up with plans to improve that process either by tightening up the scope or getting proposals. At our last meeting at the top of the meeting the developer of Eagle Landing presented a proposal to the board with an offer for the board to consider annexing what is known as West Bank, which represents 170 units and he had ten negotiating points on that proposal that he shared with you that night. One of those negotiating points also impacts the staffing we have onsite. The timing is good for us to be able to discuss both those issues at tonight's workshop.

**SECOND ORDER OF BUSINESS****Discussion of Westbank Property**

Mr. Oliver stated Mr. Arrowsmith is out of the country and Dean of East West will be joining us by phone in case we have any questions regarding the Westbank issue.

In your agenda packet are the original 10 negotiating points, a map that shows the 170 units in West Bank and the same 10 bullet points and maybe some thoughts to consider as we talk about each of these.

1. Annex 70+ acres into the CDD with all costs paid by East West Partners.
2. Anticipated that the process will take approximately 3 years.
3. Since this will effectively extend the development life of Eagle Landing, we propose leaving the operations, management and funding agreements as they have been for the life of Eagle Landing for the next three years.
4. There will be approximately 170 lots in Westbank.
5. There will be an extensive passive recreation facility with playfields, playgrounds and other features to be worked out in conjunction with the CDD at a budgeted cost of \$500,000.
6. When built out the lots will pay O&M fees of \$226,440 per year forever.
7. Westbank will pay to South Village CDD a fee of \$3,000 per lot at time of closing for a total of \$510,000.
8. South Village CDD will decide how #6 and #7 are spent or placed in a reserve fund.
9. The 170 lots will pay the \$500 Eagle Landing Golf Club social initiation fee for another \$85,000.
10. O&M costs for the annexed land will be minimal. I'm assuming he means until the are developed platted and sold.

For some of the items I don't have any comments for discussion because they are pretty cut and dry. The timeline if you were to entertain bringing this land into the CDD item 2 is their estimate and it can certainly change.

Mr. Poole stated there was one other statement Roger made and it had to do with the relationship between continuing contributions on the part of the developer as it related to any deficits associated with our budget. This is not clear and I think that was in line with looking at a prior proposal that had been made about reducing the amenity fees increases and terminating the developer's contributions. Did I understand that correctly?

Mr. Oliver stated yes. I think that is broadly covered in item no. 3 that says this will effectively extend the development life of Eagle Landing, we propose leaving the operations, management and funding agreements as they have been for the life of Eagle Landing for the next three years. We had these deficit funding agreements with Eagle Landing since inception of the district but for FY 2017 East West has been saying we don't want to have deficit funding agreements anymore so in lieu of that for FY 2017 is simply not have an increase in the value of the cost of the amenity management agreement but we will absorb any additional costs beyond the current contracted price of \$448,000. What they are saying here is that they would go back to having developer funding agreements if needed. Granted I think we are probably at the point that it is not that we need developer funding agreements anyway for operation and maintenance but that is to be determined. I think we are pretty close to balancing things as they were. The bigger part of that point is the thought of leaving the existing contracts in place in whatever form they are. The four bullet points that we can discuss, are deficit funding agreements for O&M needed. Is no. 3 deal point critical is that a nice thing to have or is it a deal killer. Even if you did extend contract extensions annually for three years you still have and will have a termination clause and no. 3 if you were to go down that road I think the board has already expressed you probably want to restructure in terms of performance evaluations and how these contracts are executed and managed. This discussion is going to help us go back to the developer at some point when you are ready to do that especially if you appoint a supervisor to work with staff and say the board has looked at these, this is how we feel about some of these and we also need to talk about the other things.

The board discussed the proposal at length and agreed to have Mr. Payton sit down with Mr. Arrowsmith and discuss the following deal points.

1. Find out if continuation of the existing management agreements is a deal breaker and see a sampling of agreements for comparison. If we keep management agreements is he open to potentially amending the scope to make some changes.

2. Deficit funding agreement is probably worthwhile to include that as a point of negotiation so we can provide for capital improvements that are consistent with our report that has been approved and adopted. What are the parameters as to a cap and a minimum?

3. Confirmation that the CDD has input or approval over whatever the new amenities may be

4. No cap on O&M on no. 6 – that goes up and down and fairly and reasonably apportions debt service payments

5. Is the \$3,000 per lot payable to the district in lieu of debt service assessments for recreational bonds and refunded bonds or is this in addition to. Debt service has to be fairly and reasonably allocated and a \$3,00 buy in for debt service in Phases 1 – 5 is probably \$16,000 per unit.

Ms. Buchanan stated I will summarize this conversation and distribute it to each of you so you can provide feedback. I assume we want someone to go over these points with Roger prior to our February 7<sup>th</sup> board meeting.

Mr. Payton was authorized to discuss these items with Mr. Arrowsmith.

**THIRD ORDER OF BUSINESS**

**Discussion of Onsite Staffing, Organizational Structure, Duties and Responsibilities**

Mr. Oliver stated a little over two years ago the board started a process of putting together an RFP to solicit proposals for certain services to see if we were getting competitive pricing. It was not a reflection on the quality of work that was done and at the January 15<sup>th</sup> meeting we heard the proposal from the developer about selling the golf course to the district. This is a great opportunity to go over the contracts that we have and maybe the department heads that are here have suggestions as to how to do things better and after that discussion we can decide what the next step is. We do have a proposed scope in the package but that is a scope from another CDD, there are a million ways to do it.

**1. Golf Management**

Mr. Krueger asked what would you like to see changed in this contract?

Mr. Dugan stated the term is a one-year term normally when we partner with developers or management, municipalities or CDDs we normally are in three to five year agreement or with Disney we had a 20 year management agreement. The length of term is something we can discuss if you choose to continue our services. We need to partner with you on some of the capital improvements and that might be outlined a little better in the management agreement but this agreement is pretty standard and what we usually use in our properties when we partner with developers or municipalities and the like.

Mr. Hermening stated I met with Corey and Rob this afternoon and had a good discussion about the goals and a lot of our goals have come from the golf course working group they have worked with for the past 2 ½ years. It is up to us to make sure that management is doing what they have agreed to do.

Mr. Cross stated I would like each board member in three areas, the golf course, the pool area and gymnasium to come up with three priorities for a total of nine with what you think should be implemented in those areas. It could be major or minor for at the next board meeting.

Mr. Krueger stated as far as management and possibility of continuation with Arnold Palmer I think they are doing what we ask them to do. We have renovation of the clubhouse coming up and we can use their knowledge and so forth. I think we need to very shortly decide whether we want to go out for proposals or if we want to just continue on.

Mr. Cross stated I think we need to go out for proposals. We need to know what we have, paying the right amount for it, if we are getting our moneys worth. If for no other reason I know nothing of running a golf course and restaurant. It also makes them more competitive. There are things wrong and I don't blame the management company per se with the things that are going on with the golf course restaurant. I think the board needs to pay closer attention to what is going on over there and not only them but East West also and get a little more bang for our buck.

Mr. Payton asked do you have substantial changes because we would like to get this process started.

Mr. Cross stated I didn't when I looked it over.

Mr. Payton asked what about Corey's suggestion that it be a three or five year contract?

Mr. Cross stated I prefer a three-year contract.

Mr. Hamlin stated I would have to speak to our counsel in Texas but in addition to our management of the property we also tried to be a good partner and provide services to figure out capital whether it be golf course maintenance equipment or if we feel like we have the best person in our company working on the golf cart lease trying to figure out what we can do to be a good partner there to help with the golf cart lease. With the clubhouse renovation you tasked us with starting the process of trying to figure out your clubhouse renovation. We have gone down that road and generated some proposals and we feel like we have been a good partner there as well.

Mr. Poole stated basically I think we all wanted to go out to bid.

Mr. Dugan stated we may not be able to do that with this existing three year, we still have overlap between what is happening over there and what is happening over here. I have a food and beverage manager over there I have food and beverage services here that have nothing to do with over there. I don't know if you want to pull that scope out of both agreements put that off or add it to this agreement or add their food and beverage into this agreement, I think they need to be under one agreement. It is silly to have multiple contracts for food and beverage.

Mr. Biagetti stated if we are looking at Arnold Palmer running the café and cabana bar and that's it there is a lot of difficulty there just from an operations standpoint unless someone is going to be here from Arnold Palmer 24/7 especially in the off season

Mr. Hamlin stated in our larger properties such as Disney or PGA National we have a very clearly defined organizational chart that would speak to what each job description is and what their duties are.

Mr. Andersen stated you could separate the two, you could still combine the food and beverage at both locations you are just going to have to use that organizational chart as an example. You would have one person doing all the ordering and could still be staffed by separate people.

Mr. Andersen will provide a scope of services he has used and Mr. Biagetti will also provide a scope of services based on the size of club, membership revenues and expenses.

## **2. Amenities Management**

A copy of the agreements past and present were provided and the following topics were discussed.

Staffing levels, quantity of staffing, determine whether or not you are understaffed.

A better view of what the district is paying to manage the place, management and staffing.

Increase in responsibility, increase in employees, additional maintenance person.

Maintenance and repair of facilities.

Draft amendment to include maintenance person – see if Roger will cover that cost.

Management contract needs to cover maintenance of all facilities.

**3. Operations Management**

The original agreement for EL Amenities management and operations management from 2008, an updated version dated 2013 and a second amendment dated 12/2015 was provided for discussion that resulted in the following.

Line item descriptions need to be better defined.

Breakdown of management positions and better descriptions of management positions.

**FOURTH ORDER OF BUSINESS**

**Discussion of Process for Solicitation of Proposals for Onsite Management Services**

Mr. Oliver stated there are a lot of ideas floating around, behind the first tab is a very comprehensive scope and the next one is a scope we would circulate for most of our other districts.

As we go out to get competitive proposals if that is what the board decides to do we will come up with a very comprehensive scope or we can come up with what we want accomplished and let the vendors that propose tell us how they would accomplish that and what it would cost.

Mr. Poole stated I thought we wanted to get some input from people who have greater knowledge base than we do so we would tend to go with some definition.

Mr. Oliver stated we can get agreements from other districts in short order and email them to the board. If you have any decisions to make you can give the board guidance during the continued meeting.

**FIFTH ORDER OF BUSINESS**

**Audience Comments**

There being none, the next item followed.

**SIXTH ORDER OF BUSINESS**

**Next Meeting Scheduled for Tuesday, February 7, 2017 at 6:30 p.m. at Eagle Landing Residents Club**

Mr. Andersen stated at the last meeting the board voted to hire a new landscape company and it saved us \$130,000. Can the board put that savings into a line item to hire a new maintenance man.

Mr. Oliver stated it can't be decided at this workshop but it is something that should be looked at as we look at the other options.

On MOTION by Mr. Poole seconded by Mr. Krueger with all in favor the workshop adjourned at 8:55 p.m.