

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, March 1, 2016 at 6:35 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
Richard Townsend	Supervisor
Chris Payton	Supervisor
Bobby J. Poole	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager

The following is a summary of the actions taken at the March 1, 2016 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 6:35 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Discussion of Due Diligence Matters

Mr. Oliver stated item three is discussion of due diligence matters in particular to discuss a survey of the golf course. Over the course of the last two meetings you approved proposals for surveying services. On February 2, the Board approved a proposal by Eiland Surveyors with a not to exceed cost of \$40,000. After additional review of the project, Eiland determined the cost would greatly exceed their initial rough proposal. On February 18, the Board considered a

proposal from Clary & Associates Surveyors with a not to exceed cost of \$35,000. Unfortunately, after project review, their refined numbers came in above \$60,000.

Mr. Hadden stated the reason prices went up is the type of survey they have to do and the amount of survey, it is all direct labor cost. There are thousands of points they have to locate and physically set in the ground.

Mr. Andersen stated Clary & Associates is a large firm and they work closely with Eiland. Eiland has a lot of the GPS coordinates they will transfer to Clary and that keeps the price down somewhat even though they are pretty expensive at \$68,000. Eiland can do it the cheapest, but also take the longest and it is going to take a while, it is all manpower and they are a small shop. It could take significantly longer up to a month or two. Bartram Trail Surveying is in the middle. I don't have any personal experience with them. I know by word of mouth they are a decent company but they are also a smaller operation.

Mr. Andersen stated as far as a recommendation, I think the best value for the community is Clary & Associates just because of their working relationship with Eiland Surveyors, getting all the information transferred over to them and they also have a 60 day timeframe and they are very confident that they have the manpower to get out here and get it done.

<p>On MOTION by Mr. Cross seconded by Mr. Payton with all in favor the proposal from Clary & Associates to perform the survey of the golf course in the amount of \$68,000 was approved and the chairman was authorized to speak with the developer on sharing in those costs.</p>
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Mr. Oliver stated district counsel, the vice chair and I had a discussion about the due diligence process. The vice chair and I also had a discussion with National Golf Foundation regarding their assignments as part of the due diligence project. There is nothing to update other than it is being conducted right now. We don't have any specifics. One thing NGF did say to me yesterday, as did Charlie Shepherd of Community Advisors, they have not found any red flags that they are concerned with.

Ms. Buchanan stated I would like to update the board that East West has provided its initial set of documentation to our office for review as far as their financial records and contracts and leases. It is a very large drop box file and we are in the process of working through that but it is nice to know that East West is moving things along.

Cost of Issuance

Mr. Oliver stated the document you have in hand was updated March 1, 2016 by the underwriter. I want to hit a couple highlights on this and we can discuss this by phone after you have had a chance to absorb it a little bit. On the front page it actually shows two different sections, one is due diligence work being done and the associated costs allocated to the different bond issues. The other section outlines the typical costs of issuance, such as bond counsel, disclosure counsel, district counsel, trustee, trustee's counsel and several other costs. You can as you move down the list there are a lot of people involved in a bond issue. The total estimated cost of issuance for due diligence is shown as \$207,000 and that went up a little bit tonight. If you look at due diligence, you will see under surveyor we estimated \$57,250. Tonight you selected Clary & Associates at a cost of \$68,000, so the due diligence costs bottom line is going to be increased accordingly.. The estimates on the document we are reviewing now is based on a call we had at 1:00 p.m. this afternoon.

The total cost of issuance is based on the projected par amount of bonds in the amount of \$28,580,000. The first one for assessment area 1 is for the refunding bonds at \$17.1 million and that will be to pay off the existing 2005 bonds for the areas phase 1 – 4. The next column is the new money bond and that is \$5.6 million for phase 1 – 4 and if you look at area 2 that is the third column for the 199 units that Dream Finders now owns that is a total bond issue of \$5.7 million and that is to pay off their share of the series 2005 bonds and for the new money issue. If you recall the new money issue \$1 million of it will be for Phase 5 neighborhood infrastructure. The bondholders are loaning \$1 million to the district and only phase 5 properties will be assessed to pay back that debt. If there are any problems collecting those funds for debt service payments, only phase 5 lands are affected. It does not impact phases 1 – 4.

Ms. Buchanan stated before we flip the page look right above the blue header you will see percentages and I want to help you understand how we are going from what we had talked about before, which is refunding bonds to certain bonds just on phases 1 – 4 and certain bonds that are just on phase 5. When you see the percentages 66%, 18.86% those percentages add up to the combined number of phase 1 – 4 lots. The first two columns are the costs that are borne by area 1, which is the developed property. Area 2 is the third column with the 199 lots at the top and the thing to remember there is that 14.72% is the proportionate share of the district's

costs and refunding bonds that Dream Finders is paying. The Dream Finders number is inclusive of their proportionate share of the golf course and the rec improvements and in addition it includes the extra neighborhood bonds but that 14.72% is there to make sure that it is clear we are allocating to them their portion of the costs.

Mr. Oliver stated flipping over to the next page, it details the project costs. The mailed notice to all landowners announcing the March 21 assessment hearings also mentioned the the new money bonds are to fund the golf course acquisition, the four tennis courts and other capital improvements. You will see those other capital improvements they total \$1,079,000 and you can see those capital improvements in each of those line items under the projects. Phase 5 is paying their proportional share of those improvement, 14.72% of the cost. If you go all the way to the bottom you will see the different capital projects, other capital projects other than the golf course and this shows the amount of funds derived from each of those bond issues that will go toward those capital projects. At the last meeting, you approved the supplemental engineer's report, which included the golf course acquisitions, other recreational improvements and the \$1 million for infrastructure improvements in phase 5. Stripping out the phase 5 improvements and the golf course acquisition, that leaves us \$1.3 million in proceeds for an estimated \$1.7 million worth of projects. As is true for every board, you are going to have to prioritize your projects and run a tight budget. Some projects may end up costing more than you anticipated and some projects may come in under budget. The fact is the money that you realize from this bond issue is your only funding source for these projects. This District does not have a big rainy day fund you can dip into if you run over budget. In the unlikely event that you have significant proceeds left over after you accomplish all of your projects, that money would be used to redeem bonds. However, you have slightly more in projects than you have money available, so I don't think you are going to have that dilemma.

FOURTH ORDER OF BUSINESS

Discussion Regarding Upcoming Public Hearing on Assessments

Mr. Oliver stated as we approach the upcoming assessment hearings, this it is probably one of the most significant transactions members of this board have ever accomplished and certainly most significant for the community. We have had some good conversations with residents during phone calls that were generated from mailed notice, really lengthy phone calls going into details. As many of those calls that supervisors and staff can field before the

assessment hearings is great. It gives residents people who are just coming into the process a better understanding of what is going on. We have no idea how many people will show up for the public hearing. Sometimes we will have a public hearing and 10 people will show up, we had 10 people at Bartram Springs in Duval County last week and they had a bond issue that was generating \$1.386 million a much smaller community than this, although very similar in total number of units. In Capital Region, which is a district in Tallahassee, we held the meeting at the high school because we anticipated a big crowd and 120 people showed up. You don't know how big the crowd will be, but if you have a lot of people it is very important that we run a very organized meeting so everyone has the chance to make their comments to the board. To that end, the board follow as closely as possible the District's rules of procedure when we get to the public hearings portion of the meeting, after we have had a detailed review and explanation of the process and projects for the audience. Residents who have not been coming to meetings in the past they can hear how we got to this point, what is anticipated and , what the board's goals are. Once you have done that and had some board discussion, we would open up the hearings for public comment. When we get to that point we will make some announcements to the audience how that will be conducted and essentially when you open that, the chairman will be in charge and recognize people to make their comments. Anyone on the board can react to comments and there will be some discussion based on comments. Sometimes people just come to make a comment. Sometimes they will ask a question. I need the chair to run that portion of the meeting and if the chair wants a specific staff member to answer a question just direct us to do so and we will do that. The rules of procedure allow the district to limit comments to about three minutes and that is certainly something that you don't want to be strict to the second on, but at the same time you don't want someone to take that three minutes and turn that into nine or ten minutes because it is unfair to other people who may want to make comments. You may end up having a small group like this, which gives you a lot more latitude to take lengthier comments. That is how the public hearing is conducted, we want everyone to be heard and if it is something we can answer in real time while we are there we will certainly want to do that.

Ms. Buchanan stated just to follow-up on what happens after you hear the public comment at that point you have the opportunity to discuss among yourselves whether there is anything you would like to change. If you felt like you needed to adjust the assessments or if you wanted to change the project that is your opportunity as a group after you have heard the

comments or read anything that was submitted to make such a change. Once you reach a consensus then you will vote to levy whatever assessment you pick and that is a vote to equalize the assessments. Once you have done that and laid it on your number then that will be adopted via four separate resolutions, similar to the way we had four separate resolutions for each assessment series at the last board meeting.

Mr. Oliver stated you can make changes to the proposed assessments as a result of the hearings. You can lower assessments from amounts included in the mailed notice and newspaper notices as a maximum assessment. We can't make a decision to issue more bonds and increase assessments beyond what we noticed, but you certainly can go down as a result of some of the comments that you hear at the meeting.

Ms. Buchanan stated if we get any written objections prior to the meeting we will send them to you in advance so you have the opportunity to review them.

FIFTH ORDER OF BUSINESS

Other Business

Ms. Buchanan stated I passed out an updated timeline and I wanted to let you know that we have filed the validation complaint, we have been working with the assistant state attorney to make it as streamlined as possible. We have a hearing date set for April 7th, which means we would get a certificate of no appeal from the court assuming no one appeals the judgment on May 7th or 8th and at that point the district would be legally authorized to close on the bonds. We are still in line to move forward as planned on the validation track.

SIXTH ORDER OF BUSINESS

Supervisors Requests and Audience Comments

Mr. Poole stated there has been concern among the residents about how we can become a gated community. I know we discussed this before and I ask if counsel could provide some broad comments about that process as well as the financial implications if you wanted to move in that direction.

Ms. Buchanan stated in this particular district the roads are owned by the county so we have no ability to control or gate them. They are public roads just as CR 21 or CR 23. The district is a government entity so its roads and parks are free to use by the public. Otherwise, the bonds that we issued that are the subject of this conversation, if the district were to use them for private use meaning we didn't open them to the public, they would be subject to a change in the

tax exempt status. The bonds would go to taxable bonds and would be less valuable to a bondholder.

Mr. Poole stated financially there would be a significant financial cost if somebody wanted to go through a reversion process or a reversion process is not possible at all.

Ms. Buchanan asked are you asking could we acquire the roads back from the county, is that what you mean by reversion?

Mr. Poole stated whatever the requirements are in order to move in that direction. What is it that one would have to do if they so chose to do that? What are the financial implications as it relates to the assets that have been turned over to the county, any bonds that have been issued and the entity that has been given preferential treatment as it relates to finances? It would appear to me that there are some insurmountable financial challenges that we would be facing.

Ms. Buchanan stated yes, there are. In the first instance you have to pay to negotiate with the county to get the roads back and that would cost a fair amount in administrative time. Once you own the property you would have to figure out a way and this is speculation I have never done it but you would have to figure out a way to repay those taxes and funds that were spent on the roads with funds that came from private use. You could levy an assessment to do it but it would be a pretty big hit to the residents and for a one-time assessment to refund those bonds. Then you ultimately have to maintain and operate that roadway system for the lifetime of the roads.

Mr. Poole stated I'm not advocating that but many times residents ask a question and they have no understanding of what a reversion process would entail or financially cost.

Ms. Buchanan stated the financial aspects upfront trying to repay those taxes and bonds would be impossible. I don't know what the proportionate share of each property is but I imagine the roadway system cost tens of millions.

Mr. Hadden stated the roads and drainage in Phase 5 and you can see how that compares size wise and everything else is \$2.3 million so that is what it costs to put those in the ground.

Ms. Buchanan stated our original entry road construction, which doesn't include all of the roads within the district just the main one was approximately \$2.1 million. I can only imagine that if that is what we spent there would be a fair amount of soft costs associated with going back through our invoices and making sure that is actually what we spent on the roads as well as the

offsite road conditions, which is \$2.7 million you are looking at \$4.8 million divided by 1,300 units.

Mr. Oliver stated these were 2004 costs. It is cost prohibitive.

Mr. Krueger asked as far as property taxes on the golf course as it stands right now they are being taxed as a private entity. Once we take over is that something you will work on or how does that work?

Mr. Oliver stated we will. The clubhouse at Eagle Harbor is taxed and that would likely be taxed here.

Mr. Krueger asked what is that process?

Ms. Buchanan stated every year Jim's office makes applications for exemption from non-ad valorem tax.

Mr. Oliver stated we will request an exemption for the entire golf property. There is a good likelihood portions will be denied.

Mr. Krueger stated but they would reduce it to just the clubhouse.

Mr. Oliver stated right.

Mr. Payton stated also at the HOA meeting there was a lot of discussion about the HOA has a large sum of money that they can spend. There is a lot of finger pointing that the CDD could not legally accept money from them in any way, shape or form. My understanding from Katie is that they are more than welcome to spend that money on us. We would have to approve it and make sure that what we want to be built and allow them to use the land but stating that we would reject money from anybody is not true.

Ms. Buchanan stated that is correct.

A resident stated I was surprised at how many people at the HOA do not know what the CDD does in the community because they were talking about roads and common areas and a couple of us basically said you have to come to the CDD meetings. We had three times this amount of people at the HOA meeting. I know you advertise quite a bit and keep advertising and get the word out.

A resident asked the final number of the new money is what?

Ms. Buchanan stated for Phases 1 – 4 it is \$4,140,000.

A resident stated I remember in earlier meetings that this money had to be directed to capital improvements. You were talking earlier about the costs may go up over time. What

ramifications do we stand to be hit with if we don't have the money to complete a capital project this was assessed for?

Mr. Oliver stated when I talked about the capital improvements to be funded by this bond issue I was just saying within those projects that are contemplated by the engineer's report those are estimates. There may be some of those projects when we go out to bid that come in a little higher than anticipated; some costs may come in lower. It is just something we are going to have to manage closely and not necessarily do all the projects at once because you want to make sure you handle your top priority projects first. Typically we want to look at a three-year horizon to execute these funds. I would imagine the project will be complete within three years, but we will get moving pretty quickly. Hopefully, a lot of these renovations, especially this aquatics facility, would occur next off season for the pool. The three-year period is a rule of thumb and there is some flexibility if we are continuing to work toward project completion, that but I don't think that is going to be an issue.

A resident asked what are the improvements to be done? What are we paying for?

Mr. Oliver stated one group of funds is for renovation and upgrades to the aquatics facilities, which may include upgrade of diving board and platforms, installation of lights, renovation and update of pool equipment and building, improvement of slide and slide steps, upgrade of pool Marcite to 15 year commercial grade. That project is at an estimated cost of \$435,000 and that can move up and down. The golf practice facility upgrades, one is construction of a short game practice facility and the other is upgrade of equipment that is \$35,000. Tennis facility expansion, which may include planning and construction of four additional courts, installation of drinking fountains, fences and security system \$240,000. Playground expansion, complete planning and installation of additional neighborhood parks \$200,000 allocated for that. Athletic center renovation, which may included improvement and addition of fitness equipment, improvement of access points and security upgrades, heating and air conditioning upgrades, installation of security system \$115,000. Golf clubhouse modifications \$354,000, design modifications, upgrade of equipment, lighting upgrades throughout all areas, expansion of dining area and installation of security system. These are all cost estimates and the firm scopes have not yet been drafted. There is a lot of design work to be done and that will be reviewed at public meetings because this is a governmental entity. It is going to take significant time to go through this process and your input will be valuable as we

work through the process. Purchase of the golf course is the largest use of bond proceeds., The golf course acquisition cost is \$2,621,000.

A resident asked what is the status on the pool? Has there been any interim maintenance done to take care of it for the summer? Is everything in good working order?

Mr. Biagetti stated everything is good, we had one last seal for the main pool, he did it in December and we had another leak in the seal so he is doing it for us. We are ready to go. Next Friday is spring break and hopefully we will have good weather for it. The café will be open the pool will be open and the cabana bar will be open this weekend.

A resident asked is there any money for the waterfall?

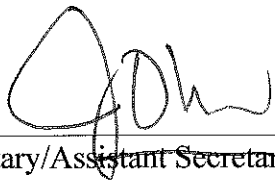
Mr. Andersen stated it is getting fixed.

SEVENTH ORDER OF BUSINESS

Next Meeting Scheduled for Monday, March 21, 2016 at 6:30 p.m. at Plantation Oaks Amenity Center

Mr. Oliver stated the next scheduled meeting will be March 21, 2016 at 6:30 p.m. at the Plantation Oaks Amenity Center across the street. It will be largely the public hearing in dealing with those issues, it won't be a regular business meeting.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the meeting adjourned at 7:30 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman