

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, November 17, 2015 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
Richard Townsend	Supervisor
Chris Payton	Supervisor
Bobby J. Poole	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel (by telephone)
Sarah Warren	Hopping Green & Sams
Keith Hadden	District Engineer
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Rhonda Mossing	MBS Capital Markets
Josh Smith	Century Golf
Mike Brooks	Century Golf

The following is a summary of the actions taken at the November 17, 2015 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 6:30 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

**Approval of the Minutes of the October 6,
2015 and October 14, 2015 Meetings**

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the October 6, and October 14, 2015 meetings were approved.

FOURTH ORDER OF BUSINESS

Ratification of Audit Engagement Letter with Berger Toombs Elam Gaines & Frank to Perform the Audit for Fiscal Year 2015

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the engagement letter with Berger Toombs to perform the fiscal year 2015 audit was ratified.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2016-01 Amending the Fiscal Year 2015 General Fund Budget

Mr. Oliver stated the next two items are budget resolutions and any line item that is over budget we have to bring into balance and we do that by using funds from line items with surplus.

On MOTION by Mr. Poole seconded by Mr. Krueger with all in favor Resolution 2016-01 was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2016-02 Amending the Fiscal Year 2015 Recreation Fund Budget

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-02 was approved.

SEVENTH ORDER OF BUSINESS

Matters Relating to Financing and Purchase of Eagle Landing Golf Course

Mr. Oliver stated we started this conversation in January as you were getting ready to determine how to refund the bonds. The golf course became available for purchase and you began negotiations with Mr. Arrowsmith has been negotiating with the district on behalf of the ownership team. You engaged a company called NGF, National Golf Foundation Consulting to do an evaluation on the golf course. Several months ago you made a decision that you did want to move forward with purchase of the golf course and you have been involved in negotiations. At the last meeting held October 14th you made a decision to purchase the golf course and

directed staff to put together a purchase and sales agreement. A draft was provided to the seller for review and comment.

I spoke with Roger Arrowsmith today on behalf of the selling group and he pointed out that he is still in negotiations for the sale of Phase 5. The current potential buyer asked for an extension of the due diligence period. Roger extended the period to this Friday. I think everyone can be optimistic that there is going to be a qualified buyer for Phase 5 it just isn't necessarily the one he is talking to now. There are three other parties interested in purchasing Phase 5 and they each understand the process is to move quickly.

We will talk about it more when we talk about the bond restructuring. The entire deal including the refunding of the bonds is based on the fact that we need Phase 5 to be sold and the bond debt paid off by the buyer of those lands so that we could have the right percentage of rooftops to make this a marketable bond deal.

A. Review of Proposed Bond Structure

Ms. Mossing stated we talked in March about the potential bond structures for the refunding and for the golf course bonds and because of the concentration of debt on the vacant lots and particularly on Phase 5 property we are not in a position to be able to recommend that you go into the market to refund your bonds because we don't feel that you can get an investment grade rating. You need that investment grade rating to get a good interest rate on the bonds when you enter the market. With the sale of Phase 5 and the payoff of the debt on that property it decreases the concentration of debt so that when you go to market those bonds you stand a better chance of getting an investment grade rating on the bonds. This probably sounds redundant to you because we reported this to you six months ago.

At your counsel's request and based upon the purchase and sale agreement that you have been looking at and discussing with the developer of Phase 5 and the seller of the golf course they asked me to run two refunding scenarios, which are in your agenda package and are on slide 3. The two scenarios we ran were based upon first the purchase price of the golf course of \$2.5 million plus additional funds for tennis courts that were in the purchase and sale agreement that were discussed and some additional funds for improvements for a total net proceeds of the bond issue of approximately \$3.17 million. That is all encompassing. This is a wrap around financing

so it wraps around the refunding bonds and basically it means that most of the debt service on the golf course is paid at the tail end of the refunding bonds.

The second scenario we ran is for \$3.5 million to see what the increase in the assessments would be for generating a little bit more money for additional capital projects for your recreational facilities that you currently have to do some additional renovation. We ran those two scenarios and that result was on the first scenario it would be an increase of about \$14 per year and the second scenario was an increase of about \$28.41 per year.

Slide 5 gives you an estimate of what we were estimating the cost of issuance would be for the two bond issues and that is based on our experience in the market and what the consultants have seen over the last year or so on refundings and new money bond issues.

Slide 6 is a recap of your assessment roll and the status of development and the project based upon your current assessment roll statistics that we found for this year.

Slide 7 shows an overview of the market and what it has been doing the last couple of years and basically shows that we have held steady during 2015.

The remaining slides are the same slides you saw nine months ago that show what you need for an investment grade rating when we go to the rating agencies and why it is important that we don't go into the market before we are ready because we want to get the best interest rate that we can. We did some work on slide 14 to give you an idea of what the golf course O&M budget will probably look like. You will need to adopt an O&M budget when you acquire the golf course and we will be working with your staff to try to help them put together an operating budget but this is to give you an idea of the different line items that you will be looking at and what you will potentially need to be budgeting for that O&M budget.

Under future actions on slide 17 the first thing that has to happen is that the developer needs to sell Phase 5 before we can proceed to even talk about the refunding bonds and along with that the golf course acquisition. We are ready with a credit package to go to the rating agencies as soon as that takes place. We don't want to send it out before we are ready because if we get the information back too quick it goes stale if we are not ready to enter the market right away and that is a \$15,000 to \$18,000 cost to the district for that rating and if it goes stale you have to do it all over again and end up paying for it twice.

The next thing on our list is we will file a validation complaint for the revenue bonds in order to be able to issue the bonds for the golf course acquisition. We will do that concurrently

with starting the assessment process for the refunding bonds and for the golf course bonds. Along with that we will put together an engineer's report that details the purpose of the acquisition of the golf course, put together a special assessment methodology report that outlines the benefit of acquiring the golf course to all the properties that are going to be benefiting from the acquisition. We will approve the purchase and sale agreement in substantial form. We will adopt certain bond documents related to all the financings along with the boundary amendment that is outlined in the purchase and sale agreement that deletes the Armstrong property. We will move forward with the refunding documents and golf course documents and we are still looking at probably March of next year depending on when Phase 5 actually closes before you will be in a position to be able to actually look at financing.

Mr. Krueger stated just to break this down a little bit so that people can understand what the differences are, right now everybody is paying around \$1,380 a year and with the refinancing of the existing debt this drops to about \$1,274 and the increase due to the refunding getting additional money out goes up \$134. The \$134 will go for 30 years and the other money will stop after 20 years.

Ms. Warren stated the two areas we need input from the board on is the amount of money that you want to have available, the \$3.1 million versus \$3.5 million and then what you want to spend that money on, what types of improvements aside from the golf course are you looking to spend your money on. Those improvements will be included in the engineer's report and in the assessment methodology, which will then be used for the bond validation process, the assessment process.

Mr. Krueger stated in light of that what I think we need to do is each of the board members need to figure out what kind of improvements, what kind of money you think you are going to need at maybe the next meeting.

Mr. Cross asked do we need how much money we want to put into each improvement or do we just need to know the improvements?

Ms. Warren stated the improvements and then Keith can provide the number.

Mr. Hadden stated I have to come up with a realistic number. We know the number for the golf course purchase, there are improvements to the clubhouse, tennis center, amenity center, driving range.

Ms. Mossing stated you may want to validate a little bit more than what you actually end up issuing to give yourself some room.

B. Purchase and Sale Agreement

Ms. Warren stated the purchase and sale agreement was put together by Jason Merritt in our office, he is our real estate attorney and this has been provided to the board members to review. It has also been provided to Roger to provide his input and he indicated that he is comfortable with most of the terms, he had a couple of comments that I will note and as I go through it. I will hit the major points and you can advise us whether you have any modifications or revisions that you would like us to make.

Section 3 sets for the purchase price of \$2,621,109.03 that is the golf course then from that \$121,109.03 will be withheld from the seller's proceeds to satisfy the debt service assessments that are currently on the golf club property.

Section 4 relates to the due diligence and inspection period. 4.1 says that the seller will make any records relating to the golf course available to the district for inspection or copying. Once the agreement is executed there is a 60 day inspection period and the district has the right to extend that inspection period for a period of 30 days just by notifying the seller before the end of the original 60 day inspection period. 4.3 provides that the buyer can terminate this agreement for any reason or no reason at all at any point within the inspection period or the extension of the inspection period if that is applicable.

Section 5 is the closing date that is currently set to be 30 days after the expiration of the inspection period but really the closing date will be aligned to the closing on the bonds. It will basically happen simultaneously. In the event that the closing on the bonds is later than the 30 days for the closing on the real estate transaction the closing on the real estate transaction will be extended.

Section 12 states that neither the seller nor the buyer are using a broker in regards to this transaction so there will be no brokerage fees to be paid.

These are the particular sections for you to read and make sure you are comfortable with, sections 32 through 36.

32 basically states that the buyer's purchase of the golf club is subject to the validation and issuance of the bonds, and if the district isn't able to issue the bonds for whatever reason then the closing on the golf course won't take place.

33 is the post-closing obligations of the buyer. This relates specifically to the \$300,000 for the four tennis courts and neighborhood parks within the development. This is an item that Roger provided comment on stating that the money to be spent on the tennis courts and the neighborhood parks is a condition of him selling the golf course and it is not something he is open to negotiating. His other comment to this section was that he would want the construction on the tennis courts to begin within 90 days of closing.

Section 34 relates to the boundary amendment it provides that the district will prepare and submit a petition to amend the boundaries to de-annex the tract known as the Armstrong Tract from the district. This obligation is subject to the developer executing a funding agreement to provide for the costs associated with the boundary amendment process. Because the boundary amendment is ultimately subject to approval by Clay County, which is completely out of our control, the boundary amendment is not an actual condition of the sale of the golf course.

Section 35 is the assessment methodology for the unplatted parcels within the land, we would be agreeing to keep the current methodology in place until September 30, 2018. We had in here that as the lands are platted those lands would be assessed as other platted property within the district. Roger provided a comment that he would like to see that O&M assessment methodology being applied in the fiscal year following completion of all of the lots. I think he is basically saying once the entire tract has been platted in the following fiscal year we would start assessing.

Mr. Cross stated theoretically he builds three quarters of it out and the rest is unbuilt and they don't pay O&M.

Ms. Warren stated that is my understanding. We have to talk to Roger to understand exactly what it was.

Mr. Krueger stated this was put in to facilitate this current buyer because he appears to be cash strapped.

Mr. Cross stated I don't understand why these people would be able to use our facilities for two, three or four years without paying O&M.

Ms. Buchanan stated the way Roger wrote his comment is a little vague. I think it could be interpreted to also say that if there is a portion platted then it wouldn't go on the roll until the end of that fiscal year. I don't know if he intended it to be applied partially or in whole. The way it was written the distinction is as soon as it was platted at that moment it would be converted to the same methodology as other platted lots in the middle of the fiscal year. I think he is looking for a more standardized approach.

Mr. Krueger asked we haven't done that before have we?

Ms. Buchanan responded no, it is normal to do it on a fiscal basis.

Mr. Krueger stated fiscal year starts October 1, tax rolls go out and if they plat the things in January then they get the benefit of that fiscal year then the following fiscal year it gets assessed.

Ms. Buchanan stated we didn't love this particular condition and we wrote it a little more aggressively on that end than we normally treat them.

Mr. Krueger stated my preference would be if this current buyer drops out and they get a new buyer that should to out all together. I don't think he is going to buy off on that.

Mr. Cross stated I'm going to have to look at that one again.

Mr. Hadden stated if on Phase 5 we have 199 lots if we did that in four plats you have to have a final plat in place to actually close on the lot anyway to the ultimate purchaser. Whatever is in that specific plat would still come on. Your comment was someone could live there for four years and not pay O&M but for them to buy the house that plat has to be a final plat and once that is recorded when the next fiscal year comes around they will pay O&M. Do I have that right?

Ms. Buchanan stated yes I think so.

Mr. Cross asked then why do we even need it in the agreement if it is standard?

Ms. Buchanan stated in theory remember the way we treat O&M for unplatted vacant land is different from how we treat platted land. That is what he is asking for, the continuation of that treatment.

Mr. Krueger stated he is concerned that these lots up here we can assess O&M on those next fiscal year even though they are not platted. That is what he is trying to prevent, O&M on unplatted property.

Mr. Cross stated we have never assessed O&M on unplatted property before.

Mr. Oliver stated we assess administrative costs only. As an example the admin assessments for Parcel 5, which we show as 217 units but it looks like they are going to plat it at 199, the total O&M for admin based on an acreage basis is about \$10,000 that is what the bill was for FY 2016. If you pay full assessments on 199 units times \$1,065, let's call it \$200,000 net, that is the difference you are talking about.

Ms. Warren stated again these are Roger's comments it is a negotiation we just got them this afternoon so if you as a board have modifications or revisions you would like us to make to the purchase and sale agreement then let us know.

Section 36 is basically a requirement under the current bond documents and that when the developer provides a letter of credit for the debt service reserve there are fees associated with that, the developer was to be invoicing the district for those over time but never did so we are requesting a waiver of those fees now which basically offsets the increase in the purchase price for the debt assessments.

Mr. Oliver stated this is in favor of the district.

Mr. Cross stated my problem is with 33. When we sat the table with Roger he even said we can take this money and build tennis courts and I said maybe I don't want tennis courts I may want to do something else with the money. If you are going to give me \$300,000 you are going to give me \$300,000 if you are going to say I'm going to give you \$300,000 but I'm going to tell you what to do with it I'm not happy with that.

Mr. Payton stated I thought he specifically said he wanted tennis courts finished.

Mr. Cross stated he did say that but I said I don't want you to tell me I have to build tennis courts I might want to do something else with it.

Mr. Poole asked if you look at the utilization of the tennis courts that we have and look at whatever plans we might have going forward what is the requirement based on what we already have? I think staff should be able to provide input to that. I'm almost in the same position that you are, Gary and that is do we need four more tennis courts.

Mr. Krueger stated I'm not a tennis person so I don't know what the utilization is.

Mr. Cross stated Matt, we are probably going to need some kind of information but I don't know if you can provide it tonight on the use of the tennis courts versus the use of the other facilities. I have to go with the percentage of use versus the other things that I know the residents are complaining about. I'm not against building some tennis courts I don't like

someone telling me what I need to spend my money on. I know we need parks, I may want more equipment for parks than I want tennis courts.

Mr. Biagetti responded we do have a logbook that we list lessons, what courts were in use.

Mr. Andersen stated there are other things that come into play, how many courts are needed to play certain tournaments so the more courts you have the more tournaments you can have. The three of us can work on capital improvements so you can get an idea of how much money we actually need going forward.

Mr. Krueger stated my goal coming out of this would be to have the community complete, all the parks, everything.

Mr. Cross stated that was sort of my goal.

A resident suggested getting input from the community as to the capital improvements they would like to have.

Mr. Oliver stated the next step in the purchase and sales agreement getting a revised one back to the December 1st meeting.

Ms. Warren stated you can go back and review the purchase and sale agreement again, provide staff with any comments or modifications that you have and we can come back in December and take a look at it again, given the fact that the closing on Phase 5 isn't going to happen any time soon, I don't think there is a real hurry to approve this tonight. We are meeting again in two weeks.

C. Boundary Amendment

1. Resolution 2016-03 Authorizing Boundary Amendment

Ms. Warren stated the next item is a boundary amendment to de-annex the Armstrong Tract. We have two items related to that on tonight's agenda, the first is a resolution that authorizes district staff to prepare and submit a petition to Clay County to de-annex the approximate 329 acres of land that is the Armstrong Tract. This authorization for district staff to submit that petition in Section 3 is made specifically contingent upon the closing of the golf club to the district. We basically said that we can go ahead and submit the petition to the county but we would ask the county not to actually schedule the public hearing to consider and potentially approve that petition until after the closing on the golf club has taken place. In the event that the

purchase and sale agreement were terminated or the closing didn't happen, the authorization provided in this resolution would become void and we would withdraw the petition from the county.

On MOTION by Mr. Cross seconded by Mr. Payton with all in favor Resolution 2016-03 was approved.

2. Boundary Amendment Funding Agreement

Ms. Warren stated this is a funding agreement with the developer to cover all the costs associated with the boundary amendment petition and all the proceedings. Under this agreement the district would not be responsible for reimbursing any of those costs if the closing didn't occur or the boundary amendment didn't occur for any reason. We have started to do some work on this, Keith has started to do some work on the boundary amendment, preparing exhibits and things like that and we would like to go ahead and get this agreement put in place so that we are sure we have a mechanism for paying for that work that is being done. It seems logical to do the two together.

On MOTION by Mr. Cross seconded by Mr. Payton with all in favor the boundary amendment funding agreement with Eagle Landing Limited Partnership was approved.

EIGHTH ORDER OF BUSINESS

Renewal of Fiscal Year 2016 Agreement with Eagle Landing Amenities Management Corporation for Inspection, Administration and Maintenance Services

Mr. Oliver stated this is the management agreement for all the recreational facilities to include the tennis complex and the swim complex. For FY 2015 the cost was \$421,000 and the contract for FY 2016 is \$448,000. This was discussed as you went through the budget process and was incorporated in the adopted budget for FY 2016. This is just renewing the agreement. You are going through the process of contemplating issuing an RFP for these services but you want to have this contract in place until such time as you do that.

Mr. Krueger asked can we request a better accounting package of what is spent and how it is spent?

Mr. Oliver responded yes, now the accounting process is changed so that Eagle Landing is no longer doing the accounting for the recreational fund. Beginning with the next agenda package, which will have the October 31st financials you will have much more detail in the recreation fund budget. You will have a better idea of where those dollars are going by line item and by month. Beyond that, and this goes to the question regarding utilization of the tennis courts we will get more data beyond just dollars in terms of who is using the courts, are they used to capacity, what is the percentage of residents using the courts, are there are a lot of non-residents using the courts, are they paying non-resident fees. Those are the things that we need to nail down that are not necessarily reflected in the financials. We will beef up the reporting requirements some of which will still flow from the tennis pro and his staff as well as the staff here.

Mr. Payton stated I thought the contract was a set amount for the year and they provide an umbrella of services under that amount.

Mr. Oliver stated it is.

Mr. Payton stated the management fee we talked about earlier tonight that was an increase of \$33,000 why are we paying for an increase in the contract amount?

Mr. Oliver stated that \$421,000 should not have been exceeded. I think Matt spoke to this at a previous meeting or at least offline that it had more than anything else to do with the payroll periods for that staff. If some of those costs cross fiscal years, they should be reclassified. The contract amount is \$421,000 and unless this board took some action to increase that contract or authorize additional services it should be at \$421,000. That is something that needs to be taken care of in the preparation for the audit. We are trying to make sure your agreement in place agrees with what you budgeted realizing that you can change or terminate this agreement at any time in accordance with the clauses in the agreement.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the agreement with Eagle Landing Amenities Management Corporation was renewed for fiscal year 2016.
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First Amendment to the Agreement with Eagle Landings Management Corporation

Mr. Oliver stated the second contract behind the next tab is the first amendment to the agreement between South Village CDD and Eagle Landing Management Corporation regarding

provision of inspection, administration and maintenance services. This is a copy of the agreement approved in May 2013 and it did not change in 2014 or fiscal year 2015. For FY 2016 they asked that the fee be increased. The total amount of the contract went from \$59,208 to \$62,128 and that includes two components and there are two line items in the general fund under community appearance, one is the operations management line item that has been increased from \$40,000 to \$42,920 and there is no change in the landscape management fee line item of \$19,208 this is for management of the landscape line item. This is something you budgeted for in the FY 2016 budget and we are looking to renew that at the new price levels.

Mr. Krueger asked is this something that we could contract cheaper?

Mr. Oliver stated every district is different and there is a wide range of costs for these services.

Mr. Cross asked what was the reason for the increase this year?

Mr. Oliver stated I think more than anything else it has been a number of years since there was an increase.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the First Amendment to the Agreement with Eagle Landings Management Corporation for inspection, administration and maintenance services was approved.

NINTH ORDER OF BUSINESS

Discussion of RFP for Amenity and Operations Management Services

Mr. Oliver stated the next item is discussion of RFP for amenity and operations management services. The services that we just renewed we have been working on to put in an RFP to find out what the market pricing of these services should be. It is not about the quality of services that you receive currently. It is the board's fiduciary responsibility to ensure that you are getting good value for the price you are paying. We prepared an RFP and started this process last year. The golf course and bond issue got on the front burner. This was an all inclusive type contract asking vendors what it would cost to perform all these services. There are not a lot of companies that take that type of approach. I would like to break that up so that we can look at it by component to see if we could get pricing by outsourcing certain items much like you do with the landscaping RFP, which is not part of these two contracts. You go out and get bids and if we

can get some of the prices of those individual components that would be another way to find out if you are getting good value.

Mr. Cross asked do you think it would be better to break it into different contracts instead of one full contract?

Mr. Oliver stated I think what could be helpful is the way the proposed RFP is structured is we actually have costs broken out by component and firms could bid on any or all of those components. It could be that you like what a company proposes for four of the five different sections of the RFP; however, another firm handles another particular function at great value. Perhaps we outsource just this service rather than the entire contract.

Mr. Cross stated I agree I think it would be better to do it that way.

Mr. Oliver stated I wouldn't bring this to you before the January meeting.

TENTH ORDER OF BUSINESS

Discussion of Transition of Point of Sales System and Related Equipment Upgrades

Mr. Oliver stated as you will recall the point of sale system, which was installed by a company called TAI, was integrated throughout Eagle Landing both for the recreational and tennis facilities, the golf course and East West and their sales division. We adopted that same system so that this would be an easy transition for the residents and service staff, but it has been a long time to get to this point where the transition is complete. The district now controls that and the district's point of sale system is now on a separate server. This is going to allow us to get the type of financials that we have been looking for and Mr. Krueger has been working with me in the past year and Mr. Poole is working with me on that now.

Mr. Cross asked should we buy the golf course this would ease the transition?

Mr. Poole stated I'm not sure it would be that easy because they have their own point of sale system that they use.

Mr. Oliver stated we will get with Mike and Josh and find a way to make it work.

ELEVENTH ORDER OF BUSINESS

Overview of Draft Fiscal Year 2015 Unaudited Financials

Mr. Oliver stated you saw those when you went through the preparation for the audit and the budget amendments. I just wanted everyone to be aware on the general fund side the major

cost driver is the fact that we met a lot more frequently this year. You did reflect those changes in your FY 2016 budget.

TWELFTH ORDER OF BUSINESS Other Business

Mr. Krueger stated the working group put together a list of objectives, thoughts about the golf course, how they think residents would like to see it run. I think that was emailed to each of you and the objective here would be for the board to have a philosophy and to present it to Josh and Mike and have them come back and tell us how they are going to achieve those objectives.

I will read those objectives: They want to make it more user friendly for the community. The restaurant, improved level of service from the staff. Strive for more typical golf course lunch menu maybe eliminating or reducing the all inclusive to make it more competitive with the community and the thought there is in times charge peak rates rather than giving something to come. Clubhouse for dinner, what can we do to get the community into the clubhouse to use the facilities, what is here, advertising through the neighborhood throughout Oakleaf.

For the golf course, value of rates, how higher rates or reduced play impact the budget. Staff performance and work to increase community involvement and work to increase full memberships because we think that is where you get the most bang for the buck.

Communication, increase participation in the activities. More programs for the youth and women and so forth.

I can email this to you but I want to get the board's thoughts and projection before we set something up and put you to work.

A resident stated I haven't yet seen any strong intention by Century Golf to accomplish any of those and I think I speak for many people who use the facility. I think that Century Golf if they want to have any long term objectives here they have to take a hard look at their organization as far as the people they have and whether they want to accomplish any of those things. This is not obvious to some of us that some of those people do want to accomplish those things. I don't think it is doing any good to soft soap it. All those things can be accomplished if you focus on that. I'm more than glad to talk to you about it and give numerous examples of how they should be done.

Mr. Cross stated I spoke with Josh at length on the course and basically everything there is somewhat what I said, I want to be community focused, but I also want to go out to bring people into the golf course to see the community to see the golf course to use the golf course.

Mr. Krueger asked the idea was to get an overall objective and let them tell us how they are going to achieve those goals.

Mr. Payton stated I would like to hear feedback from the golf club. As far as the all inclusive stuff goes I have no idea of having that or not having that impacts running a golf course. I'm at the restaurant three or four times a week and that is the side I'm looking at that I hear the most complaints about is the dining facility, specifically for dinner, lunch is full of golfers and workers. I don't have any input on golf operations and whether we as a board should tell them that we should eliminate all inclusive offerings.

Mr. Cross stated I agree I think what we should do once we get closer to the purchase then we can tell you what we are looking for as a board then you can take all of that message it into a plan and come back to us with your plan and we can tell you variations of that plan that we believe would fit our community better. Overall we understand it is a golf course and there are going to be golfers in there but at the same time we want to make it community friendly.

Mr. Smith stated for us the most important thing is now the community will own the golf course and you are going to have your own set of objectives, goals, things you want to accomplish. That is our role to put together a plan based on the things that you want to achieve and there are a lot of things that have been discussed they all have trade-offs and we can articulate those, we can show how those different models will work, what we would need is some specific direction from the board so we can model that and show you what it would be. Our staffing, operating model, pricing everything we do currently is to meet goals and objectives of the current owner and when that changes we can change all of that based on what the board would like to see as the new owner. The sooner we get that and the more clarity there is in that the better the plan we will be able to put together.

Mr. Poole asked you said the current model of operation is driving toward what objective?

Mr. Smith responded that of the current owner. A lot of their concern over the last couple of years has been to financially stabilize the golf course. With the timing in which we were brought in the golf course was financially unstable and we were brought in and given the

objective to stabilize it to create an operating balance, profit, at least get it to break even and hopefully, be able to generate a little income to cover some capital stuff and give it some level of stability, which has been our focus. We have been much more aggressive in pricing, programming, things to bring more golfers in, generate more revenue to stabilize the golf course. We have been able to do that for a few years now. The dynamic is a little different realizing the community use in the overall performance changes that model a little bit, it produces a little different bottom line result but there is also short and mid term capital expenditures that were not part of those results previously, the developer was absorbing those. There is experiential things and then there are financial performance things that we need to understand. The more we understand that the better plan we can put together. Up until now the time we have been operating with the golf club is trying to balance the financial performance, get it to where it is financially stable and provide the best possible experience within that operation.

Mr. Cross stated part of the purchase and sale agreement that she didn't mention is that you would continue to run it for approximately one year after closing. I want you to understand that it is a learning experience for the board, we never ran a golf course. You are going to have a job just working with us because you are kind of stuck with us too. It is going to be an ongoing task.

Mr. Poole stated as we proceed down this road over the next three to four months and we have a working group as it relates to the golf course as well as the food beverage side of the house, would it be possible for you and staff to make a presentation to that working group that begins to share the various models as you look at various types of goals and objectives and operation of the golf course as well as the food and beverage side of the house?

Mr. Smith stated absolutely. The golf is easier than the food and beverage side. For the golf there are only three models, a public, a private and semi-private and we are operating under a semi-private model right now. We can walk through all those models, the positives, the negatives, what you need to be successful doing this or successful doing that. Food and beverage is a little different because it does require that the club decide on an identity of what it is going to be from a food and beverage standpoint. Whether it is going to be theme night dinners, 7-night a week dinners, 7-night a week dinners as a specific type of facility, an Italian restaurant or steakhouse or has some type of identity. Then there is the aspect of the bar area, is it a sports bar, is it supporting the golf? There is a lot more that goes into the food and beverage piece and

Mr. Cross stated I would stay generic. You may want to give five or six choices, prioritize them but stay generic.

Mr. Andersen stated I suggest when that goes out that you put a dollar figure to go with each item.

FIFTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of September 30, 2015 and Statement of Revenues and Expenses for the Period Ending September 30, 2015

The balance sheet and income statement were included as part of the agenda package.

B. Assessment Receipt Schedule

The assessment receipt schedule was included as part of the agenda package.

C. Approval of Check Register

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the check register was approved.

SIXTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday, December 1, 2015 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next meeting is December 1, 2015 at 6:30 p.m.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the meeting adjourned at 8:30 p.m.


Secretary/Assistant Secretary


Chairman/Vice Chairman