

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, January 5, 2016 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
Keith Hadden	District Engineer
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Rhonda Mossing	MBS Capital Markets

The following is a summary of the actions taken at the January 5, 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 6:30 p.m.

SECOND ORDER OF BUSINESS

Audience Comments

A resident commented that meeting dates are not on the website.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the December 1, 2015 Meeting

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the December 1, 2015 meeting were approved.

FOURTH ORDER OF BUSINESS

Consideration of Sales & Purchase Agreement for Eagle Landing Golf Course

Ms. Buchanan stated one of the reasons we have not signed this sales and purchase agreement is because we would have some due diligence timelines that kick off once the agreement is executed. We are avoiding signing this until we are confident that the Phase 5 lands have sold. They are supposed to close next week and then we would have the ability to execute and that would start our 60 day due diligence period. This is the same draft you considered last time. I would expect at our continued meeting that we would approve it and kick off this part of the transaction.

Mr. Payton stated section 33 changed last time. Did we have board input on that or developer input? This is the part where it says we are spending \$300,000 on recreational stuff. Where in the contract does it say where that money comes from?

Ms. Buchanan stated it agrees that we are going to hold it back and I will find it for you.

Mr. Payton stated the last couple lines we talk about if we don't do anything that the contract says we are going to do that the seller has no recourse. Has the seller seen that and had no questions?

Ms. Buchanan stated correct.

Mr. Poole stated one of the things we had talked about previously is what if we need to have an independent audit of the financial operation of the golf course. Is that something we would expect to do during the due diligence period?

Ms. Buchanan responded yes.

Mr. Oliver stated at our next meeting, we will bring an engagement letter from the CPA that does the district audits now, the one you selected through the RFP process. We didn't want to engage them yet because you have not approved the PSA.

Ms. Buchanan stated I will circulate this again. It is the same version they have seen previously my only thought is that as of tonight we have no additional changes. Does that sound reasonable to the board?

Mr. Poole asked can you somehow identify what version that it is, that this is the final version?

Ms. Buchanan responded yes.

FIFTH ORDER OF BUSINESS**Update and Actions Regarding Series 2005
Refunding Process and Funding of Golf
Course Purchase**

Mr. Oliver stated we want to look at the projects that are in the draft engineer's report so that you can fine-tune those and those will be the basis of preparing the other documents including the resolutions, assessment methodology report for consideration at the next meeting.

A. Approval of Draft Engineer's Report

Mr. Hadden stated the biggest issue in the engineer's report is the capital improvements. When we utilize the maximum \$4 million total you have \$1,379,000 that you can spend on certain projects. One thing we will probably do is put together a list that basically tells the bondholders what you are going to use the money for and you have the discretion to move some money around downstream from today if you want to put more in aquatics and less in tennis or something like that. In talking to some members of the board and talking to your staff this is the list that we have put together of the improvements that everyone would like to see in the forthcoming years. That doesn't mean the next six months. Everything from the renovation and upgrade of the aquatic facilities, some improvements to the golf practice facility, the tennis court, the facility expansion the \$240,000 you see is part of the \$300,000 that you discussed. Playground expansion, \$60,000 of that is part of the \$300,000 and the other \$140,000 is new money, \$115,000 for the athletic center and \$354,000 at the golf clubhouse for modifications and upgrades. There are two items on the back of the page, the expansion of the dining area and installation of security system. Several people have mentioned to me that they thought the security out here could be beefed up around some of the facilities. This is not to say that each and every thing on this list has to be done, but it does give you a relatively accurate list along with the associated costs for those improvements.

Ms. Buchanan stated I suggest if you have any changes this is the time to talk about it. This is not set in stone you don't have to adopt it if you have something you would like to spend the money on or adjust the monetary values.

Mr. Cross stated I do not play golf. Golf practice facility upgrades, construction of short game practice facility. What is that?

Mr. Hadden stated typically you are going to have an area with sand bunkers where you can work on your shots you make around the green and that type of thing, areas where you can

practice your approach shots into the green. You want a separate green and not the putting green because if you are practicing your putting you don't want people chipping onto there because they are getting peppered by someone chipping golf balls.

Mr. Krueger stated part of the other thing goes with the pond out there, filling in that pond and leveling some of the mounds. On the driving range there is a big concrete pond and balls get lost in there, they get degraded and they are buying more golf balls than they need to be buying because they are in that pond. Part of it deals with filling that in to make it level and make it easier for the pickers to pick the balls.

Mr. Cross asked do we not have a short game practice facility right now?

Mr. Hadden responded no.

Mr. Cross asked do we have the land for this?

Mr. Krueger stated yes it is part of the driving range. By the dining facility by that wall you have a breezeway then the restrooms I recommend we knock that out and fill that in and make it one big dining area. That would give us more seating space for events and according to Steve, since the roof barrier is there, it is not that big of a construction effort.

Mr. Cross stated I appreciate you thinking ahead I'm not diminishing what you have done but first we have to determine what kind of facility you want it to be before we start construction.

Mr. Poole asked were there any discussions about the needs for the Kids Club such as carpeting?

Mr. Andersen stated this will cover anything that we want to do.

Mr. Cross asked is there an issue with the HVAC system in the athletic system?

Mr. Andersen stated yes, there are some upgrades that can be made to it that will make it a lot better by putting in more equipment upstairs. These are very general areas, the specifics will come into play later when the board decides on the amount and this is refunded then the board will give us direction, we will get bids, come back and everything will happen at that time. This is a very big umbrella.

Mr. Krueger stated when you look at the list the question comes up where do we want to put the parks and playgrounds or what do we want to put in each one of them. That will all be part of that I would assume.

Mr. Townsend stated I take it that this is general enough that we can go with it because that was the concern when we talked at the last meeting. Will priorities be established later on? We are not going to list this out the way it is listed now.

Ms. Buchanan stated bond counsel, our underwriter has looked at it, so I think we are good. Keith will finish his engineer's report, Jim's office will do the assessment methodology we will bring it back and approve both by resolution at our next board meeting. At that point, we will be on a timeline because we will have set our hearing date and we will have to send out the notices between our continued meeting and the February meeting.

B. Approval of Draft Supplemental Assessment Methodology Reports

C. Consideration of Resolution 2016-04, Declaring Special Assessments

D. Consideration of Resolution 2016-05 Setting a Public Hearing to Consider Imposition of Special Assessment

The above referenced items will be considered at the continued meeting to be held January 21, 2016.

SIXTH ORDER OF BUSINESS

Discussion of CDD Operational Funding of Golf Course

Mr. Oliver stated the next item is discussion of CDD operational funding of golf course. More than anything else this is to keep it on the radar assuming that eventually you do approve the PSA and purchase the golf course. We did not budget for the golf operations for this year. To the extent that it may run at a deficit during the period we own the golf course during the remainder of this fiscal year, we will need to find a way to fund that. We will continue to work on that and focus on it more as we get closer. We will probably have that item as a carry forward on each agenda moving forward.

Mr. Krueger stated when we take over we have no cash, you have two months that you have to have some working capital to operate the golf course. Receipts will come in so we will have some money there but down the line we may have to replace that somewhat.

Mr. Cross asked when we sign the purchase and sales agreement do we need to assign a board member to work with the golf course to get some information on the day to day operations

so that we know what is going on and he can come back and tell the board what is going on with the golf course so that we just don't walk in the day we own it and know nothing?

Ms. Buchanan stated there are two things you will need to do once you sign this and start your due diligence period. You are going to have to have someone that is comfortable reviewing the financials, someone that is comfortable working with the accountant to go over the audit, someone who is looking at the operations of the system so whether you have one person or a couple and each of you have your own area I suggest that is a good idea to be part of your due diligence so that you don't walk into it blind.

Mr. Oliver stated we will have an agenda item regarding due diligence at the next meeting once we go through the approvals and we will make those assignments at that time.

SEVENTH ORDER OF BUSINESS Review of Proposals for Resurfacing of Pools

Mr. Oliver stated the next item is review of proposals for resurfacing the pools. These upgrades will be part of the construction projects funded with the bond proceeds, so we are a little bit ahead of the curve and have some time to work on that. Steve has started the process of soliciting proposals.

Mr. Andersen stated just before Christmas I put out the request and we had three companies come back so far and the prices are coming in right around where we expected in the \$200,000 to \$210,000 range and that is for all three pools. Depending on how the bonds play out and the refunding happens that will probably determine whether we do zero, one or all of the pools this year. We don't want to impact the residents by closing it down in June so depending on the timeline of when we actually have the money that will dictate. The process to do all pools will take about five weeks. One pool takes about three because it overlaps. There is a little savings of about 5% if you do them all at once.

Mr. Krueger stated we need to start around March and our bond money probably will not be in by then.

Mr. Cross stated I wanted to do it in this budget year.

Mr. Krueger asked if we have \$100,000 in capital reserves now based on when the receipts come in is that something we can use to get started? When we have money from receipts is it permissible to use the receipts and reimburse it?

Mr. Oliver responded I would say conservatively speaking you are going to have \$100,000 worth of capital reserves assuming full collections. You have a project that is going to cost about \$200,000. You are perhaps going to buy a golf course that may run deficits. I suggest you consider patchwork repairs if necessary to and tackle this project when pool season closes next fall. I know you want to get started right away, but funding is an issue and you have so much stuff on your plate right now, particularly the golf course. Let's put this back on the agenda for the next meeting and continue to gather the proposals and take a look at the budget and funding agreement, the timing on the calendar regarding the receipt of the proceeds and the work around regarding the swim season. You may have a small period for spring break opening then you will be back to just weekend use. Let's see if there are some windows that we can work with.

Mr. Krueger stated but there is no funding agreement whereby we can use the proceeds from tax collections and have that offset when the bond proceeds come in to reimburse the tax collections.

Mr. Oliver stated I think what you are talking about is paying for these from either the operating funds for the general fund or recreation fund and then have a payable due from debt service to reimburse from debt service later on. Let's look into that.

EIGHTH ORDER OF BUSINESS

Review of Scope of Services for Solicitation of Proposals for Operations Management Services

Mr. Oliver stated the next item is review of scope of services for solicitation of proposals for operations management services and a copy of this was provided to you. As you will recall we had this on going discussion going back to probably June 2014. When you had your workshop in January 2015, you wanted to resurrect the process to go out for proposals for operations as well as amenity management services. Although we started that process it was pushed to the back burner as we have gone through this long process march considering purchasing the golf course. At the last meeting you renewed the two agreements for those services for amenity management as well as operations management and you directed us to come back with a scope so that we could go out for proposals. At that same time when you gave direction to split those scopes up in accordance with the way the contracts are right now. What we have done is taken the easiest piece first. You have a copy of the scope in here and I provided

it to you so you can make suggestions or changes to that. Once you have that scope in a form that you are happy with, we can go out for proposals. I tried to segregate the duties that the operations manager does for the CDD so it has stripped out anything that might more logically be done by the HOA or the developer or other parties. There are going to be some gray areas or areas of overlap so there should be good collaboration between those three parties. That is what this document focuses on, the duties performed and paid for by the CDD. I would say this falls under the realm of community appearance, landscape, lakes maintenance and as you can see from the length of the document there is a lot of detailed dates that come along with this.

Mr. Cross asked do we also need to get a scope of services for the other positions?

Mr. Oliver responded in this case of Operations Manager, you have a freestanding contract with Eagle Landing Amenities to perform this and there aren't positions in that contract. That contract is to perform these duties whereas the other contract, which is the amenity management agreement, specifies a number of different positions. There is no staff involved in this although there are a lot of people behind the scenes who work on that contract.

Mr. Payton stated as that contract stands today we don't dictate to them organizational structure, number of people whether they are fulltime or part time, we just have a list of things we want done.

Mr. Poole asked would it be appropriate to have an understanding of the time that is associated with the coordination of these activities would need?

Mr. Oliver stated the other contract the one for recreational management is certainly more time sensitive because it is for staffing of the facilities whereas this particular one is more results driven, bottom line driven so you could have an operations manager that in some weeks may be out here 40 or 60 hours and some weeks maybe working on this district onsite 10 or 20 hours a week. It is not really time driven and there could be many times when that person could be working offsite doing a lot of the work. For instance when Steve is getting proposals for pool resurfacing or working with the engineer on the engineer's report that you looked at, that doesn't have to be done physically from this location whereas it is important that Matt's staff actually be here performing their functions.

Mr. Poole asked could we have any expectation that says to be able to coordinate these activities it is going to require anywhere from .75 fulltime equivalents or .5 or whatever?

Mr. Oliver responded I don't think you could. I say that because we have another district in St. Johns County that tried to assign a certain number of hours for that position. They started with 20 hours a week and now it is 40 hours a week and the vendor is still asking for more time to get everything done. It is more time driven rather than results driven. This scope is more about getting the job done and mission accomplishment. I just don't think it lends itself to a certain number of hours. If you contract with the right company with the right person doing this, you are going to give the assignments and they are going to get it done. That is not to say that someone may come back later and say I'm doing all these things, but based on the number of hours I'm performing this contract needs to be reopened and renegotiated. I certainly understand and we have had discussions before. I just don't know that there is a good way to apply FTE's to this particular function and it would be very difficult to oversee or manage that aspect of it.

Mr. Cross asked who had input into this scope of services?

Mr. Oliver stated I worked primarily with Chris and Katie, but I used the existing and previous contracts to pull items from that and more than anything else took items off that list that I didn't consider purely CDD functions.

Mr. Cross asked did we let Steve and Matt look at it to see if there was anything we missed or needed to be added?

Mr. Oliver responded I haven't had them involved in this process.

Mr. Cross stated I think that would be a good idea because it does intertwine.

Mr. Oliver stated we can put this back on the agenda for the next meeting.

NINTH ORDER OF BUSINESS

Other Business

Mr. Cross stated since our last meeting I had a community forum and there were 40 to 45 people here and we discussed the overall layout of the CDD, how it begins, how it transpires and grows. Then we got to how our CDD got to where we are today and we got to the tennis courts and there seemed to be some misunderstanding about the purchase of the golf course and building of the tennis courts. The majority of the people who walked away from the forum seemed to understand where we got and why we were here. That being said, the discussion over the tennis courts was that they were more inclined to two clay courts and two hard courts, which Roger said he would be happy to do. The reason why is 5, 10, 15 years down the road if the tennis program didn't come out to be what we wanted it to be we would still have the hard courts

that we could do other things with by turning them into basketball courts, pickle ball courts or whatever. That was the consensus of pretty much everybody at the meeting. The other thing is we probably need to make that determination sometime down the line how we want to do it because we have 90 days to start that process after we issue bonds. You can reach out and talk to people in the community and see if there is any change in climate.

Mr. Poole asked going forward would it be appropriate for us to ask the director of the tennis program to put together a plan over the next 30 to 90 days that brings some level of specificity to the planned program for 2016/2017 with potential tournaments as well as financial and residential programs?

Mr. Oliver stated I will reach out to Mark and have him put on the agenda for a future meeting once we get the bonds issued, a detailed presentation about the program, where it has been, where it is going and fill in all the details that Bobby mentioned.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Hadden stated hard courts are easier to maintain but as your population gets older the clay courts are much better on your knees. I don't play on hard courts anymore. If we had a 15 hole golf course how many tournaments would be played, zero. That is what hurts you from getting some of the tournaments because you don't have enough courts and that is the reason for pushing for more courts because there are events that some of your residents play in and they go to other places because this facility is not big enough. A lot of tournaments require a minimum of X number of courts, maybe they are clay maybe they are hard but if you are not a tennis player you don't realize that. If you are not a golfer then you wonder why don't you have 10 or 20 holes, who picked 18. When you have 60 or 100 people playing tennis on a given day you have to have a certain number of tennis courts.

C. Manager

Mr. Oliver stated there is always room for improvement and I think we can do that with our communications, especially with the electronic and social media platforms available and we will do a better job. The meeting schedule is on the website (eaglelandingonline.com) and if you look in the left column labelled an A to Z, look under CDD and it will take you to that page and then just click on calendar. There is another link on that same CDD called southvillagecdd.com, which includes a lot of official documents for the district. We will try to find new ways to announce those meetings and make sure everyone has an opportunity to attend the meetings.

D. Director of Aquatics & Recreation

Mr. Biagetti stated if you remember last year I thought it was a great idea that we agreed to the preventative maintenance contract with Life Fitness unfortunately there was a lack of service and timeliness and we don't have anything critical at the moment but I may speak with other companies and see what they can propose whether it is a preventative maintenance plan or more efficient repair and maintenance on items that we need taken care of quicker.

Mr. Poole asked do we have a work order process that identifies what the repair is, who the vendor is, dates, etc., something that allows you to track it? If there are issues around timelines we can go back and look at that and say your service is fantastic we want to keep you or your service is inadequate you need to address this or we will find another company.

Mr. Biagetti stated I don't have a proper work order process but with documentation from invoices, email communication and I can look back and see when things happen.

Mr. Payton asked could you look up prices for a digital timer for the tennis lights?

Mr. Andersen stated I will take care of that.

E. Operations Manager - Report

Mr. Andersen stated there are four lights out on our entryway again. We are going to have a different electrical company come in to figure out what is going on.

Pond on #3 tee box is a constant issue and we continue to work on it.

ELEVENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Payton stated in talking to some neighbors and going through the proposal for the operations and other scopes a question came up as to whether or not we thought it was necessary

to have a general manager position, one person in charge. Do other CDDs have a similar position? Right now we have to have these three separate groups and they have a head and they come to the board.

Mr. Oliver stated some of the larger ones do and the draft scope that we previously prepared on the recreation side we had a general manager position on that. Both scopes were combined, the operations and all of recreation. We could do that and in a large district like this it may make sense to do that, particularly if the golf course is purchased.

Mr. Payton stated some of them we have today we pay them a set amount of money because it is a management place and we don't tell them what their organizational structure is. Would a general manager be outside of that contract and an employee of the district?

Mr. Oliver stated it could be a contracted position. An example is right across the street, there are two districts across the street at Oakleaf Plantation, Double Branch and Middle Village. They have a general manager, but it is a contracted position and the general manager not only has employees working for him from the company for which he works, but he is also in charge of employees that are outsourced from other companies. The lifeguards are from a separate company than the rest of the recreational and operations, but the general manager is in charge of all those people.

Mr. Payton stated a concern raised to me was that if you try to find who is responsible for emptying the trashcan, one certain position, it is hard to figure out who that is.

A resident stated I heard earlier that as we go through the due diligence situation with the purchase of the golf course that we would potentially suggest someone from the board to assist with that. Do we have anybody with significant golf course operations background, retail and food to go through that due diligence? If we don't have that expertise on the board I suggest we hire some people that do. This is a big decision and there is a lot of money at stake and anybody who has gone through a large purchase understands that due diligence is a critical process.

Mr. Cross stated working with the people who do it I just wanted the board to have an overview. I wanted a board member to oversee it to see how it is run because they are the experts that we hire, they are the ones who are going to run it then they can tell us where the faults are, where their strengths are and we can tell them what we expect and how they can run it. They would come back to us as a whole. I just wanted someone in there to see how it is run.

They are contract employees and they will be contracted to the CDD once we purchase the golf course.

A resident stated I think you would want someone not associated with it that could come in and give us a clear view of what they think with their expertise to go through this due diligence process.

Mr. Krueger stated we contracted with NGF, National Golf Foundation, and they came in and evaluated the golf course and tell us what it is, what it can be and so forth. It is not like we know what needs to be done to run a golf course that is why we went out and hired these people. They are independent and not associated with Century Golf or East West, they are totally independent and if we need to we will have them come back in.

Mr. Oliver stated we will bring in whatever outside professionals we need for due diligence tasks that can't be done in-house. Counsel has put together a lengthy due diligence list; we just haven't started anything yet.

A resident stated you talked about the capital improvements you would make and no decisions have been made or priorities set but it occurs to me that as we start making those decisions we should also need to ensure that we have adequate revenue stream to handle any repairs and maintenance that might be required on those additional items that we propose to add to the community.

A resident asked when did we put out the survey to initially buy the golf course?

Mr. Oliver stated February or March 2015.

A resident stated 71% of the responses said they never or rarely used the golf facility. I went over there last week and one court was being used in the tennis facility. I don't think we need to spend \$300,000 unless someone can show it will bring in revenue. This is for the residents not everybody else and unless that can benefit the residents we don't need to do it.

TWELFTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet as of November 30, 2015 and Statement of Revenues and Expenses for the Period Ending November 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. Krueger with all in favor the check register was approved.

**THIRTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday,
February 2, 2016 at 6:30 p.m. at Eagle
Landing Residents Club**

Mr. Oliver stated the next schedule meeting is February 2, 2016 and we would like to continue this meeting

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the meeting was continued until Thursday, January 21, 2016 ay 6:30 p.m. in the same location.


Secretary/Assistant Secretary


Chairman/Vice Chairman