

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, April 5, 2016 at 6:39 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
Josh Smith	Arnold Palmer Golf Management
Rob Dugan	Arnold Palmer Golf Management

The following is a summary of the actions taken at the April 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 6:39 p.m. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of Minutes

- A. February 2, 2016 Meeting
- B. February 18, 2016 Continued Meeting
- C. March 1, 2016 Meeting

D. March 21, 2016 Meeting

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the minutes of the February 2, February 18, March 1, and March 21, 2016 meetings were approved.

FOURTH ORDER OF BUSINESS

Acceptance of the Minutes of the February 18, 2016 Workshop

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the February 18, 2016 workshop were accepted.

FIFTH ORDER OF BUSINESS

Consideration of Matters Related to Phase 5 Infrastructure

A Ratification of Funding Agreements

Ms. Buchanan stated as you will recall Phase 5 is the portion of the property that was purchased by Dreamfinders and it will comprise 199 units and Dreamfinders has requested that the district move forward with soliciting a contractor to do the infrastructure construction work. We won't be able to put that under contract until after the bonds are issued but under Florida Law we have to have a certain time period between when we publish notice seeking that contractor and when we can award that contract.

The first document you have is a construction funding agreement. I have taken the liberty of having Dreamfinders execute this between meetings and this assures the district that any work performed by myself, Steve or any cost incurred associated with the bond transaction they have an obligation on paper to refund the district for that work and we would like you to ratify that agreement.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the funding agreement was ratified.

B. Consideration of Request for Proposals for Phase 5 Infrastructure

- 1. Scope of Work**
- 2. Notice, Schedule and Minimum Qualifications**
- 3. Evaluation Criteria**

4. Appointment of Evaluation Criteria

Ms. Buchanan stated the next item is consideration of an RFP for Phase 5 infrastructure that has a scope of work with an anticipated \$4.3 million total for the project and they are proceeding with half the lots now so the contract is anticipated to be a maximum of \$2.5 million. Out of the \$2.5 million the district is only funding through bond proceeds \$1 million. Part of what we are talking about tonight is how to manage the disbursement of funds from the district and from Dreamfinders.

Mr. Hadden stated in total there are 199 lots, asphalt roads, concrete curbs, sidewalks, ponds, water, gravity sewer, reuse lines for irrigation. Only parts of what is going in the ground and on the ground the CDD will pay for. Improvements to the lots, lot fill and all that cannot be. When the bid documents go out I will have all of that pulled out separately so you can see what it is the CDD is building. Dreamfinders would like to build it in two phases basically two 100 lot phases. They would like to build the south phase first, there may be some work that needs to be done in their future phase in order to make the first phase usable basically, water lines may have to be looped in, put them in today and we are going to break that out with the bidders as well. It would still serve the CDD ultimately we have to put in a loop system for fire protection purposes. Our bids will break down how much is curbs, how much is sidewalk, asphalt, earth. The dirt out of the lakes will be usable for road fill and for lot fill but we can't fund the lot fill but we can fund to build the lakes. We are upsizing the lines. For example a 10" water line would be needed for Phase 5 and the utility authority has asked us to put in a 16" line to help with some low pressure issues they have outside of Eagle Landing in Two Creeks and they are paying the difference. I will bid a 10" and 16" and the CCUA will pay the difference.

Mr. Poole stated this is the first I heard about the two phases of construction. Why would we not consider limiting the amount of the \$1 million they would be able to draw down to half in Phase 1 and half in Phase 2?

Ms. Buchanan stated if you will recall we levied four assessments, the last of which was the \$10,000 per lot assessment, it wasn't associated with the bonds. Every time they sell a lot out of the first phase \$10,000 is going to be put into an account that we are setting aside to be used for improvements on the second part of their construction.

Ms. Buchanan reviewed in detail the request for proposals and evaluation criteria then requested the board appoint themselves as the evaluation committee to review the bids along

with John Landres of Dreamfinders to make a recommendation to the board, then reviewed the timeframe of bidding and award of contract.

We need to establish two dates, proposals due May 20th and that gives staff 10 days to review them and your meeting is June 7th.

Funding will be handled in the following manner, 50% funding with each pay application up to \$800,000 and the final \$200,000 will be released at the final payout.

Mr. Cross suggested a lower percentage

Mr. Poole stated no more than \$500,000 for the first phase.

Ms. Buchanan stated I suggest we issue an addendum so that the bidders know how this project is being funded with the majority of it being funded by the developer.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the items related to the request for proposals for Phase 5 infrastructure was approved as revised with proposals due May 20, 2016 for consideration by the board at the June 7, 2016 meeting.

SIXTH ORDER OF BUSINESS

Discussion of Proposed Golf Course Rates

Mr. Oliver stated once you own the golf course or shortly thereafter the district will have to go through a rate hearing to establish rates for the golf course for residents and non-residents.

Mr. Smith distributed and reviewed the current golf course rates broken out by weekday, weekend, different golfer segments, times of day along with different pricing strategies the board may want to consider.

SEVENTH ORDER OF BUSINESS

Update Regarding Bond Refunding and New Bonds

Mr. Oliver stated they are preparing the preliminary limited offering memorandum so it can go to market to sell the bonds. They are still very confident they are going to get good rates certainly below what we put in the mailed notice, which was the maximum we could levy for assessments. The bond validation hearing is coming up, we look to have a pre-closing on June 7th and a lot of that is tied to the due diligence process that we are going through now.

EIGHTH ORDER OF BUSINESS

Update Regarding Golf Course Purchase Due Diligence Process and Transition Planning

Mr. Oliver stated the due diligence process is underway right now. Clary & Associates is doing the survey and they have 60 days to do that in and it will be well in advance of the June 7th bond closing. Environmental Services is doing the Phase 1 environmental and they will have that done by the end of April. Community Advisors did the property inspection and you have a draft copy of their report that was circulated earlier. There were no major red flags but they found some things that need to be repaired either before we accept it or you can consider that during negotiations.

Mr. Krueger stated they are replacing an air conditioning unit that was noted in the report.

Mr. Oliver stated we also have a draft report from NGF for review of the golf course and buildings and we will go back to them with comments before they complete the final report. Berger Toombs is your independent CPA and they are performing a limited audit and that will be done by the end of April. We started the conference calls for the technology review team and that includes the vice chairman, folks from the golf operation, TAI, which is the system we use, our IT guy from GMS and also Matt Biagetti. It gives us an idea of the different systems and what our needs will be so that as the transition occurs we will be prepared. I believe we will have a comprehensive report at your next meeting.

NINTH ORDER OF BUSINESS

Discussion of Golf Course Operational Funding (FY16)

Mr. Oliver stated we are going to be starting our budget process for FY17 at the June meeting and probably adopt a budget in early September in order to provide the assessment roll to the tax collector for the November 1st tax bills. We started the process of putting together a budget and I will pass this out to you and this is a draft and will change before we get to the proposed budget and that will change over the 60 to 90 days as we consider the budget. For a starting point we used a budget that Josh Smith provided to us and for the FY17 budget we are starting as the FY16 budget is for Josh's operation. On page 3 you will see that we added capital reserves of \$100,000 because we need to put aside money for capital reserves and any deficits we may have over the first 16 months of operation. As a working theory we are assuming that the assessments for the golf course would be similar to what the social dues are, although they will no longer be social dues we need to replace that revenue and we believe we will be able to

meet the break even number. This is just a start that will be refined as we go through the process.

TENTH ORDER OF BUSINESS

Discussion of Facilities Repairs, Replacement and Maintenance Plan

Mr. Oliver stated we have been talking about this for a long time and it came up at our public hearing we had March 21st. Steve has included in your agenda package a list of projects that he could start on immediately. We do have money in capital reserves, \$106,000 for repair and replacement, however, because the bonds aren't issued yet we are also using that fund to pay for some of the due diligence work. While some vendors are willing to wait for payment until the bonds are issued others want progress payments as they go along, an example is the survey work being done.

Mr. Andersen reviewed the maintenance and improvement list, copy of which is attached hereto and made a part hereof.

It was the consensus of the board to have Mr. Andersen start the work immediately with the exception of the pool shed doors.

Mr. Oliver stated when the bonds are issued we will replenish this R&R fund and we want Phase 5 to be platted as quickly as possible because at that time they will have to pay their full assessments.

Mr. Andersen stated we are putting together proposals for the bigger items and once the bonds are issued we will bring the proposals to you for consideration.

ELEVENTH ORDER OF BUSINESS

Approval of Audit Criteria and Authorization for Staff to Publish an RFP for Fiscal Year 2016 Auditing Services

Mr. Oliver stated the audit committee met earlier this evening, they approved the evaluation criteria and we are asking you to approve those criteria and authorize us to publish the RFP.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the audit criteria was approved and staff authorized to publish an RFP for fiscal year 2016 auditing services.

TWELFTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

THIRTEENTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

There being none, the next item followed.

C. Manager

There being none, the next item followed.

D. Director of Aquatics & Recreation

Mr. Biagetti gave an overview of his report.

E. Operations Manager - Report

Mr. Andersen gave an overview of hit report.

**FOURTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience
Comments**

Mr. Krueger stated we have two seats coming up for election this year and the qualifying period is in June.

Mr. Oliver stated you can go to the Clay County Supervisor of Elections website for the information.

Mr. Cross stated there was an email about naming the golf course clubhouse/restaurant so the residents can start thinking about that.

Mr. Payton asked can the HOA provide streetlights?

Mr. Andersen stated that is actually on county property, those lights are owned and maintained by the county. There is an extra charge to the community that goes on the electric bill. That is not a CDD improvement.

Mr. Poole stated we had this discussion before and you indicated that the utility or somebody at the county level does a survey and it defines lighting requirements.

Mr. Payton stated I think it defines how much they are going to put in based on rooftops. If we are not satisfied with that we can pay to put more lights up.

Mr. Andersen stated there is a formula that Clay Electric uses when they establish lights.

Mr. Payton stated some streets are well lit and some are not.

Mr. Hadden stated we can talk to Jessie because I think the streetlights are owned by Clay Electric they are on their easement. It is my understanding that you can have more streetlights put in and everybody's add-on fee goes up a little bit.

Mr. Andersen stated I'm sure they would do a study.

Mr. Payton stated maybe we can look at a couple areas such as the S turn before the big lake.

Mr. Andersen stated you and I can get together on locations and I can go to Clay Electric.

Mr. Payton stated the tennis court lights are still on at 2:30 a.m.

A resident asked on the development of Phase 5 are all of the construction vehicles and materials coming through our main entrance or is there an alternative contractor route?

Mr. Hadden stated legally they can come through the main entrance. I know Roger Arrowsmith has told Dreamfinders they are more than welcome to use the construction access road. I have expressed to them that it would be better for the community if they did that. I would think for the dirt, asphalt and concrete and that kind of stuff they will probably come through that but when they start building homes and start bringing trusses in I doubt they would come in that way. They will probably come in through the Armstrong property but we can't force them.

A resident asked is there a bond required of Dreamfinders for the county roads they are going to be traveling on for any of this construction?

Mr. Hadden responded no. The county roads are designed for fire trucks, trash trucks and construction vehicles.

A resident asked is there an update on the Armstrong property?

Ms. Buchanan stated the boundary amendment hasn't been filed yet but will be June 14th.

A resident stated I understand from the last special meeting that there were significant expenses found during the due diligence phase that needed to be repaired on the golf course prior to our purchase? Is that cost going to be incurred by the developer or the CDD? I thought you said the capital reserve was being held aside for the due diligence repairs.

Mr. Oliver stated we have a capital reserve fund for repairs and replacements for assets we currently own and that is going to fund the improvements Steve talked about. However, until we issue the bonds we need a cash source to pay some of these ongoing due diligence items but once the bonds are issued we will replenish those costs into the R&R fund.

A resident asked all those repairs, several air conditioners, are they going to be repaired prior to the purchase of the golf course and is there any chance there could be a \$60 hike next year to pay for the repairs?

Mr. Oliver stated those repairs and the biggest one was the air conditioner and that is being fixed right now before the district acquires the golf course. The other ones are more cosmetic, however, we will have to decide cumulatively if the board wants them repaired before they accept or if that would change some price negotiation.

A resident asked is the golf course operating at a profit right now?

Mr. Cross stated depending on the accounting, the golf course operating minus the social dues is basically break even.

Mr. Oliver stated that is the draft budget that we presented tonight that it would be break even when you take into account we are setting aside money for capital reserves for those repairs.

A resident asked how are those profits disbursed amongst the owners?

Mr. Cross responded they are not.

A resident asked then where does the profit go?

Ms. Buchanan stated it will come to you in the form of savings.

A resident asked the same thing if there is a loss?

Mr. Cross stated then the assessments will go up.

FIFTEENTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet as of February 29, 2015 and Statement of Revenues and Expenses for the Period Ending February 29, 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

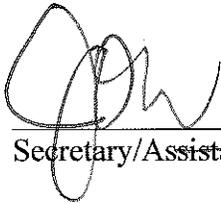
On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the check register was approved.

SIXTEENTH ORDER OF BUSINESS

Next Meeting Scheduled for Tuesday, May 3, 2016 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated our next meeting is May 3, 2016 at 6:30 p.m.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor the meeting adjourned at 8:03 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman