SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The continued meeting of the Board of Supervisors of the South Village Community Development District of May 3, 2016 reconvened Tuesday, May 17, 2016 at 7:30 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
Sarah Warren	Hopping Green & Sams
Jason Merritt	Hopping Green & Sams (by telephone)
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Misty Taylor	Disclosure Counsel
Danny Tyler	Nabors Giblin
Sete Zare	MBS Capital Markets
Kevin Mulshine	MBS Capital Markets
Several Residents	

The following is a summary of the actions taken at the May 17, 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 continued meeting to order at 7:30 p.m.

SECOND ORDER OF BUSINESS **Audience Comments**

There being none, the next item followed.

THIRD ORDER OF BUSINESS **Consideration of Resolution 2016-17 Delegated Award Resolution**

Ms. Buchanan stated Mr. Tyler has prepared the resolution before you and he will go through the resolution and explain to you what it accomplishes then he and Misty are going to go through the exhibits to the resolution.

Mr. Tyler stated this is a delegated bond award resolution. You are going to delegate to the chair the authority to sign the bond purchase agreement, the form of which is attached to this resolution in order to be able to close the bond issue. When you do that you are approving also the form of the disclosure document called the official statement in connection with these bonds and it contains all the details of the bond documents, the structure of the transaction, a description of the development, the status of development, the golf course and the connection with the Dream Finders piece. It describes Dream Finders and what they plan to do and a description of the developer. It describes the district and the supervisors who manage the district and that sort of thing. You will be approving that together with the bond documents.

There is a supplemental indenture for each of two series of bonds, the golf course acquisition and refunding bonds and the bit of new money, which you are doing for your capital projects. All of that is done under one supplemental indenture.

The Dream Finders piece is being done under another supplemental indenture and the reason for that is because it is a new development as opposed to the balance of the community, which is almost fully developed, the interest rate and risk would be different on the two. Rather than taking away some of the savings from the refunding by virtue of this development being as beautifully and developed like it is they are done in a separate series. Their assessments will be predicated on the different interest rate. The Dream Finders parcels are going to get a piece of the refunding, a piece of their new money, a piece of the golf course and also they are doing some construction funds for themselves. That is a separate series with separate interest rates.

The whole idea behind this is that once we approve all these things tonight, Kevin, Sete and their firm will be able to go out and market the bonds and call and say we are going to price the bonds on Tuesday and we would like to sign a bond purchase agreement on Wednesday. It is not totally open ended this is a delegated award to the chairman within parameters and if the bond purchase contract is within those parameters the chair is authorized to sign the contract and we will have a deal and we will set a closing date based on the numbers and the closing date will be the date that we will sell the bonds to the bond purchasers. We will get the money to buy the

golf course, put the other money in the construction fund for the capital improvements and we will put money in the escrow account to redeem the prior bonds that we are refunding on a date 30 days away because we have to give 30 days notice. There are all these moving pieces and those are the documents you will be approving tonight. There is an escrow deposit agreement, when we get the bond proceeds that we are going to use for the refunding we give them to the trustee and they hold them in an escrow in cash and the prior bonds we are refunding go away legally when the money is put there to pay them off. We get a new clean lien with our new bonds. The form of that escrow deposit agreement is an exhibit to the resolution. In addition to the official statement Misty has prepared the bond purchase contract and continuing disclosure agreement. Federal securities law requires the underwriter to enter into an agreement with the district to get them to agree to provide certain disclosures on an annul basis and also a disclosure of certain events that may occur and the securities and exchange commission enforces it.

Mr. Mulshine stated we are further constrained by the constraints in the resolution and also constrained by the notice you sent to residents for the public hearings so we can't come in with a bond issue that results in higher assessments than what you disclosed to your homeowners so the homeowners at least get that deal or a better deal. We are very confident that we will be within those parameters. When Danny was explaining the 1,152 homes in Phases 1 – 4 are a better credit than the Phase 5. We actually did it for the $17 million to $18 million of senior lien bonds we actually received a BBB rating from Standard & Poor's, which is very positive. We have the wind to our back going into this.

Ms. Taylor stated the preliminary official statement is considered a sales brochure. This is what MBS will use, we will post this online when it is final and it will be final except for filling in pricing information and that gets posted and sent out to various investors. There are basically two series of bonds, the first series is the 2016 A1 and A2 and those are set up as senior lien/subordinate lien, the senior lien bonds are the ones that Kevin just referenced that got an investment grade rating from Standard & Poor's. Those bonds can be offered to pretty much any investor. The unrated bonds are limited to what we can an accredited investor. The same offering document is used for bond purposes so we basically put your new development, new money deal into the same offering document as we did your refunding with the small piece of your recreational improvements. This document has several sections as Danny pointed out but basically we tell the investors all about the district, about the credit, how the documents function,

all about what we call in this document Assessment Area 2, which is the Dream Finders piece Phase 5, we tell them all about that and Dream Finders. All of this is bottled into one offering document that Kevin can post and communicate to the investors. What we try to do when we draft these things is what we have to have in here is everything a reasonable investor would consider important when making an investment decision to buy the bonds. We try to anticipate investor's questions and have everything in the offering document they will want to see. This document has a lot of attachments and what will be attached are things that you have approved before. For example the assessment reports, supplemental engineer's report that tells about the improvements you are going to undertake with the bond proceeds. The form of the bond counsel opinion that is important because these bonds are tax exempt to investors and they need to know that bond counsel has prepared and is ready to deliver an unqualified tax exempt bond counsel opinion so we provide them with a copy of that. The continuing disclosure agreement, which is a separate attachment to the resolution we attach that as a form. We will include a copy of your annual audit.

Mr. Mulshine stated we are hoping to average slightly under 4% for the BBB rated bonds and when we blend it in we will be in the low 4's so we are taking the 5.7% down to the low 4's. Some of those savings go back to funding the golf course and your other improvements. The Dream Finders piece could be as high as 6% that is why we split them out.

Mr. Payton asked when this is brought to Gary's attention will he have the opportunity to say no and will there be an opportunity for another offer?

Mr. Tyler stated he clearly has the authority to say no before he signs. In terms of will there be another opportunity if you go out in the market and market the bonds and have sold them and then you just say let's see if we can get a better rate the market probably would not willingly accept or be eager to come back and do it. If there were something in the market that radically changed the market and Kevin calls and says here is what is happening and Gary says I don't want to market them right now that is probably what would happen. He would pull the plug before the bonds are marketed as opposed to after they were marketed.

Mr. Mulshine stated if you do a lot or premarketing you have a set day for the pricing then we will call your manager to see if Gary is available several times during the day and in the morning we will get the feel for where the market is and if the offers look like they should be and we will save you money if we go out with this scale of interest rates and we will show him

exactly what that means to every homeowner and we will say if we go up in the scale and come back a couple hours from now and we actually make a commitment to buy all the he will have the opportunity to know where we are pricing the bonds before he says yes but after he says yes and signs the BPA there is not only contracts between us and the district there are actually contracts between MBS and a lot of investors that have bought those bonds so that is the point of no return. He will be able to see the impact of those rates on every resident before he says yes or no.

Mr. Cross asked what is the timeframe for this?

Ms. Buchanan stated I know you have commitments and the resolution authorizes the chairman and the vice chairman.

Mr. Mulshine stated things are moving very quickly and we anticipate a closing at your next meeting on June 17th.

Ms. Buchanan stated we have a regular meeting on June 7th and we had talked about pricing on June 8th and then doing a pre-closing in conjunction with our continued June 17th meeting.

Ms. Taylor stated the big push will be to get the offering statement posted in the next few days no later than the holiday, you want it out there so that it gives Kevin enough time to field questions.

Mr. Mulshine stated I think you are out to bid for the construction of the first 100 lots in Phase 5 and we are hoping to have that information, which will be on the 5th or 6th before we make commitments so we know how to size the bonds just right.

Ms. Buchanan stated we are still going to finalize these documents, they are all in substantial form so understand that we are still working to get the final documents put together, which is completely normal.

Audience Comments

A resident asked if we sell the new bonds on day X, pay off the existing bonds of day X +30 is the district obligated for double interest payments during that 30 day period or how does that work?

Mr. Tyler stated it is part of the sizing of the new bond issue.

A resident asked about two months ago we received documentation that seemed to outline infrastructure for the new bonds and there were specific dollar amounts that were forecast for payments. What interest rates were used for the development of those dollars?

Ms. Buchanan stated the notices we sent you established maximums. We used conservative interest rates based on working with Kevin and GMS and they won't be higher than that notice.

Mr. Mulshine stated we cannot go above what you were noticed.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-17 was approved in substantial form.

FOURTH ORDER OF BUSINESS **Consideration of Construction Funding Agreement (Phase 5)**

Ms. Buchanan stated we discussed several times how we want to prorate the payment of Dream Finders capital money out of their pocket as opposed to their construction proceeds. Since our last meeting Kevin has determined that he felt more comfortable if Dram Finders was required to put the balance of the construction project cost in escrow. There is no need for us to further contemplate a construction agreement. The payouts will be paid proportionately from our bond proceeds and the prefunded escrow account.

Mr. Poole asked is Dream Finders in agreement with that?

Ms. Buchanan stated Kevin has worked that out with them.

FIFTH ORDER OF BUSINESS **Consideration of Developer Funding Agreement (Tines Boulevard Extension)**

Ms. Buchanan stated we are going to table this. This is something the developer has already committed to funding and this will just relate to the cost of the request for qualifications for district engineering services for the design work and construction administration related work. It is not that you won't sign it we just don't have it tonight. We have prepared a request for qualifications that will be published in Clay Today tomorrow.

SIXTH ORDER OF BUSINESS **Consideration of Interlocal Agreement with Clay County (Tines Boulevard Extension)**

Ms. Buchanan stated we are tabling this item as well. As a district you have done more than what they expected meaning you were willing to work with them for the RFQ and they are very appreciative and understand that the interlocal is just not right for your consideration yet.

SEVENTH ORDER OF BUSINESS **Update Regarding Golf Course Purchase, Due Diligence Process and Transition Planning**

Ms. Buchanan stated Jason Merritt is on the phone and he can give you an update. You have a memo that outlines where the process was. The first thing he addressed was the title and survey and at this point the survey is substantially complete I think they are just waiting on some formalities with the execution. It doesn't identify any major legal issues and Jason will explain what there is.

Mr. Merritt stated the survey at this point has been completed. One of the remaining items that needed to be finalized was final verification of the actual legal description of the golf course and one of the things that was identified during the course of the survey was that the original legal description had some relatively minor errors and omissions that you can have with a legal description as complicated as a golf course that has numerous jogs and as Clary & Associates were in the field they identified those and were able to correct them and the legal description we now have is a little different than the description, which was originally used when Eagle Landing Golf Corporation acquired the property but we are going to work through that and obtain a quit claim deed from Eagle Landing Limited Partnership, which will clear up any title issues pertaining to that.

In terms of improvements that exist on the ground identified by the survey there are numerous minor encroachments between the golf course boundary and adjoining parcels. Fortunately many of those issues relate to lands and facilities owned by the district so at the time the district closes those will go away, all the adjoining property will be combined into common ownership. There are a handful or less of situations where there are lots and fences and whatnot that encroach slightly against the golf course but these seem to be very minor in our view and don't present significant other problems. Probably the most significant issues are instances where golf carts paths as constructed stray slightly from the descriptions of where those cart paths may have been planned and strayed slightly either into land owned by the CDD, which I don't view as a problem or a little more into conservation easement areas. While that is not ideal

I don't have enough information to say what the water management district's posture would be if that were to be discovered. On the other hand since the golf course has been in operation for as long as it has we think the likelihood of any issues arising from that are pretty low and not surprising. In short I think the survey confirms some things for us and ought to eliminate a lot of questions and also we were able to clear up and eliminate potential title matters as a result of it.

I think we are in good shape from that point of view and as also discussed in the memorandum we are working through a couple of remaining issues from the commitment but there is nothing that we have identified at this point that amounts to a significant problem from a title or survey perspective for due diligence purposes.

Mr. Cross stated in the first paragraph where it talks about the title description I'm assuming where it says the golf course continue operating, maintaining first class manner is going to be taken out.

Mr. Merritt responded there are two restrictions that exist and they were imposed at the time that Eagle Landing Limited Partnership acquired title to the property from the original developer of the DRI. These were matters that Eagle Landing assumed and at the time Eagle Landing conveyed title to the current owner those were matters, which were made subject to so in order to eliminate those you would have to go back up the chain of title two steps to the original developer of the master DRI and obtain their consent to the release of that. We have not made efforts to do so in light of the fact that this was a legally negotiated term as part of the original conveyance of the development well before the community existed. If that is the board's direction we certainly can do so but to our knowledge there have been no issues raised by the existence of these provisions. The one referring to the continuing operations of the golf course in a "first class manner" that restriction will expire in a little more than two years and at that point in time that restriction will burn off and will no longer be applicable. The other restriction requiring the property continue to be used as a golf course until December 2033 has a longer period of time but as we sit here today I think it is everyone's expectation that is the plan and it will continue to be used as a golf course. We do not view that restriction as being problematic.

Ms. Buchanan asked who would be able to enforce that restriction?

Mr. Merritt responded the only entity that would be able to enforce that would be the original entity that conveyed the property to Eagle Landing Limited Partnership.

Ms. Buchanan stated that language isn't particularly problematic. It is an odd standard but I certainly think that we intend to operate these golf course facilities in a first class manner.

Mr. Cross stated I agree.

Equipment Leases and Service Contracts

Mr. Merritt stated the next section deals with equipment leases and services contracts and as you will recall at our last meeting we discussed the existence of a series of equipment leases and the board's direction was working with representatives of Arnold Palmer Golf Management to have those existing leases evaluated and to obtain any recommendations they may have. We have in fact discussed these with Josh Smith and he had representatives of his lease finance group take a look and they recommend that no changes be made to any of those leases at this time. They thought they were appropriate and necessary for the operation of the course. Based on his recommendation we suggest that we continue to accept and assume those leases as we move forward to closing. To that end I have been in contact with counsel for the seller and we are working to initiate the process to get formal approval of the various equipment leasing companies to the assignment of those leases. Earlier this week we received the necessary credit applications and I have been working with the district manager's office to complete those.

Additionally as we continue this process we were notified of several service agreements that are in place particularly an extended warranty agreement pertaining to the irrigation control system that is set to expire at the end of this month as well as a copy lease. We have been advised that those are the only two service contracts that exist that have a significant period of time and couldn't be terminated with 30 days notice and upon review the copy lease can be terminated on a 30 day notice, it is on a month to month basis. The proposal for the extended warranty for the irrigation system would be a five-year term and I provided the details of that in the memorandum. In conferring with Josh Smith of Century Golf he also confirmed that it was their recommendation that this warranty be renewed that it provides for maintenance and repair of the irrigation system that is a critical component for the golf course. Based on that recommendation we suggest that the board assume that and specifically as an action item give us authorization to tell the seller to go ahead and renew that agreement because if we wait until the end of this month we have been advised that the renewal rate will be increased.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor staff was authorized to extend the irrigation system lease for a period of five years at a rate of $165.85 per month subject to confirmation with Josh Smith that it is a reasonable rate.

Mr. Poole asked does this have a 30 day termination provision?

Mr. Merritt stated it does not have the 30 day termination provision this is for a five year term with no earlier termination option.

Mr. Cross stated Bobby will get with Josh before the end of the end of the month and they will determine whether this is something the board wants to continue or decide if it has to come back to the board for a second approval. You will know before the end of the month whether or not to renew it. Bobby will get with Jim and Jim will let you know. I know you need it sooner than the end of the month and we will get with you as quickly as we can.

Mr. Merritt stated that should be fine.

Draft Management Agreement

Mr. Merritt stated the next item in the memo is the draft management agreement. I believe Katie circulated under separate cover a preliminary draft that we had prepared based upon the existing version of the agreement between the seller and Arnold Palmer Golf Management. We prepared a redline so you can see the changes we are proposing to make in this version of the agreement to the existing version that exists between the seller and Arnold Palmer Golf Management. We need to finalize this agreement before closing and I will take any comments you have tonight, circulate a draft to counsel for Arnold Palmer Golf and bring back a revised draft to you at your upcoming meeting on the 7th.

Mr. Cross stated I read it today and what I saw in the redline was changing the verbiage to put us into the contract and the fact that we were a government entity and public records, etc.

Mr. Merritt stated that is an accurate summation of the changes. There are particular points in the agreement that I think the board may wish to weigh in on for instance threshold amounts of contracts or dollar thresholds that we are delegating authority to the manager to act on without bringing it before the board.

On page 3, comment 2 there is a definition of a term called material agreement that requires the owner's written approval for any agreement involving more than $10,000 or

terminate with not more than 30 days notice. We think the 30 day notice aspect is fine but whether or not we wanted to delegate that much authority to the manager to make a commitment to a $10,000 line item without bringing it to the board or if you wanted to reduce that. This is for something not already approved in the budget process.

It was the consensus of the board to say we would like it to be reduced to $5,000 and they need to explain why they need $10,000.

Mr. Merritt stated comment no. 5 on page 9 in section 2.46 talks about the reallocation of budgeted funds between line items and the intent of this provision would be to authorize the manager to move funds within and between budgeted line items but there is a 5% variance that the manager can't exceed. This is another example of a threshold and it is more of a managerial accounting mechanism. If you have a line item more than 5% over budget and you have to move funds do you want the manager to do that without your authority or do you want to bring it back to have a discussion about that particular issue and have a little more oversight? It could be an example like the last one where we create the question and ask them to come back as to why they think that 5% number is appropriate or not.

Mr. Cross stated let's do that.

Mr. Merritt stated the final comment is on page 13 section 4.2 the existing agreement contemplates that there will be an operating account established by the owner and that the owner will deposit and make sure there is always $150,000 of cash in that account and the intent of that provision is to make sure there is enough working capital on hand to permit the manager to draw down and pay the expenses of the club as they are incurred. Our question is and probably another point of discussion with representatives of Arnold Palmer Golf is that amount appropriate or is it maybe a little too high. It is probably a function of what are your anticipated revenues and expenses in any particular month. Katie and I took a quick eyeball examination of the forecasted revenues and expenses taking the low month of revenue and high month of expenses. My personal opinion was that I didn't think that number was out of the ballpark but at the same time there is a cost of capital that comes with having cash parked. If you want to have the appropriate amount of cash on hand that doesn't make sense to have excessive amounts of cash on hand either.

Mr. Cross stated I think we have to go back to the same thing and have them justify it: We would like some justification for all of these. Let them know it is not that we are against it we just need to know why they need it at those numbers.

Mr. Merritt stated I don't anticipate any issues these are certainly reasonable questions.

Mr. Cross stated they can call a board member directly if they want to and make it more understandable instead of going through third parties.

Mr. Poole asked have we had any discussions about the management fee about how that was generated and whether it is appropriate going forward?

Mr. Oliver stated that was one of the terms of the purchase and sales agreement with the seller of the golf course that we would take on this contract at that fee of $100,000 for one year.

Ms. Buchanan stated if you have additional comments or questions try to get them to us by the end of the week and we will turn it over to their counsel and let them review it and hopefully get their responses in time for our June 7th meeting.

Mr. Merritt stated the management fee has been renegotiated over time and frankly they are much simpler fees than was originally negotiated. There used to be various levels of incentives and benchmarks that were negotiated between the original developer and Arnold Palmer and those have fallen away. As you move forward this might be a discussion you have with NGF or other advisors whether or not a lump sum structure such as proposed or some other alternative mechanism is best on a moving forward basis.

I have a limited discussion of governmental approvals and licenses in my memorandum. In short the existing approvals appear to be in order and in hand with no open violations or investigations. There are a couple of outstanding due diligence matters that we are still waiting on and trying to complete mainly as you are aware we have moved forward with a Phase 2 irrigation pond, we have yet to receive those results so we do not have anything to report on that front this evening although we have received limited results that have not revealed any issues to this point so we are optimistic that everything will come back all clear. Also the audit is in process and we received an update that we should have a preliminary report as to the audit findings this week as well. Having said those things under the terms of the contract our due diligence period is scheduled to expire tomorrow and in light of the open items we thought it was appropriate to have the due diligence period extended and we have reached out to the seller and made such a request and the seller has agreed to extend the due diligence until June 17th and has

signed an amendment to the contract to that effect. We recommend to agree to extend the due diligence period until the 17th to allow us an opportunity to wrap up these remaining items then we can come back to the board at your June 7th meeting and give a final report as to the status of these outstanding items.

On MOTION by Mr. Poole seconded by Mr. Cross with all in favor the extension of the due diligence period to June 17, 2016 was approved.

Mr. Poole stated what are the advantages and disadvantages of the manager having the permits and licenses versus the district?

Ms. Buchanan stated I will speak to the liquor license first because it is the one I'm most familiar with. We are still trying to determine whether or not the type of liquor license we have here would apply to the golf course. The limited exception we have here, our general liquor license is this is a civic center and the definition of a civic center means a place that a public body meets. In theory we could have an entire complex fall under that umbrella but the truth is in the past DVPR has examined this property and determined that since a road divides the two pieces they have to have two different licenses. Given that the road is a divider I'm not sure whether or not DVPR will qualify the golf course as a civic center meaning a place of meeting owned by a public entity. We will work on it if we need to. That is one factor that weighs into it. The other thing to consider is that over here it is not just the CDD on the license I believe the amenity company was a co-applicant because there is a rule per DVPR that whoever serves the drink has to be responsible for the license as well. In this sense the same entity doesn't own it so there was a CDD portion of responsibility and amenity group responsibility so we would have to do something similar.

Mr. Merritt stated that is the golf course owner and management company are shown as co-applicants on the current licenses as well. It is a point we can discuss with the manager but among other things in light of the fact that they have to be listed on the license that they are serving also from an administrative convenience point of view those are probably the reasons why they are listed on the license instead of the owner itself.

Mr. Poole stated you are saying the CDD is listed as co-owner on the license over here as well as the license at the golf course.

Ms. Buchanan stated no, not the license on the golf course. We potentially may need to be added once we acquire it but for now we are only a co-applicant on this one.

Mr. Poole asked what are the advantages or disadvantages of us being in that position?

Ms. Buchanan stated give me a little time to think about that and I will get back to you on that. I will look into it a little further if you like.

EIGHTH ORDER OF BUSINESS **Consideration of Resolution 2016-18 Setting Rates and Fees for the Golf Club**

Mr. Oliver stated you have before you a resolution as well as proposed rates, which is basically the current rates with a range below and above that, which gives us enough information to actually set a public hearing.

Ms. Buchanan stated the golf course charges fees but they are a private entity. We, as the CDD have to go through a statutory process before we can charge the same fees. The process is that we establish what we think our proposed fees will be, publish a notice in the newspaper that will be 28 and 29 days in advance and then have a hearing, which is an opportunity for the public to present concerns or questions about the rates before you officially adopt them. We have been walking a tightrope to try to figure out when our closing date is. We didn't want to do this and incur the expense of publication without being confident that we had a closing date. I need to make sure we do this in advance of our closing date because we are essentially taking ownership of a facility funded by tax-exempt bonds immediately and to be fully public we have to be able to have rates in place that someone from the public can come in and purchase a round of golf.

We expanded the existing rates as we understand them from Josh and Marilyn by 20% on both ends to give us a little flexibility in pinpointing the rates we want to adopt with the understanding that we can leave a range in there and have some flexibility in which rates we apply at any given time during the year.

Mr. Poole asked do we have a process by which there is a period of notification given upon changes in fees?

Ms. Buchanan stated we have given notice of our intent to use these rates. In the future so long as the rate we like to use is within the range we adopt there won't need to be anything other than a motion by the board.

Mr. Poole asked is there any obligation on our part to the public that says today even though the social dues is $500 and we are going to raise that to $550, there is no requirement or public notice of that increase?

Ms. Buchanan stated no.

Mr. Poole stated we have already set a range by the board so the change in price becomes effective immediately.

Ms. Buchanan stated upon approval by the board by a motion of the board, no further notice is required.

Mr. Oliver stated for good communications you would probably send an e-blast and educate your residents that this is coming, we would give advance notice.

Mr. Payton stated the management company can change rates within these thresholds at any time.

Ms. Buchanan stated that is up to you how you want to operate that.

Mr. Cross stated we give the management of the amenity center a range and allow them to adjust it as they deem necessary without coming back to the board.

Mr. Payton stated we give them a range and they stay within that range.

Mr. Oliver stated it can't be dynamic pricing that as different clients come in they get different prices, people within the same category in a given time period will get the same rates.

Mr. Payton asked what if we want to add categories such as residents fees would that need notice?

Ms. Buchanan stated yes. We do have in place the ability to incorporate promotional rates so if they have a new package they want to put out there that is not specifically included we already have a promotional rate rule in place to allow us to try something in the short term to see if we like it then we can go back and adopt it and finalize it.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-18 setting a public hearing to set rates and fees for the golf course for Friday, June 17, 2016 at noon in the same location was approved.

NINTH ORDER OF BUSINESS **Other Business**

Ms. Buchanan stated I want to go over some of the checks and balances that are in place for this bond deal that you haven't considered yet. I will send it to you and we will review and approve them at the June 7th board meeting. We know that in Phase 5 they plan to construct 199 units and we levied assessments based on that number. Should they choose to build only 150 units we wouldn't have enough money to pay off the bonds. That problem is solved by what is called a true-up agreement that is an agreement that they agree in writing and put a lien on all their property to basically say that if we develop less than 199 units we will write you a check for the difference so you have sufficient funds to pay your bonds.

The second thing we have in place is we know they have a neighborhood improvement project that you previously approved. We understand they are going to prefund the construction account, they are going to have $1 million in bond proceeds and we also have capital assessments all of which can be used to fund that project. If for some reason the sum of that money is not enough the completion obligation would require them to pay for the rest of it. They have an obligation to complete their project.

The third thing we have in place is called a declaration of consent to assessments. They already came to the hearing and they didn't object but we go ahead and have them record an official document that says I consent to these assessments that are levied on my property, I acknowledge the district is a valid entity and I agree that everything they have done is correct. I agree I can't challenge these assessments.

The fourth is if they were to default we would be able to foreclose on their property. That doesn't necessarily give us the ability to continue to develop the property. It is not worth much if you can't put houses on it so we put in place a collateral assignment and this means that should they default on their assessment payments we have the ability to instantly assume the development rights associated with that property. We won't keep them we are obligated to assign them to the trustee on behalf of the bondholders. I want you to understand that is another check and balance so we are able to use the property and hopefully sell it to repay the bonds and satisfy our obligation.

Finally, there is an acquisition agreement and it is a document that deals with how either real estate, work product, or improvements are conveyed to the district. At this point the only real estate I expect will be turned over is the property underlying the roads and potentially utilities. That has to come to us or to the county and they agree to do that. They also agree to

donate the work product to us, that is what we are asking for and we will see if they come back and want us to pay for it. We do have paperwork that they are paying for it themselves because they are paying the bond back.

Those are the documents we use in every deal to make sure we have a nice clean package. We are going to get our project completed we are going to collect enough assessments to pay our bonds if we don't we are going to get the property and the ability to develop it as a marketable piece of property. I will send you the actual documents, Dream Finders has them and they are going to provide comments hopefully by the end of the week and once I have what I think is the final form of the agreement I will send it to you for your review. We will look to adopt them at the June 7, 2016 board meeting.

Mr. Poole asked will you send us an email with the name of the document and the brief comments you gave us tonight?

Ms. Buchanan stated yes, I will send that. We can talk about scheduling. As Jim and I mentioned we expect to have a meeting on the 17th and we set the hearing for the 17th as well so on June 7th you can expect a final update on due diligence. We will need from the board at that point a decision on whether or not we want to change the purchase and sale agreement whether there is a change in price or change in term that you want to take back. Let's do that by the 7th if there is one. We will approve all the developer agreements I just discussed. I believe at that point Jim is going to have a proposed budget that is fully unrelated but will incorporate the golf course. Finally, we will also approve the rankings of the Phase 5 infrastructure proposals. We expect to do all of that on June 7th and we will come back on June 17th at noon and adopt a resolution that incorporates the rates and amounts of the bonds called a supplemental assessment resolution, it is the final piece of information you will adopt related to the bond transaction. We will also have the rate hearing and at that point I also hope to approve the golf course management agreement so we can have that in place prior to actually taking ownership of the property as well as the assignment of any leases that we have.

Mr. Cross stated I will not be here on the 7th I will be here on the 17th.

Mr. Poole asked when will we have the audit?

Mr. Oliver stated the annual audit that we have each year we will bring to the June meeting. The special audit being done right now we will have a preliminary report by the end of

the week and I will circulate that when we get it. Jason mentioned in his memo that he did not see any red flags.

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

A resident stated I was at an HOA meeting two months ago and one of the main topics was this huge amount of cash sitting in the HOA account. Apparently there is no means to transfer HOA dollars into CDD property for improvements.

Mr. Cross stated the sticking point is the HOA attorneys and what they say they can do with the money. We haven't forgotten about it and we know they are willing to work with us. We are trying to come up with a plan that is acceptable to the attorneys and the HOA.

A resident asked as one of the member of the citizens advisory group for the golf course, is the board receptive to input from us relative to the Arnold Palmer Golf Management agreement and if so when would you need that input?

Ms. Buchanan stated the summary is that they are able to provide their opinion. It is the equivalent of submitting a written comment.

A resident asked in order to complete everything by your timeline when would you need our comments?

Mr. Krueger stated I don't think we can change the document as it is now until a year is up.

Ms. Buchanan stated we are revising it but you are right the strict language of the purchase and sale agreement indicated we would accept it as is. The management company agreed with Jason that it just didn't work in the form it was in and that is the redline that we sent out.

A resident stated we talked about a playground for Phase 5. Did you put that in writing?

Mr. Cross responded no, I haven't gotten in touch with them yet.

A resident asked what was meant by Dream Finders is getting a piece of the golf course?

Ms. Buchanan stated the debt, approximately $2.6 million of debt that is financing the purchase of the golf course is being split proportionately between the platted lots and the Dream Finder lots.

A resident asked looking at the entry points of Phase 5 is there a provision to construct entrances in advance of the development in lieu of using our main thoroughfare?

Mr. Cross stated they do have a construction entrance but we can't require them to use it because it is public roads. We can request that they use them but we can't force them to use it.

ELEVENTH ORDER OF BUSINESS **Next Meeting Scheduled for June 7, 2016 at 6:30 p.m. at Eagle Landing Residents Club**

Mr. Oliver stated the next meeting is going to be June 7, 2016 at 6:30 p.m. in this location.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the meeting adjourned at 9:08 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman