

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, June 7, 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:

Grant Krueger	Vice Chairman
Richard Townsend	Supervisor
Bobby J. Poole	Supervisor
Chris Payton	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Jason Merritt	Hopping Green & Sams (by telephone)
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Rob Dugan	Arnold Palmer Golf
Josh Heintzman	Arnold Palmer Golf
John Landress	Dream Finders Homes
Josh Smith	Arnold Palmer Golf (by telephone)

The following is a summary of the actions taken at the June 7, 2016 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Krueger called the meeting to order at 6:30 p.m. and Mr. Oliver called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the May 3, 2016 Meeting and the May 17, 2016 Continued Meeting

On MOTION by Mr. Townsend seconded by Mr. Poole with all in favor the minutes of the May 3, 2016 and May 17, 2016 meetings were approved.

FOURTH ORDER OF BUSINESS

Update Regarding Golf Course Purchase, Due Diligence Process, Agreement with APM, Vendor Leases & Agreements and Transition Planning

Mr. Merritt stated we have been working with East West on the vendor leases and in short each of the separate vendors require an application to be filed on the part of the CDD to assume the lease that will be taken care of prior to closing.

For the past several meetings we have updated you with the progress of the due diligence and said there were a couple outstanding mainly the Phase 2 as well as the audit and at this point in time both tasks have now been completed.

With respect to the Phase 2 as you will recall the purpose of that exercise was to do limited sampling of various soil samples as well as a limited sample of the surface water and groundwater samples around the maintenance building for the golf course due to certain conditions identified by the environmental consultant. All the soil samples and groundwater samples that were taken came back with no issues identified and the consultant recommended that no additional sampling was necessary. There was a finding with regard to the surface water sample that was taken of the irrigation holding pond located next to the maintenance building and that result showed slightly elevated concentrations of herbicides commonly known as 248 and other types of herbicides you commonly find in commercial operations such as the golf course. The fact that this is a golf course and we are talking about a retention pond it exists for the purpose of capturing runoff and whatnot a finding on our part of a slightly elevated level of herbicide was not something in the view of the consultant or the attorneys in the practice of environmental law to be a finding that was neither surprising or indicative that there was any release of this chemical in violation of law, in short the Phase 2 did not lead to any further conclusion on our part that remedial action was necessary and we are satisfied with the results.

The next outstanding due diligence item was the audit and I will defer to the district manager to provide an update for that. My understanding is that we did not have any negative adverse findings in those materials.

Mr. Oliver stated that is correct and I circulated this to the board earlier and mentioned in the body of the email that there were no red flags associated with this. This was a limited audit performed by the district auditor whom we engaged and gave him a limited scope of procedures to follow and those procedures were to verify the number of golf rounds played in 2015 and the resulting golf income, analyzed the income relative to the pro shop, food and beverage and golf membership dues for 2015, compared the monthly income as reflected in the 2015 general ledger to the monthly sales tax reports filed with the Florida Department of Revenue, performed analysis of the operating and payroll expenses for the club in 2015 and also they prepared a couple of pro-forma statements of income if there were to be declines in the number of rounds. What we were trying to accomplish with this audit was to find any red flags we should be concerned about and also to ensure that revenues were not being overstated and that expenditures were not being understated. Those were the findings you will see in the first five items listed on page 2 of the report and there were some slight immaterial variances they found such as when they looked at the daily play sheets for the 6 months selected for testing they found a difference of 92 rounds over the course of 6 months. Basically that is a round every two days and would have understated income by about \$5,500 based on \$28 average per round. Then it talks a little bit about some of the other variances and it said the golf shop and food and beverage sales exceeded the industry standard for 2015. It says the gross sales report and monthly sales tax reports was almost \$34,000 than gross revenue for general ledger, which appears they were understating revenues on the general ledger and that turned out to be a positive variance for us. No exceptions were found as a result of our analysis of operating payroll expenses and what we already know they did point out that if there were a decline in number of rounds played that would impact the revenues and the bottom line. If you look at the two proforma income statements on the next two pages one shows the effect of a decline of 5,000 rounds per year and 10,000 rounds per year. We want to do everything we can through good management practices with Arnold Palmer Golf to make sure that we don't have a decline in the number of rounds of golf.

Mr. Merritt stated the next big item was the new management agreement that we anticipate signing at the time of closing with Century Golf Management Partners. At the last meeting we brought a draft of that agreement to you and we walked through it and identified several areas of discussion that you directed staff to raise, which we did and in your agenda

package is an updated draft of that agreement. It is pretty much unchanged from the version you previously saw with the following caveats: You were told that in section 2.24 on page 2 that there was a provision that provided the manager's ability to expend funds without the approval on our part with a cap and the general consensus of the board was that was maybe somewhat high and that you would not like to give the manager that level of discretion. We proposed bringing that figure down to \$5,000 and they were comfortable with that reduction.

Similarly you will recall that there is a provision in section 2.46 on page 8 the agreement that authorized funds to be moved from various line items within the budget without necessarily reporting those changes to the board so long as those changes in aggregate could be 5% and in speaking with Arnold Palmer Golf that in the course of practice they do not exercise this provision but they still agreed that 3% would be reasonable and agreeable to them.

The final point we discussed was the language in section 4.2 of the agreement pertaining to the amount of working capital that the district would need to make sure it was always on hand in order to help fund the club and that figure in the earlier agreement was \$150,000 and in discussions with Arnold Palmer they believe that figure continues to be appropriate in light of historical operations of the club and their recommendation would be to keep that number in place.

There are no further changes to the agreement from the form you previously saw. I acknowledge that we are continuing and we had a lengthy conversation yesterday with Josh and we are working through transitional issues with respect to how our relationship is going to look specifically working with district management and Josh's team relative to operating the club with the various accounting controls that will be in place. There may be some minor tweaks that we may still make to the agreement to reflect any final arrangement that might be agreed upon between the district manager and Josh and his team to clarify the nature of the relationship and how funds will be moved from the revenue account to the master disbursement account discussed in the agreement. In our view we don't anticipate those to be particularly complicated or controversial terms. In short what we are anticipating subject to final verification as representative of the district manager will have the opportunity to review and approve requisitions, requests from Arnold Palmer and then we will call up the funds to be moved from the revenue account to the disbursement account to permit payment of the golf course operations and then we will be provided with check registers and other information involving those

expenses so that they can be accurately reported and accounted for during the district's financial statement preparation and audit process.

Ms. Buchanan stated I would like to make sure we have consensus, we can approve it in substantial form with the understanding that you will ratify the final version at our meeting on the 17th.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the agreement was approved in substantial form.

Mr. Merritt stated we are continuing to work with representatives of East West and the seller to tie up loose ends and get this transaction closed as soon as we are ready to do so. My goal would be to have a draft of the closing documents ready for circulation sometime later this week for review and comment and we will make sure that those drafts go to the district manager and to you as well.

Mr. Merritt left the telephone conference call at this time.

SIXTH ORDER OF BUSINESS

Consideration of Matters Related to Phase 5 Infrastructure

A. Review of Proposals

Mr. Oliver stated you have two sets of proposals, one from A.J. Johns as well as Vallencourt.

Ms. Buchanan stated given that you only have two proposals the question is how are you going to rank them in accordance with the evaluation criteria you have used and adopted. There is a formula that applies to price, everything else is in your discretion. The one caveat is your evaluation should be consistent and there are two ways to approach it, you can take the scores if you have them and average them out or you can listen to Keith and John based on their expertise and understanding of the project and their experience have them present their scores and then decide whether or not you want to adopt them or you can adopt them with modifications.

I have reviewed both packages and in technical compliance they are the same, meaning they have signed all the correct affidavits, they are both in good standing with the State of Florida, they have the right bonding capacity, references and similar projects they have done in the past.

Mr. Hadden stated we had two construction companies respond to our request for proposals and these are both very good companies and have been in business a long time. I have worked with both of them and have good things to say about both. Their bids were complete, as part of my review I made phone calls to ask further questions to make sure they understand.

We need a 10" line for reuse and potable to serve our needs in Phase 5, the utility authority asked us to put in a 16" pipe and they will pay the difference between the two. Vallencourt is at \$2,095,243 and will take about eight months to build and A.J. Johns is at \$2,290,662 and will take about six months to build.

Mr. Poole asked what are the implications of two months delay as it relates to Dream Finders moving forward?

Mr. Landress stated our perspective is the price essentially trumps the schedule so we don't see that there is value in going with a two month faster schedule for the difference of \$200,000. Both contractors have a really good reputation we have directly worked with A.J. Johns have not worked directly with Vallencourt but we have been communicating with them on some other things and we have confidence in both of them but at the end of the day I think the price difference is significant we would prioritize that. The fact that the project would take an additional two months before we can start homes is not significant to us.

Mr. Payton asked did you have a score?

Mr. Hadden stated I gave both contractors equal points until it came to schedule and price. Vallencourt I can give 30 points to because they have the lower price I can give 25 points to A.J. and schedule is the opposite so it comes down to what is more important the schedule or the price.

Mr. Krueger stated you are saying it is pretty much an even score.

Mr. Hadden stated there are no qualms in anybody in our industry about these two companies. It is a matter of what is more important, the \$200,000 or the two months.

Mr. Landress stated I would also add that on personnel it talks about existing workload and I know that A.J. has a really full plate right now for the work they are doing for Dream Finders alone. Based on that I think Vallencourt may have additional resources at this particular time.

Mr. Hadden stated if I had to rank them it would be 99 and 100 they are that close.

Ms. Buchanan stated we need a ranking and a score and price is based on a formula so A.J. would receive 28 points and Vallencourt 30 points.

Mr. Landress stated the way I did the math was Vallencourt gets 20 A.J. gets 18 and then on the 10 points I gave Vallencourt 10 and A.J. 8 so it is 30 for Vallencourt and 26 for A.J. on mine.

For personnel I gave Vallencourt 10 and A.J. 7, experience I have Vallencourt 20 and A.J. 15, understanding scope of work Vallencourt 15 and A.J. 12, schedule Vallencourt 23 and A.J. 25 and price we just talked about Vallencourt 30 and A.J. 26, the totals are 98 for Vallencourt and 85 for A.J. Johns.

Ms. Buchanan stated you need to rank the bidders on the scores we outlined, authorize staff to issue a notice to intent to award and negotiate the final form of contract. Once we issue the notice of award the loser A.J. Johns has 72 hours in which they could file a bid protest. I don't know that would happen here but should they file a bid protest they have another seven days to file a formal written protest. If they do that then that would come back as an administrative proceeding in front of the board. They are rare and I don't think this is a particular package that is going to cause much challenge but I wanted to let you know how it works.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor the bidders were ranked on the scores outlined above with Vallencourt having a total of 98 and A.J. Johns a total of 85 and staff was authorized to issue a notice of intent to award and to negotiate the final form of contract.

FIFTH ORDER OF BUSINESS

Update on Issuance of Series Bonds

Ms. Buchanan stated the preliminary offering statement has been posted and is being marketed. At this point they anticipate having final interest rates available on Thursday that is when they will price. Once we do get final numbers then we would move forward with signing what is called a bond purchase agreement and have that in place although the actual issuance of bonds won't occur until June 21st. In advance of that on June 16th we will have a pre-closing so we get together and make sure all the documents are signed and all the numbers are in order so we don't have any issues. We will have a continued meeting on June 17th at that point we will adopt the final number of assessments, which will take into account the final rate and the bond

principal amount. We will have the opportunity between the pre-closing and when we actually issue the bonds to go back through and make sure you understand all the numbers and assessments.

A. Consideration of Developer Financing Agreements

1. **Acquisition Agreement**
2. **Collateral Assignment**
3. **Completion Agreement**
4. **Declaration of Consent**
5. **True-Up Agreement**

Ms. Buchanan stated you have in your agenda package the developer financing agreements and we talked about these in the last board meeting. If there are no questions we can approve the developer agreements in substantial form. Dream Finders counsel has reviewed and signed off on them but we might have some tweaks between now and the closing.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor the developer financing agreements were approved.

SEVENTH ORDER OF BUSINESS

**Consideration of Resolution 2016-19
Approving the Proposed Budget for Fiscal
Year 2017 and Setting a Public Hearing Date
for Adoption**

Mr. Oliver stated the next item is consideration of Resolution 2016-19 approving the proposed budget for fiscal year 2017 and setting the public hearing date for adoption. This is the formal start of the budget process. We have a public hearing on September 6, 2016 at 6:30 in conjunction with our regular meeting so that gives us the next three months to refine this budget and this budget will be different from what you have seen in the past because we are plugging in the golf component. As we approach the August meeting we will finalize the approved budget so that we can prepare the mailed notice that will go to all the landowners in the district so the residents will have formal notice of the public hearing to be held in September.

You have a copy of the resolution setting the public hearing in your agenda packet and that is followed by the proposed budget. It may change significantly between now and then. The general fund budget is pretty much a continuation of what you adopted last year with

expenditures for the general fund remaining at \$551,000 and that includes the community appearance portion of the budget. This is based on 1,135 platted lots. It is unlikely Dream Finders' lands in Phase 5 will be platted by the time we adopt the budget in September. For planning purposes we are budgeting for 1,135 units. If we do get some or all Phase 5 lots platted, we can spread the full assessments over the 1,352 units. We are not there and at this point it seems unlikely for fiscal year 2017. As they have in the past and in accordance with the Gourse Course purchase agreement, those undeveloped lands will only pay administrative assessments.

Mr. Poole stated at one point we talked about developing two budgets with at least two scenarios.

Mr. Oliver stated I am going to do that and what I have in this budget is the worse case scenario with only 1,135 units but I will run the numbers as we did with the golf course to show you what it would be 1,135 versus the 1,352.

The developer contributions goes back to the inception of the district with the idea that assessments would go up at a max of \$60 per year gross while the developer contributions ramped down. One thing we have to have a discussion about as we go through this process in the coming months leading to the August meeting is the agreement you have for the purchase and sale of the golf course one of the requirements was that we would pass on the administrative assessments only to Phase 5 as long as it was undeveloped and this board agreed to that. In light of that someone is going to have to continue to pay the developer contributions and one of the negotiating points should be that as we leave this general fund budget as a continuation budget flat those assessments should remain flat also as should the developer contribution. Because the developer contribution should stay on since at the developer's request we are not assessing full assessments to Phase 5, but that is something we will need to work through over the next few months. As part of the developer contributions we are also going to have to define who is responsible for the developer contribution. Is it the current developer or is it the new Phase 5 developer.

On page 7 is the capital reserve fund and we left that the same with the \$50 contribution net per household and that would go to our capital reserve fund without regard to expenditures from \$106,000 to \$159,000. We have used some of that capital reserve for some of these costs

associated with the purchase of the golf course and when bonds are issued we are going to try to reimburse this fund as much as legally possible, which should be most of those costs.

The next item is the recreation fund without regard to the golf course and that is held steady with total expenditures going from \$824,000 to \$822,000.

Mr. Poole stated we are going to keep the golf course separate from the recreation fund and also the tennis separate.

Mr. Oliver responded yes, it will be easier to manage if you have the revenues and expenditures together by cost center.

Right now you have debt service series 2005A and clearly that is going to change as we go through the process because you are going to be issuing bonds less than two weeks from now.

The golf course budget is on page 12 and there are two things in the budget at this point and one is a budget for the remainder of FY 2016 assuming the sale occurs within the next couple weeks and is a prorated budget based on the budget the golf course had for 2016 and we have taken the 2016 budget the golf course provided and incorporated that into a 2017 budget. Total expenditures for the golf course for the remainder of FY 2016 is \$748,000 and total expenditures for FY 2017 is \$2,217,000 and this will be funded by not only assessments to replace what are commonly known as social dues but also the different revenues brought in by the golf course, including food and beverage operation and the golf program. We will continue to work closely with the golf course to make sure we have good numbers for this and is something we can refine over the next couple of months.

If you look at the bottom of page 14 you will see assessable units 1,352 and that is the best case scenario if Phase 5 were fully platted we would have the benefit of them paying full assessments. With the more likely scenario of only 1,135 platted units with Phase 5 paying nothing toward the golf course O&M assessments, that would drop the total projected assessments of \$300,000 down to \$268,000, resulting in a delta of \$32,000, which we would need to make up by tweaking some of the line items. Those are the two scenarios because the third option is to increase assessments beyond an amount equal to current social dues or find some cost cuts to balance the budget.

We will set a public hearing date, you will have a starting point for this budget and once you approve the budget as revised I would like to change the assessable units on page 13 down to the 1,135 before I post it to the website. You will be able to refine the budget at the July and

August meetings and based on the August meeting we will send the mailed notice to the landowners in the district.

Mr. Poole stated I would like you to put together a calendar of potential activities between now and the end of this fiscal year of potential meetings, special meetings, and dates for planning purposes for all of us over the summer.

Mr. Oliver stated I will need your input at the June meeting to see if you want to consider some other dates for the July meeting and I will have the August meeting leading up to the September 6th budget hearing.

On MOTION by Mr. Poole seconded by Mr. Payton with all in favor Resolution 2016-19 approving the proposed fiscal year 2017 budget and setting a public hearing on September 6, 2017 at 6:00 p.m. in the same location was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Committee Rankings of Proposals to Perform the Audit for Fiscal Year 2016

Mr. Oliver stated we received four proposals from good audit firms, but the recent bond issue and golf course purchase may change their pricing. I would like to send each of the four proposers an addendum asking them to consider the pricing in light of the fact that there is not only the acquisition of the golf course but there is a new bond issue. We can bring that back to the August meeting.

NINTH ORDER OF BUSINESS

Acceptance of Fiscal Year 2015 Audit Report

Mr. Oliver stated the next item is acceptance of the fiscal year 2015 audit report. This is a clean audit and that helped as you went out to get a good rate for Phases 1 – 4 for the refinancing. On page 2 of the opinion letter the auditor writes, in our opinion the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities, general fund, special revenue fund, debt service fund, capital projects funds of the South Village CDD as of September 30, 2015 and this was done in conformity to accounting principles generally accepted in the United States of America. The next several pages are management’s discussion and analysis and these are following by the statement of activities and different annual financial reports, followed by the notes to the financial reports.

One of the most important things that we do have in the notes are the subsequent event, note L on page 29 and it says in June 2016 the district expects to issue refunding and capital improvement bonds to purchase the privately held golf course located within district boundaries, update existing recreational facilities and construct additional recreational facilities and neighborhood infrastructure.

The auditor's report starts on page 29 and on page 30 under internal control over financial reporting you will see the auditor writes, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. The management letter is on the next page and in section 10.554(1)(i)5a of the auditor general's rules requires that the auditor reports if districts are in emergency financial condition and there are three different criteria to be considered and this district did not meet one or more of those conditions, so you are in good financial health. On page 33 the auditor is required to report any findings that they have and when they make a finding or recommendation management has the opportunity to respond and their finding was, total actual expenditures exceeded the total approved recreation fund budget, which is in violation of Section 178.418(3), F.S. and the recommendation was that the board monitor budget versus actual expenditures and management's response was management will monitor the budget in the future to ensure actual expenditures don't exceed budgeted amounts and the conclusion by the auditor was during the period ended September 30, 2015 actual expenditures did not exceed budgeted amounts and this finding has been corrected.

On the last page is the independent accountant's report in compliance with 218.415, F.S. the auditor has the responsibility to express an opinion whether or not we are in compliance with that statute and you will see in the last sentence, in our opinion the CDD complied in all material respect with the aforementioned requirements during the fiscal year.

It is a clean audit and we will provide this to the auditor general and we will also post it so bondholders and investors can see this good news.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor the fiscal year 2015 audit was accepted and staff was authorized to transmit the final document to the State of Florida.

TENTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

ELEVENTH ORDER OF BUSINESS Staff Reports

A. Attorney

Ms. Buchanan stated we anticipate having two items at our next meeting on June 17th and that will be the supplemental assessment resolution as well as the hearing adopting rates relating to the golf course. I will make sure you get documents in advance of that meeting.

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 the activities and events during the month.

E. Operations Manager - Report

Mr. Andersen reviewed the monthly operations report, which was included as part of the agenda package.

On MOTION by Mr. Townsend seconded by Mr. Poole with all in favor the vice chairman was authorized to work with staff on proposals for pool furniture in an amount not to exceed \$35,000 and identify a funding source.

TWELFTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Krueger asked how are we going to fund the \$150,000?

Mr. Oliver stated we had a discussion today and Katie was on one of those calls but we will be able to use existing surplus funds to fund the \$150,000 designated for the golf contract. At the end of the budget year if there are any unexpended funds they don't go somewhere else you retain those funds. It is good because you are rewarded for your good stewardship because you are able to retain that money. Most districts build up healthy capital reserves. We haven't

been able to do it in this district because you have that slow path for increasing assessments and relied a lot on developer contributions and developer contributions were not contributing to the build up of the capital reserves. There is not some big pot of excess money that is just sitting there.

A resident stated a couple of questions came up about the purchase of the golf course and I don't know if they were resolved. One was a fee that all full time golf members pay called a trail fee, prepaid to cover the whole calendar year. When we close is that prorated so the district gets its fair share of that revenue?

Ms. Buchanan stated yes.

Mr. Oliver stated one of the calls today was about the transition of those types of funds that have been accrued and the actual settlement date, June 21st so we have been working on that for the prepaids.

Ms. Buchanan stated our goal is to align everything with the fiscal year and get all of these fees on the same cycle.

A resident stated there was discussion that maybe the seller would pick up part of the final cost of the survey.

Mr. Oliver stated I will follow-up with the chairman on that. He was assigned to have that discussion.

A resident stated there was some talk about the \$70,000 deferred maintenance charge that I interpreted maybe wrongly that the seller of the golf course decided he was going to quit maintaining it. There was some talk about that being a settlement issue as well.

Ms. Buchanan stated I called it deferred maintenance it was identified in Charlie Sheppard's report.

Mr. Oliver stated Charlie was just talking about some of these maintenance items that need to be addressed immediately and we did that study by Community Advisors to find out what material repairs needed to be made. This board has said we want the money to make those repairs we don't want the current owner to do that.

A resident asked is the air-conditioner part of that \$70,000?

Mr. Oliver responded I don't recall but that was one of the items. I will have to look and find out. We should probably have that discussion sooner than later because time is of the essence now because that would affect the purchase price.

Ms. Buchanan stated we need to do it immediately because at this point if we don't have a purchase price we don't have a bond closing.

Mr. Oliver stated if we need to start tomorrow with a phone call to set up a meeting let's do that.

Mr. Payton asked are you going to try to reduce the sales price by the \$70,000?

Mr. Oliver stated or by some negotiated amount.

Mr. Krueger stated I will talk to him but I need a copy of that list.

Mr. Oliver stated okay.

A resident stated if I recall the \$20 a month social dues goes away and will be incorporated in our tax bill at some point. Can you walk me through the timeline of when we will see the last \$20?

Mr. Oliver stated I can't. That was one of the things we discussed in our call today with Marilyn Ayers. Residents will continue to be billed for the social dues through the end of this fiscal year, which is September 30th, with fund flowing to the CDD for FY16 golf operations. Effective October 1, an assessment equal to those fees will be included in your property tax bill on an annual basis. The working number we have for that is \$21.40, which represents the \$20 fee plus sales tax. That will be for all 1,152 platted lots.

A resident asked which year's tax bill will we see it on?

Mr. Oliver stated the county will call it the 2016 tax bill but it will be for your CDD fiscal year 2017, October 1, 2016 through September 30, 2017.

Other than a straight change to the sales price is there any other negotiating point?

Mr. Krueger stated I will probably ask and if he says no, then I say okay. Is there any other way we can get some benefit out of this? Just ask him to throw something out.

Mr. Poole stated you can ask him about developer contributions as well. Do we have a level of benevolence that never stops?

Mr. Oliver stated I think that is possible to link the budget issue and developer contribution with this issue. We will need to address the developer contribution issue and have a little more time to work that because we still have to determine whether or not that is going to be an East West obligation or a Dream Finder Homes obligation.

Mr. Payton asked do we not have an agreement in place for the developer contribution?

Mr. Oliver responded it is an annual agreement and at the time of budget adoption we have that agreed to. Certainly a developer could say I'm not going to do that.

Ms. Buchanan stated the HVAC immediate repair was included in the list at \$12,000, other items on the list are brick paver repair, dumpster service area gate repair that would be \$2,500 and for the building he suggested exterior painting and repair, a small roof repair, a door support railing that was approximately \$16,000. I encourage you to think about if we are going to change these anyway when we remodel.

Mr. Krueger stated some of this stuff is going to change anyway.

Ms. Buchanan stated floors, walls and ceiling he included wood floor refinishing for \$7,000 it doesn't sound like something we are keeping. Interior leak damage \$1,500 if we were to change the ceiling that would go away as well. New carpeting probably for the office area. There were several large ticket items in kitchen equipment roughly \$17,000 of equipment replacement and another \$4,500 in equipment repair. The total excluding the air conditioner is approximately \$63,000.

Mr. Krueger stated this is something we can work out in the next couple days.

Ms. Buchanan stated the direction of the board is to direct someone to approach Roger and have some sort of accounting for this list.

Mr. Krueger stated I will do that.

Ms. Buchanan stated we need to decide how we get back because I am reluctant to loop back until the 16th because at that point the 17th we are closing.

Mr. Poole asked can it be put out by Jim to everybody?

Ms. Buchanan stated it can it would have to be a response, yes I'm comfortable with this or no I'm not comfortable with this because Jim can't be a conduit for communication between the board members outside of a meeting.

Mr. Payton stated the price can't go up it is where it is now or it goes down. I don't have a problem with Grant going and asking the question and any change is a benefit to us.

Mr. Krueger stated we will sit down and talk with him and see what we can work out, see if he is willing to budge on anything or something in kind or whatever the case may be and we will go from there.

Mr. Poole stated there are a lot of opportunities to have a discussion with him about costs that we are going to end up incurring if it is not something that we can have some negotiations as

it relates to the price. You either reduce the price in some cases or fix it and those are the two extremes so meet somewhere in the middle.

Ms. Buchanan stated this is up to the direction of the board and it sounds like you appointed Grant to undertake this challenge. We need to have a way to reconvene by calling two of you. I want to make sure we are all on the same page so we don't delay the closing, that is the only adverse impact I can see, do we want to delay closing for this.

Mr. Krueger stated if we delay closing it is going to create bigger problems for us.

Ms. Buchanan stated the bonds are officially on the market. It is not going to get higher.

On MOTION by Mr. Payton seconded by Mr. Poole with all in favor Mr. Krueger was authorized to negotiate with the developer regarding the deferred maintenance and developer contribution.

THIRTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of April 30, 2016 and Statement of Revenues and Expenses for the Period Ending April 30, 2016

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. Krueger seconded by Mr. Poole with all in favor the check register was approved.

FOURTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday, June 17, 2016 at 12:00 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next scheduled meeting is June 17, 2016 at noon for two purposes, one for the rates for the golf course and the supplemental reports associated with the bond issue.

A resident stated the golf focus committee met last week and 19 attended and we broke into small groups and brainstormed then got together and summarized. I think the intent is to present that at a board meeting and solicit your input and comments.

Mr. Payton stated at some point I think we should have a full discussion. I have questions for the focus group and our current management team. I thank you for the work and some of these points we definitely need to apply to outside the golf facility and I think we can use focus groups in other areas.

A resident stated we purposely tabled the restaurant/clubhouse issue because that is a big topic so that is the next item for us to tackle.

On MOTION by Mr. Krueger seconded by Mr. Townsend with all in favor the meeting was continued to Friday, June 17, 2016 at noon.



Secretary/~~Assistant Secretary~~



Chairman/~~Vice Chairman~~