

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The June 7, 2016 meeting of the Board of Supervisors of the South Village Community Development District was recessed and reconvened on Friday, June 17, 2016 at 12:00 p.m. 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
Jason Merritt	Hopping Green & Sams (by telephone)
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Kevin Mulshine	MBS Capital Markets (by telephone)
Rhonda Mossing	MBS Capital Markets (by telephone)
Marilyn Ayers	East West Partners
Josh Heintzman	Eagle Landing Golf Pro

The following is a summary of the actions taken at the June 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 meeting to order at 12:00 noon.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavit of publication of the public hearing and the continued meeting were included as part of the agenda package.

FOURTH ORDER OF BUSINESS

Matters Related to Series 2016 Bonds

A. Discussion of Specific Terms of Bonds

Ms. Buchanan stated Rhonda and Kevin have processed final numbers, we have issued the offering statement, they had buyers lined up and yesterday the chairman attended a pre-closing where you sign all the documents in advance, he signed the form of the bond, certificates issued by the district as well as the developer agreements that we covered in prior meetings. At this point-I will turn it over to Rhonda and Kevin to briefly highlight the structure of the bonds and Jim and I can answer any questions you have. On our refunding bonds we did a total amount of par of \$13,970,000 in senior liens and \$4,625,000 in subordinate liens for a total of \$18,595,000. Those are serial bonds so there are actually a group of bonds that make up that bigger piece and they are all issued at different interest rates that went from 2.0% o maybe 4.35%. The recreation bonds we issued \$3,105,000 and \$855,000 for a total of \$3,960,000. The two combined amounts is what is levied on the platted lots, the next result on the assessments for platted lots is an increase in \$1.88 so we have refunded the old money and added new money on top and your total assessment on a platted lot will increase no more than \$1.88. This is significantly less than what we noticed.

Mr. Mulshine stated it actually came in better than that.

Ms. Mossing stated prior to the refinancing of the bonds the district is required to gross up the assessments by 7% typically it is 6% but there was an additional 1% to pay the Letter of Credit fees to the developer in lieu of bond reserve fund requirements. Now that we have done the refinancing the gross up is only 6% so even though the debt service has gone up \$1.88 per unit because of the lower gross up you are actually saving \$13.78 per unit per year. Your assessments are going to go down almost \$14 per unit and you are acquiring the golf course for no additional cost to you on an annual basis.

Mr. Mulshine stated we can make a general statement to summarize this is we extended the debt, which before the refunding ends in 2035 and everybody was paying \$1,483 per year we extended that debt to 2038 to make room for the golf course so the annual payment will be reduced including the refunding plus the new money will be reduced by the \$13.78 to \$1,470.

We were thrilled to see that we could get the investment adding new money and I believe in the notices we contemplated an \$80 increase and it turned out to be a decrease.

Ms. Buchanan stated Dream Finders came in right about where we expected they would. They are comfortable with their assessments, they signed all the developer agreements and provided them to us and they are happy with their side of the deal as well.

B. Consideration of Supplemental Reports

1. Area 1 Report

2. Area 2 Report

Mr. Oliver stated Jim Perry presented the preliminary reports to you at your February meeting and I did the same on March 21st when you had the assessment hearing. The reports have changed to reflect the new numbers and Assessment Area 1 for Phases 1 – 4 the existing residents and Assessment Area 2 is for Phase 5, which is the Dream Finders piece. The assessments are different because the rates for Phase 5 are higher because the land is undeveloped, whereas in Phases 1 – 4 you have a broad residential assessment base, strong assessment collections and a good credit history. The narratives in the reports are essentially unchanged except to show the numbers that have changed and those numbers are covered in the charts that are exhibits to this.

Mr. Oliver gave an overview of the exhibits to the reports, after which the following action was taken.

Ms. Buchanan stated we do have \$4 million in our project fund to spend on purchasing the golf course and Dream Finders has the \$1 million that we anticipated and that is how much money will be deposited from the bond proceeds for our use on projects we have already discussed.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the supplemental assessment reports for Area 1 and Area 2 were approved.

C. Consideration of Supplemental Assessment Resolutions

1. Resolution 2016-20 Setting Forth the Specific Terms of the Refunding Bonds

Ms. Buchanan stated we have already adopted resolutions when we had our hearing earlier in March and these resolutions only incorporate the terms of the bonds. It adopts the final methodology, it confirms our intent to use the engineer's report, it confirms the maximum assessment amount based on the principal amounts and it appropriates the allocation of assessments and adopts the terms of the indenture again. Section 6 relates to the true-up payments because the refunding bonds do cover the Dream Finders parcels so we have this as a safety mechanism and if they do not developer 199 lots they are obligated to make up the difference in that payment. In the exhibits you will see the actual identifications of each bond with the smaller principal amounts for each sub-set and the larger as well as the attached interest rate and terms. Exhibit C identifies how each of the proceeds will be allocated with a portion put in the revenue account to go towards paying off the bonds, pre-payment account that is reserved for later payment, the large deposits will be in the construction fund and the subdivision acquisitions. The sources and uses also take into account some of the smaller amounts that we have available right now and Exhibit D is the debt service schedule.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-20 was approved.

2. Resolution 2016-21 Setting Forth the Specific Terms of Recreation Bonds

Ms. Buchanan stated Resolution 2016-21 is very similar to what we just went over and relates only to the recreation assessments, just the new money. The whereas clauses go through the history, the par amount is \$3,105,000 plus \$855,000 that is the senior and subordinate. The total amount of the bonds is reflected in section 4 and is \$3,960,000 and these assessments will be allocated in accordance with the supplemental resolution that Jim discussed.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-21 was approved.

3. Resolution 2016-22 Setting Forth the Specific Terms of the Recreation and Neighborhood Bonds

Ms. Buchanan stated Resolution 2016-22 relates to the recreation and neighborhood assessments, these are applicable only to the Dream Finders piece, with a par amount of \$2,260,000 plus \$3,270,000. The same form of resolution and incorporates the second

methodology Jim distributed and identifies the maximum assessment lien and complies with the terms of the indenture. It also contains a true-up payment because it covers unplatted lands. The final maturity date is extended to 2046 because those are 30 year bonds from today.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2016-23 was approved.

Ms. Buchanan stated that wraps up all the actions the board will need to undertake on the bonds. There are two amounts of money, first is the money necessary to refund the 2005 Bonds and as soon as that money is provided to the trustee she will move it to an escrow account and repay the holders of the 2005 bonds as they come forward and ask for repayment. The remaining money that we have to use that is available in the trust estate. When we have an identified need for it such as a contract in place or pay application the first thing we will have is the actual purchase of the property, we submit a form of requisition to the trustee, the engineer will sign the requisition, certify that it is part of the project that we anticipated and Jim will certify that the amount is consistent with the contract, submit it to the trustee and she will reimburse the money back to us. Going forward you will start to see requisitions in your agenda package on a regular basis.

FIFTH ORDER OF BUSINESS

Update Regarding Golf Course Purchase, Due Diligence Process and Transition Planning

Mr. Merritt stated we have all documents to be executed by the seller have been executed and delivered into escrow and as part of the pre-closing process yesterday associated with the bonds the chairman executed documents that need to be signed by the district for closing. From a paperwork point of view we are in good shape. We have been working on transition issues and taking care of certain remaining items that come with transfer of the club.

A. Assignment of Equipment Leases

Mr. Merritt stated there are three different leasing companies that provide equipment for the golf course and we have been in touch with all of them and received feedback with different outcomes regarding how they would like to have their respective leases in place handled. Starting with equipment financing lease that lease is for a gas powered vehicle, which cannot be

assigned but can be purchased, the second lease covers various piece of maintenance equipment and can be assigned and the last lease is for the golf carts and beverage carts and they prefer to terminate the old lease and enter into a new lease with the district. I have reviewed the terms of the lease and find them to be acceptable with some comments. The essential business terms remains unchanged and the one significant point the board needs to consider is under the terms of the lease at the end of the term there were a series of options, which the seller could have elected, which included electing to return the equipment to PNC at the sellers expense, which would require packaging the equipment, making sure it is in good condition and ship the equipment back to PNC. The second alternative would be to buy the equipment at the conclusion of the lease for its fair market value as determined by an appraisal process and the third option would be to try to negotiate an extension of the lease term based on terms to be agreed upon between the seller and PNC. Under the proposed lease that PNC is requesting the district to enter into those options are stripped away and instead at the conclusion of the lease PNC is requesting that the district buy out the remaining balance of the golf carts for the sum of \$61,200 at which point the district would then own the golf carts outright with no encumbrances and would then be able to use the golf carts or dispose of the golf carts as it sees fit. The new lease being proposed by PNC would be for a term of 28 months and at the end of 28 months there would be a balloon payment of \$61,200.

Ms. Buchanan stated first let's take up the buyout on the piece of equipment that they won't renew the lease. Does anyone have any opposition to paying the buyout price?

The board with input from Arnold Palmer Golf personnel had no objection to the buyout of the piece of equipment.

Ms. Buchanan stated the second item is the golf cart and beverage cart lease.

After discussion by the board and input from Arnold Palmer Golf personnel, no action taken on this item.

Closing Statement

Mr. Merritt stated the closing statement is a work in progress and we still have quite a few of issues we are working through that are fairly detailed. You may want to consider putting all of the prorations outside of closing and we elect to deal with it post closing so that we can at least move forward and finalize a closing statement. If we were to elect to do that based on

numbers I have put together it looks like the district would need to fund in addition to the bond proceeds coming from the trustee about \$35,000 and we have had some conversations with district staff regarding this possibility. Essentially we identify the amount due from the buyer including the contract purchase price and the amount for the utility vehicle that we have agreed to acquire then we are prorating certain items, one being the Everbank Lease that we discussed as well as certain service and warranty contracts, warranty agreement on the irrigation system as well as the copy lease we will be assuming. It provides for the cancellation of the debt assessments that are outstanding on the golf course and that ends up being a wash coming out of the seller's proceeds and we receive a credit for those. The remaining items on the closing statement once we skip over the outstanding proration issues are just costs and charges associates with the closing.

Mr. Cross stated I don't have a problem if the board doesn't have a problem delaying the payment of the prorated costs until they can be verified.

Mr. Poole asked what is the projected timeline that you are looking at to acquire all the final numbers?

Mr. Merritt stated 60 days is our outside window for that to happen. Under the existing terms of the management agreement that East West has with Arnold Palmer Golf I believe Arnold Palmer needs to provide reports for the previous month by the 20th day of the following month. My best guess is by July 20th East West would probably have final numbers for everything they require, which leaves us about 30 days going into mid to late August within which to accomplish these calculations and come up with a final resolution of who owes whom what.

Ms. Buchanan stated this ties into the amount of the requisition we need to submit to the trustee. Do you have a sense of what that value should be?

Mr. Merritt responded I can get back with you in a few minutes.

Allocation of Purchase Price

Mr. Merritt stated the first request I received from the seller is that they have requested that the board consider entering into a contract amendment specifically for the purpose of allocating the purchase price among various classes of assets, which are being acquired and the reason is because it would allow them to more favorably treat the sale for tax purposes. It is

customary for parties to allocate prices among various classes of assets when you are buying an ongoing business. I have talked to Darrin Mossing who doesn't see any problem with it from an accounting perspective on our end and they are asking that we assign a value of \$79,000 of purchase price in tangible equipment, \$405,000 to land improvements, \$668,000 to value of building and the remaining portion of the purchase price after we first left out the debt for special assessments would be allocated to the actual land itself.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor staff was authorized to prepare an amendment to the purchase contract allocating the purchase price among various classes of assets as outlined above and the chairman was authorized to execute the final document.

Mr. Merritt stated as we move forward in the post closing reconciliation process there might be other issues we may need to bring to the board's attention and we will do that.

B. Interim Collection of Social Fees

Mr. Oliver stated right now the social dues are collected through East West. Marilyn heads that up and does a good job with it. We are going to collect social dues for the remainder of this fiscal year from the date of closing through September 30th. Rather than set up an entire new process and create confusion during the handover, we had discussions with East West and asked East West to continue to handle those collections through the end of the fiscal year. They are willing to do that at a contracted price is \$5,000 for the remainder of the fiscal year. It makes sense since they already have the system in place and we would have to set up a system and process for which we don't yet have the TAI conversion done yet for something that would only last for three months. Beginning October 1st there will no longer be social dues. We would like to move forward having Marilyn continue to collect the social dues and East West will be compensated for that.

Mr. Cross asked how did they come up with the \$5,000?

Ms. Ayers stated that was the number that East West presented to do it.

Mr. Oliver stated there was no market rate. They have the knowledge, equipment and the system in place and there will be less confusion for the recipients of the invoices.

Alcohol License

Ms. Buchanan stated the next item is the alcohol license for the club. As you will recall we have two separate licenses for each side of the street, this license is under the golf course's name with Roger being the related person and we need to transfer that over to the CDD. I have already spoken with the Department of Business and Professional Regulation, they won't take our application until the closing is done. It has to have a deed included in it. I have the forms so we will move forward when we can. The blip in the radar is unavoidable and that is that the Department generally takes about a week to issue a temporary license from the time we submit the application. We are looking at a couple of days of transition. I have spoken with the director, he used to be with our firm so he was helpful and understood CDDs and the process and it is my understanding that they acknowledge that this is just the way business is done that the laws are antiquated on some level nonetheless as a safety mechanism the management company suggested that we put a very short term agreement in place that allows the existing licensee to continue to operate the license for the amount of time it takes until we get our temporary with the manager being designated their responsibility under that agreement. It would require that the district indemnify them for any harm that they may have but ultimately the revenues and expenses relating to the alcohol will remain the CDD's. We are still responsible for buying it, we are responsible for the revenues that come in and the manager has always been responsible for serving it, they won't come off of the license. The deal is we are relying on East West to stay licensed for that week. Granted, this is a problem with Florida Law it is something I discussed with the director, there is a hole here, I'm not telling you this is perfect but it is the best solution we have short of closing the club down, which I don't think you want to do. It appears to be the normal course of business for these kinds of transactions. Does that sound reasonable to try to move forward with that? I need East West to sign off on it.

Mr. Cross stated yes.

C. Consideration of Requisition for Purchase of Golf Course

Ms. Buchanan stated you have already looked at the attachment to the requisition and the closing statement. Jason have you had a chance to come up with that number?

Mr. Merritt stated it is looking like the amount of the requisition should be \$2,503,552.82.

Ms. Buchanan stated this money will come out of the project fund and it will be paid towards the seller of the property in connection with the deliverance of the deed and additional documents related to the transaction.

On MOTION by Mr. Krueger seconded by Mr. Cross with all in favor requisition no. 1 in the amount of \$2,503,552.82 was approved.

Golf Cart Lease

Mr. Andersen stated we just talked to EZ Go and they are getting in touch with PNC and Josh with Century is also going through another channel to PNC, they have never heard the interpretation that you have come up with that there is an actual buy out at the end. With all the other golf cart leases I have been involved in there is an option to buy and market value would be about \$850 each, which comes out to about that amount. Josh isn't familiar with it and EZ Go is going to PNC to see if they put something in there that is odd or if it is a management role I have to lead. They will try to clarify what Jason said is in the lease. We are waiting on a call back.

Mr. Krueger asked what is our requirement for leases like this?

Ms. Buchanan stated generally the purchase of equipment requires a bid if it is around \$190,000, however a lease is a little different in that we are not actually purchasing it. So long as our annual payment is less than \$195,000 there is no requirement. I will research that and come back to you with a different answer.

SIXTH ORDER OF BUSINESS

Public Hearing Adopting Rules and Rates for the Golf Club

A. Resolution 2016-03 Adopting Rates, Fees and Charges Regarding District Golf Club Facilities

Ms. Buchanan stated we discussed these rates and fees and we basically felt the best approach was to take the ones that were currently in place, add 20% and reduce 20% and advertise a range so that gives us flexibility to pick a number within that range and the flexibility to move it should the market dictate such a movement. I have not adjusted anything but have basically used the same table we advertised and attached it to the back of the resolution. We have discussed leaving things as they are for a little bit and then see what works for the district. the other thing I will point out is that we previously established a commercial rate here so that

gives the management company flexibility to try something new for 90 days without having to go through the rulemaking process and if we like it we make it more permanent by doing the advertisement and hearing.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the public hearing was opened.

Mr. Krueger asked do we have anything in there to cover the three months?

Ms. Buchanan stated the initiation fee from \$400 to \$600 is there as is the social dues of \$240 plus tax and we did it as a safeguard, it is in the deed so we feel comfortable doing it based on the obligation of the deeds but this is a secondary mechanism for those three months.

Mr. Poole asked why don't we have somebody go down the list and explain what everything is.

A representative of Arnold Palmer Golf reviewed in detail each item on the list.

Ms. Ayers asked are these proposed fees?

A representative of Arnold Palmer Golf responded it is a range of fees.

Mr. Cross asked since we are a public entity don't all the rates have to be the same for residents and non-residents?

Ms. Buchanan stated we have a membership rate, which is social dues and a rate and they combine to something that a resident pays and a non-resident rate would be the equivalent of those two things combined. It would cost more but ultimately we would collect the same.

Ms. Ayers stated the only thing that is outside the realm of anything is the initiation fee that is currently only \$1,0000.

Ms. Buchanan asked do I need to adjust the rates to incorporate the social fees?

Ms. Ayers stated they are separate they are listed separately.

A resident stated you have a rate structure for Eagle Landing but you also have a rate structure for players club and I think that has to be revisited.

Ms. Buchanan stated the take away for the board is you know you are looking at it and evaluating it and you know you are going to change it. This is just an extension of what we are doing currently and we are going to research it, understand it and modify it to suit our needs. When we have our budget hearing we will have a better sense of what our revised rates will be and we bring it back at the same time because there will never be an opportunity to have more

members of the public here to provide comment and in line with that we will also do an operation and maintenance methodology to concrete in how we transition from social fees to the actual O&M assessment.

Mr. Cross stated we need to lower the one category down to \$800 and revisit it in the future.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor Resolution 2016-23 adopting rates, fees and charges regarding district golf course facilities was approved as revised.

Mr. Krueger stated I have noticed not everyone adheres to the dress code.

Mr. Cross-stated we need to follow all the rules.

Mr. Poole stated I have noticed people walking their dogs on the golf course.

A resident stated that really needs to be put out to the community. We can address it when it is there but if you don't want to tell your kids not to be doing it or you want to take it upon yourself to do it that is a choice you made and when we see you we will stop you. If you want to continue to do it you will continue to do it regardless of what I say. We had a guy who for a while played no. 1 and I caught him and told him he couldn't do it and he said he will continue to do it because he lived on the golf course.

Mr. Cross stated once we purchase the golf course we will hire off duty officers to patrol CDD property so they have full authority to patrol that area.

Mr. Krueger stated we can have an announcement go out to the community saying the CDD has purchased the golf course and all the rules and regulations still apply, it is not a playground.

Ms. Ayers stated we have ready to go and we will send it to Jim, Katie and the board an eblast about this very thing because we have received numerous complaints about kids skateboarding and all kinds of things on the golf course. We are trying to address that and at the same time the blurb in the covenants and restrictions refer to trespassing on the golf course because the golf course although not subject to the association is still part of the governing documents and the developer still tries to enforce the governing document when it relates to the golf course. That came up as to who could call the police because prior to the CDD owning it, the golf course was privately owned and a resident couldn't really call the police because

someone was trespassing on somebody else's property. We have several eblasts ready that I will have sent to the board and the attorney to review.

Mr. Cross stated several years ago we signed a trespass authorization with the sheriff's office so they could enforce trespass laws.

Mr. Andersen stated I just talked to PNC and the lady we talked to has never seen it written that way either. I can interpret it the same that the only option is to buy out these old carts at the end of the lease for that amount of money. EZ Go also states they have never seen it, it is a mistake so we have a call into the Ms. Williams to give me a call to clarify that line and probably change that line. It should be you can buy the carts or you can turn them back in.

Mr. Cross asked can we table that until the next meeting?

Ms. Buchanan stated the risk is the assignment of the lease agreement without their consent is a default.

Ms. Ayers asked does it have to be by today or could it be by the 21st?

Ms. Buchanan stated we can come up with what terms we think are reasonable and then we authorize those terms and then we can continue the meeting to come back if we had to or we could just agree to be in default until the next meeting. Pick something you like and approve it, you continue your meeting or you don't do anything with the potential of being in default. I think the risk is nominal that they are going to come and get their carts but I want you to understand that they could.

Ms. Ayers stated we are talking about \$5,400 a month so I don't think they want to snatch carts.

Mr. Krueger stated in the meantime we can see if we can come up with a better lease for carts.

Ms. Buchanan asked Jason do you have anything to add since you are the one who has gone through the documents in detail?

Mr. Merritt stated I don't. We have hit on the high points.

Mr. Oliver stated you have mentioned earlier, Rob that you were already contemplating in November renegotiating for new carts. I don't know why we can't just move up that timetable.

Mr. Dugan stated they will work with us.

On MOTION by Mr. Krueger seconded by Mr. Cross with all in favor the public hearing was closed.

SEVENTH ORDER OF BUSINESS

Other Matters

Ms. Buchanan stated I will hand out to you a copy of our existing amenity policies with some questions and/or comments for your consideration. There is no action today but I want you to think about whether there is anything we want to change to our policies based on the acquisition of the golf course or any other things.

EIGHTH ORDER OF BUSINESS

Supervisor's Requests and Audience Comments

Mr. Krueger stated Matt I have some money-for-you based on the pig roast each board member contributed \$100 and I also have \$40 from a resident that wanted to contribute.

Mr. Cross stated I will give you \$100 I forgot all about it being on vacation.

Mr. Biagetti stated the dive team has been here 2 ½ years and we are under agreement to set up times that least impact the residents and the board. Overall I feel it has been going well and up until recently haven't had any complaints. In the heat of the day they have new practices and what we have worked out for the time being is they have Monday and Tuesday afternoon practices. One team is going to try to come later instead of 4:00 to 6:00 they will try 5:30 to 7:30 but it in the meantime it was necessary to make a change that they do not close the board no matter who is out there, how many are out there that the residents are able to come along with the team and go up at the same time. The dive boards at this time will not be closed and again they are only here Monday and Tuesday afternoons and in spring when school is in session they are here three or four evenings. They are doing most of their training in the morning before we open. I think that is the best resolution until we can put our heads together and come up with a solution. We are one of the few facilities that has a 3 meter board and they want to have a long term relationship with the district.

Mr. Cross stated the other day there was an issue with the slide.

Mr. Biagetti stated we have a couple issues with the slide and one repair has been made. The biggest one was the check valve coming from the holding tank that feeds and holds all the water that is pumped by our 20 hp motor to the slide. The check valve went bad and we did get the part in. We have another issue that is worse than our contractor initially thought and that is

we have a big fiberglass basket housing that acts as a strainer going in right before the motor and there is a crack around the seal. Our contractor was looking for something with a cure time of 24 to 48 hours. I think it is in our best interest that instead of making a temporary repair that we go with the full repair that will have a seven day cure time. It is unfortunate we were down last weekend and we are down this weekend but we will be back up next week. Another issue is the impeller in the motor works at this time, we have most of our motors replaced over the past couple years, the slide we feel is the next motor and pump to go and we do have a backup replacement motor coming.

Mr. Cross stated the developer has applied for a hearing for a community development district for the Armstrong property.

A resident stated you were talking earlier about unknown revenues and expenses that might come up after the fact that we decided to delay until after closing. Is it appropriate to set aside money in an escrow account to cover both sides in case there is a dispute?

Ms. Buchanan stated our construction account has \$4 million. We could do that and we would have to delegate authority to someone to negotiate that because it would require another contract amendment.

Mr. Merritt stated I don't disagree and if that is the direction of the board I have prepared an initial draft of the amendment that was just approved but I can hold off on circulating that if we wish to potentially incorporate that term as well.

Ms. Buchanan asked do you have an idea of the number that would be appropriate?

Mr. Merritt responded if I had to guess I would say in the ballpark of \$30,000.

On MOTION by Mr. Townsend seconded by Mr. Cross with all in favor amendment 2 to the contract to put \$30,000 into an escrow account to cover post closing reconciliation was approved.

A resident stated as we take possession of these additional properties it seems to me in conversations I have had with neighbors they think there is a lot of maintenance issues that need to be taken care of. Is there a list being prepared of these items? Has anyone done an evaluation of what it may cost, do we have enough money to do these things?

Mr. Cross stated yes to all the above. Steve made the list, the board approved it, he prioritized it and has started working on those. We do have money set aside in a reserve but we will add more money once we finish this. I have started to see improvements.

Mr. Oliver asked are you talking about golf course maintenance?

A resident stated the facilities themselves, the golf course and the clubhouse.

Mr. Oliver stated we had reports done by consultants to identify those problems.

A resident asked do we have a timetable?

Mr. Oliver stated once we have ownership of the golf club, we will be able to pursue those improvements. Some of the discussions we have had at previous meetings was the golf staff will be involved with that because they have quite a few things booked, social events, weddings, and that type of thing and one thing we have to keep in mind regarding renovations is to plan it so that we do not disrupt revenues.

Mr. Cross stated it is too early in the equation to set a timeframe.

Mr. Andersen stated community-wide there are a lot of repairs going on now, doors, the gym, fix ups at the tennis center have taken place. As far as the clubhouse is concerned we have already started. The timeline is it has already begun. If you are asking when will it be complete we don't know when that is yet to complete. We are just starting to get an idea to bring to the board and the community. We have already started so the community should be extremely thrilled that everything has started. The maintenance list for the community amenities was published at a meeting a year ago.

Mr. Cross stated when we first made the list we didn't have the money then we adopted a budget and reserve funds, then we prioritized the list and a few months ago they started working on that list.

Mr. Andersen stated we concentrated on the safety issues first, then we will concentrate on aesthetic items and we are putting together quotes for pool furniture, repairing pool furniture, the doors, high dive stands, there are a lot of things that have been identified by Community Advisors as well as my job is to go through the community as well as Matt and we identify things that need to be done. Now that the money is there we will see a lot of change.

A resident asked is it too much to ask that once a quarter to publish a list of things that have been done in the last three months? I'm not sure people know you painted the building.

Mr. Andersen stated we have done that in the past and there are things that are done behind the scenes that nobody knows about.

Mr. Biagetti stated we prepare a report for the monthly meetings.

Mr. Andersen stated we have an operations report that we can put on Facebook.

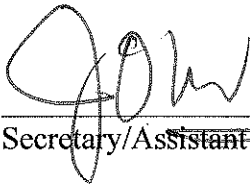
A resident stated

NINTH ORDER OF BUSINESS

July 12, 2016

The next meeting will be held July 12, 2016 at 6:30 p.m.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the meeting adjourned at 2:12 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman