

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, August 2, 2016 at 6:30 p.m. at the Eagle Landing Residents Club, 3975 Eagle Landing Parkway, Orange Park, Florida

Present and constituting a quorum were:

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

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Rob Dugan	Community Golf
Josh Heintzman	Arnold Palmer Golf
Josh Smith	Arnold Palmer Golf

The following is a summary of the actions taken at the August 2, 2016 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the July 12, 2016 Meeting

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the July 12, 2016 meeting were approved.
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FOURTH ORDER OF BUSINESS

Update Regarding Golf Course Operations and Transition

Mr. Oliver stated the technology team has been working on the point of sales system. Included in the discussions are the vice chairman, Josh, Rob and Marilyn of Ealge Landing Golf, , Mike Talbot of TAI, Matt Biagetti, and Ariel Lovera, our tech consultant at GMS. We are trying to have the current EZ Link system they use at the golf club interface with the TAI system so we have one system that can be used from this location as well as across the way at the golf club and that will ultimately result in one invoice going to the residents rather than two invoices. Once he has more information on that interface we can bring a cost proposal to the board and you can decide if you want to go with that plan or seek other alternatives but to the extent we have a system in place we want to find a way to get the information we need in the system that will work well with the least disruption to our residents.

Ms. Buchanan stated the reconciliation efforts are still ongoing. At this point we think we are on track to meet the 60-day deadline but we are still working with the prior owner and Century.

We have submitted the license to DBPR for the transfer of alcohol license and we are waiting for the agency to respond on that matter as well.

Mr. Dugan stated we are in the process of hiring a new chef and I have Friday set up for the driving range project. We anticipate the golf course pedestrian signs to be installed next week; there will be 20 signs explaining that it is not for personal use. I don't yet have answers on the golf cart lease.

Mr. Smith stated in the coming weeks we will propose some new and different things both on the golf side and food and beverage side. We think there needs to be a process of concept development, design and review for renovations.

Mr. Poole asked have you worked in a similar situation where you get resident input?

Mr. Smith stated I believe a working group or workshop type atmosphere where you have people who can work together and put together ideas works well. As far as surveying the entire community I don't think that is a bad idea but it has to be in macro not micro.

Mr. Poole asked are you as a company prepared to manage such a process?

Mr. Smith responded we can help administer the survey but we don't have the database of the entire community. There are survey systems we can use that we have access to and we

can send a survey out and get the results and tell you the results of the survey. Where you go from there is a little more of an issue, there is every likelihood you will see a very close finish. What do you do when 28% say this, 25% say this and 23% say this?

Mr. Krueger stated if you want to put out a survey on the type of restaurants we have the capability of doing that through Survey Monkey and that can go out anytime. Matt has done that before and that is something we can put out in the next week or so.

Mr. Oliver stated Katie and I have been through this process for a lot of districts and although we are talking about a clubhouse rather than an amenity center the process will be the same and most of the input beyond the initial input you get via survey will probably be in this room with this same core group that comes to all the meetings. As you refine your concepts and plans you will have input from the board and residents and over the course of several months you will come up with your scope, finalize the plans and then go out to bid.

Mr. Krueger stated come up with four or five restaurants and get it out.

FIFTH ORDER OF BUSINESS

Overview of Capital Reserve Study

Mr. Oliver stated this is the same capital reserve study that is on eaglelandingonline.com and a couple years ago the district commissioned a capital reserve study and the idea is to account for all the capitalized assets you have in the district, the value of those assets, the useful life and the cost when that useful life ends. It takes that data and suggests what the contribution should be each year to build a capital reserve. Until three years ago because we survived under developer contributions to augment the assessments we didn't build capital reserves, it was only with the 2015 budget that we started collecting for capital reserves and this will be the third year for FY 2017. The idea is to recognize what your costs are going to be over the long term and start collecting the contributions to do that.

On page 1-2 of the report you will see the annual contribution suggested for FY 2015 was \$53,000 and that happened to be the number based on what the board landed on for the first contribution to capital reserves and that was \$50 gross per unit and that generated \$53,000. The annual contribution ramps up the next year significantly to \$100,000 although we didn't do that and then there is a multiplier for each year going all the way down through 2044.

This was done in 2014 and does not include the golf course that you just acquired in June, and some of these entries may have been overcome by events and you may have already repaired

them. Once we have plans completed for whatever renovations you are going to do to your capital assets we will be in a position to update this and we will have more current information as well as add the golf course.

Mr. Krueger stated I would like to propose that we increase the capital reserve contributions to \$100 on a fiscal year basis.

Mr. Cross stated as much as I do not like to raise taxes I have to agree.

Mr. Payton stated I think you are being conservative given the numbers in the capital reserve study and now you are going to include the golf course. If we raise it from \$50 to \$100 part of that process should be that we go through the budget and make sure we are not wasting money elsewhere.

Mr. Oliver stated if you decide that you want to pursue an increase in the capital reserve contribution that would be included on the mailed notice for your budget hearing to be held September 6th. No decision would be made until you have had a public hearing.

Mr. Payton stated the bottom line is as things break we have to fix them and if we haven't already collected the money we have to come up with it. We did a good job when we started off a couple years ago with the \$50 but I think the plan was to increase that every year and then we got into the golf course issue and didn't want to raise any more taxes because we didn't know what increases we were going to have if any with the new bond money.

Mr. Cross stated I agree we said we would look at whether the \$50 was going to be sufficient because I believe your proposal in the beginning was \$100 and we settled on \$50. I agree we need to look at the budget a little closer see where we are going to save money before we arbitrarily decide to do that.

Mr. Poole stated I agree, let's take another look at our expenses and is there an opportunity to achieve some savings as a result of asking for proposals around certain management agreements we have as we look at going into the next fiscal year and look at the offset.

Mr. Krueger stated we need to include it in the notice so we have to make a decision.

<p>On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor \$100 per unit for capital reserve will be added to the proposed fiscal year 2017 budget and noticed accordingly.</p>

SIXTH ORDER OF BUSINESS

Discussion of Fiscal Year 2017 Budget

Mr. Oliver stated the budget before you is the budget that we went into detail at the last meeting, the only change is the golf budget that starts after page 9, the board had asked for some brief line item descriptions but the budget itself has not changed.

Based on the vote a few minutes ago, if adopted at next month's budget hearing, the FY17 budget will include a \$60 gross increase in the O&M budget, capital reserves contribution increasing from \$50 gross to \$100 gross, and a golf budget the gross assessment of \$256.80. The \$256 essentially replaces what has been known as social dues.

I wanted to point out on the general fund budget on page 1 you will see the revenue section, developer contributions shows FY 2016 \$61,000 and we have not received any contributions yet for FY 2016, we haven't requested any because the district has been living off assessments but for most the remainder of this fiscal year we will rely on developer contributions and you will see we are asking for more for FY 2017 in the amount of \$75,000 and a large part of that is because we won't have the Armstrong piece, which would have generated about \$45,000.

Mr. Poole asked is it our process to wait until the end of the year to request the developer contributions?

Mr. Oliver responded yes and that is because the developer contribution is to make up for shortfalls and as long as we have money to operate we don't ask for those and now we are in a position at the end of the year where we are going to need those funds and we will make those requests. Any contributions made in excess of what is budgeted the district has the obligation to pay those contributions back. We want to operate within budget.

Mr. Poole asked this is a voluntary act on the part of the developer there is no written document that says that this will happen?

Mr. Oliver stated there is no obligation on the developer to enter into a developer funding agreement but they have every year and they have indicated they are willing to do that for FY 2017 but it is on a year-by-year basis.

Mr. Payton asked is that East West or is that Dream Finders?

Mr. Oliver responded East West in this case. We want to continue to have a good partnership. The District has allowed Phase 5 to pay administrative assessments only until those

lots are platted. With those lands not platted, the CDD foregoes about \$200,000 in assessments for the 199 units. This agreement was in conjunction with the golf course purchase.

There is no action required by the board on this and we will have mailed notice that will go to all the landowners announcing the public hearing and we will also advertise it in the newspaper.

SEVENTH ORDER OF BUSINESS

Review of Scope for Construction of Tennis Courts

Mr. Oliver stated as part of the purchase and sales agreement for the golf course there was an obligation for the district to build four tennis courts and you funded with your bond proceeds \$300,000 for the construction of tennis courts as well as some parks throughout the community. Steve Andersen has worked with Tennis Director Mark Arrowsmith to come up with a rendering of what the courts would look like in terms of their locations.

Mr. Andersen stated these were planned by the architect and Mr. Arrowsmith is pursuing putting in two clay courts, a hard court and also a turf area as an option so that fitness classes could be held there. This would be an outdoor multi-use space and it is just a consideration. Nothing is going forward yet it is something we are trying to get proposals to be brought to the board and you can make a decision.

Mr. Payton stated if you have 11 courts you might as well have 8 courts as far as tennis goes. My suggestion is we look at having another area, maybe a fitness room for classes and tie it into the facility so they are using the same check-in. This is the first I heard about a turf court or turf area.

Mr. Cross asked what is the difference if you only have 11 courts or 12?

Mr. Payton stated as far as tournament play they have to be the same surface, right now we have 8 clay courts, we are adding 2 more and that is 10 so the hard court doesn't count because it is not the same surface. It doesn't happen a lot but it does occasionally this time of year when all the teams are home and we have a lot of teams here and we have lessons and clinics on Saturday mornings so those courts are not available for residents, they are for lessons. I thought they were going to go with 2 clay and 2 hard and we were going to use the 2 hard courts for multi-use.

Mr. Andersen stated we are getting proposals on 4 clay courts, we are also getting proposals on 4 and 2 and now we are getting proposals on 2 and 1 and 1 so you will have everything to choose from.

Ms. Buchanan stated if we want to have this done by December 16th, which is when we have to do it under the current terms of the contract we will need to approve the final scope of work by our October meeting and if everything falls into place then we can accomplish all the rest of what we need to for December. I want to make sure everyone understands some critical path items. Basically if we approve the scope of work in October we would authorize the RFP it would be published around October 7th then you can open the bids on the 21st and award a contract on November 1st. We would have time to finalize the forms, get everything in order to allow you to approve the final form of the agreement in your December meeting with a couple weeks to get them bonded, contract execution, miscellaneous items.

Mr. Cross stated I thought we were just under the constraint of making sure we started the process of construction.

Ms. Buchanan stated this is all for just starting.

EIGHTH ORDER OF BUSINESS

**Board Consideration and Direction
Regarding Renewals of Agreement for
Service**

- A. Landscape Maintenance (Down to Earth)**
- B. Lake Maintenance (Lake Doctors)**
- C. Amenities Management (EL Amenities Management)**
- D. Operations Management (EL Amenities Management)**

Mr. Oliver stated the next item is board consideration and direction regarding renewals of agreements for services, some are annual agreements, some you may want to take a look at competitive pricing. The four items are listed on the agenda. Before we bring renewal proposals to the board we wanted board direction whether you wanted to get renewals in front of you for these services or seek other bids. Realizing that we are up against the end of the fiscal year, however, if you do go out for proposals you can continue services on a month to month basis for these services oriented proposals until you do enter into a contract.

It was the consensus of the board to obtain bids for landscape maintenance and to renew the agreement with Lake Doctors for lake maintenance.

Mr. Oliver stated Matt and East West will provide whatever suggested changes they have. One change will be made because we had a maintenance person who was splitting time between the golf operation and the amenities and that person will be purely under amenities. That will increase that contract and there may be some other staffing changes that Matt has in mind.

Mr. Biagetti stated there may be minor changes in the shoulder season being September/October and April/May for lifeguard services it all depends on the weather and usage. Right now we are budgeted at 2 lifeguards, 3 lifeguards on deck are better coverage and maintaining the areas. Over the next month I will be speaking to each of you individually with regards to what you would like to see as well. With the increase in residents if we could have an additional cook during the week in the summer I think that would help.

Mr. Krueger asked in future budgets can we get this broken out so we know just what expenditures of the management fee is going to the facility here, to the facility over there and so forth?

Mr. Oliver stated yes. In our discussions with East West we are not just talking fees, but are also working to develop information we can have the financial data to evaluate by cost centers, such as tennis, pools, and café. Once it is broken out it will be a lot easier to account for. Right now we don't have the details of the management contract to allocate some of those costs and we are working with Matt and the East West to get the information you need so we can provide those reports.

Mr. Biagetti stated I can give you a general idea. Last year we spent about \$211,000 in the tennis area, \$175,000 in the swimming pool area, kids club \$26,000, concessions, which include the café, cabana, kitchen is \$26,000 and about \$12,000 in general admin.

Mr. Krueger stated we need to have that broken out to see what is going where.

Mr. Oliver stated further back in your agenda package you will see the monthly financials unaudited and behind those for every line item is a month by month accounting for the revenues as well as expenditures and the big missing link there is management fee. By breaking those out into these functional areas you can see that is broken out by tennis, pool and café, administrative and once we have that breakout that Matt was speaking of that will provide a lot more information.

Mr. Poole asked when do you expect to be able to report the breakout that we have been asking for, for sometime?

Mr. Oliver responded I think it will be in your next set of financials.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Buchanan stated I haven't had any comments yet on our policies but I will update the draft and perhaps incorporate some of the general guidelines of the golf course and the operating numbers so we will have a little more of an extensive golf course section. It will be a continuation of what currently exists and I will try to get that to you in the next week so you have some time before the next board meeting to give me feedback then I can update it and we can include it in the agenda packages so that it is available for review in advance of next month's meeting.

Mr. Oliver stated for many years we have been operating with a set of policies for the CDD on amenities and a separate set of policies for the golf course and that is one thing Katie is working to pull together so everything falls under the umbrella of the CDD.

B. Engineer

1. Construction Updates

Mr. Hadden stated things are progressing in Phase 5A as far as right of way clearing and underbrushing. All the silt fences are up and they are going to start digging the ponds pretty soon.

Mr. Krueger asked can some of the dirt from the ponds be used for the driving range?

Mr. Hadden responded I don't know how much of a pond you will have out there.

Mr. Dugan stated when we looked at it previously the issue is a little bit that it is a full concrete liner and we can fill it but we are going to have problems growing turf around the perimeter of it so we have to break out all the concrete and pull it out or possibly just the first few feet of it.

Mr. Hadden stated I haven't looked at the pond and I'm more than happy to take a look at it. If he could just break it up enough it still lets percolation and the grass grow. Vallencourt is the one building Phase 5 and there is no problem with using that dirt there.

I have a question regarding Vallencourt and this came to me from Clay County Utility Authority. As is typical when a contractor completes a project, a construction company, they put up a warranty bond for two years on all their work it is warranted to the utility authority. It happens that Mike Vallencourt who is not the president but he is chairman of the board of Vallencourt Construction serves on the utility authority board. If there was ever a case where the utility authority had to go back to the contractor and say you need to go in and fix that, obviously, Mike could recuse himself from the vote but they asked would the CDD board be amenable to Vallencourt warranting their work to the CDD and then the CDD warrant to the utility authority. It takes Mike Vallencourt Sr. out of the equation therefore; if there were a problem we would send the notification to the contractor to have them fix whatever it was.

Mr. Cross stated I don't have a problem with that. It is not going to cost us anything either way.

Ms. Buchanan stated right, that is something that Keith and I discussed and I would be concerned about it and we would have to find a way to work around it because any action Keith or I take for you costs you money so I would expect the board would want an agreement that should they be required to act on the warranty or seek enforcement of anything lending to this agreement that your expenses would be reimbursed.

Mr. Poole asked if there is an issue it is going to end up at the utility company anyway isn't it?

Mr. Hadden stated it is. We are just going to be the intermediary, the utility authority will be the one to say something is not right, it is for a two year warranty period and if we have a leak somewhere or something they will call Vallencourt and say fix it. If Vallencourt said no, we built it right and it became an argument that is where the utility authority says I have \$275,000 of your bond I'm just going to take some of that and fix that with our crews. If that situation was to occur there is going to be some of Katie's time and some of my time involved in getting it resolved and it is not fair for the CDD to be responsible for whatever that dollar amount is. It should be the utility authority or Vallencourt.

Mr. Poole asked why would we want to be an intermediary if it ends up going to the Clay County Utility Authority anyway?

Mr. Hadden stated the only time we would be an intermediary would be if the utility authority were to force Vallencourt into doing something with the warranty bond. This came as a request from Tom Morris who is the general manager of the utility authority.

Mr. Poole asked why is there a need for this? Why not just recuse himself?

Mr. Hadden stated it was a method to take Mike out of that conversation.

Mr. Cross stated I don't have a problem as long as we are covered under our policy.

Ms. Buchanan stated you can vote to pursue it or not but there are still a lot of questions that we have to work out so I don't think you have an ultimate decision today.

Mr. Cross stated let's table it for today and I will talk to you.

C. Manager

Mr. Oliver stated I'm working with Jude Barwig and in the coming months we will bring some options to the board regarding some type of consolidated website that can link in the golf course with the CDD.

Mr. Payton stated I did have a question about our CDD website. There is a link and I think it is the audit and when you click on it I don't think it goes to the right page.

Mr. Oliver stated I will have to look at it. I know there is a link to the Department of Financial Services and that is required by statute to have that link. We are required to have all our audits on there and we can put a PDF on there for the audits.

Mr. Krueger asked where are we on the proposals from audit firms?

Mr. Oliver stated we will bring it to the next meeting. We will have an audit committee meeting just prior to your regular meeting.

D. Director of Aquatics & Recreation

Mr. Biagetti gave an overview of the activities that took place during the month.

E. Operations Manager

Mr. Andersen reviewed the items outlined in the operations report, copy of which was included in the agenda package.

F. Golf Course General Manager

Mr. Dugan reported on the junior camp and stated we removed the cart fee associated with the social rounds of golf; put out a request for a janitorial service and the proposal was \$1,130 a month that represents a savings over the cost of doing it in-house.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was authorized to enter into a janitorial contract in an amount not to exceed \$1,300 per month and the chairman was authorized to execute the contract upon review by Mr. Poole and staff.

ELEVENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Payton stated one of our ladies teams won the Florida State District Championship and they will represent the State of Florida at the National Tournaments in October in California.

A resident stated again this year we missed on administrative expenditures by 39%. My assumption is based on golf course process. I'm looking at the budget for next year where it is holding flat compared to this year. In 2015 you had a 42% and an increase in 2016 so I was curious if that was attributed to golf course.

Mr. Cross stated correct.

A resident stated the appearance is we are almost 3% under budget from what we have forecast. The reason I say that is we did it through the general fund and we are talking about a recreational fund as well being pretty much flat for 2017 yet we are going to increase the flat costs from \$1,015 to \$1,075, which is a 5.9% increase and then we are talking about a 4.65% increase of \$50 reserve for all in increase of 10.5% to every resident and no capital expenditures. I'm trying to understand how granular we are getting when we are talking about an increase in the reserve, an increase in the overall costs or flat budget going into 2017.

Mr. Oliver stated you can see on the capital reserve study that is on the website but also some of the projects Steve mentioned earlier there are quite a few capital repair and replacement projects out there. I think the board has been prudent to protect the relatively small reserve fund that has built over the last two years, with the intent to hold money in reserve just in case there were some problems with the process to issue bonds and purchase the golf course. There are

more projects in repairs and replacements than we can fund with what we have in reserves right now. That is why Grant is proposing an increase in the capital reserve contribution.

Mr. Payton stated also these are proposed numbers so if it is flat we brought it over from last year's budget, we haven't actually sat down and gone through and if there are substantial numbers that show at the end of this fiscal year then we do need to lower that amount.

A resident stated I don't know how granular you are going to get. I know we talked about breaking out different items, which is probably a good idea. When you were talking about the current services that you have there are some shortfalls and I have photographs and I ask that the board look to ensure that everybody we are hiring there is a process and responsibilities are detailed, the cascading responsibilities are detailed for not only a monthly basis, weekly basis and daily basis that everybody is required to do to maintain their position. I run a huge facility myself and I know I have to cascade that responsibility down to give that empowerment but I do have what I expect and I ask everybody on our board to make sure that is the process we have when we are looking at whether it is an RFP or continuing with a contract we have.

A resident stated the bond issue with the utility, the CDD and Vallencourt. It is not going to benefit us as a community or a district to stick our hand in there just because it might help them out. If it is not going to help us out it is going to create more work for us.

A resident stated at the beginning of this meeting I was very, very concerned because the gentleman here in the middle was really pushing to keep the involvement of the community out of the restaurant and fortunately some of you people on the board thought maybe it would be nice to find out what the community wants. We have a non-functioning restaurant with poor service, poor quality and now I understand we have two managers for it. I think before we spend thousands of dollars making a Taj Mahal out of this restaurant you need to put a survey out and find out from the community what they want and what is wrong with what we have so you know what you need to correct.

Mr. Cross stated we agree.

A resident stated I think the new parks sound like a great idea. My question is about the sand park, who and what area is responsible for the maintenance because it is in dire need. Who maintains the new parks and who might maintain the current park, the one we have there is a piece of plywood that has been laying there for four months unless it has been removed recently.

A resident stated you are talking about building more parks but you need to take care of the one you have.

Mr. Cross stated if you let us know about things we will take care of it.

Mr. Biagetti stated if there is an issue please let me know.

Mr. Cross stated we are going from a part time maintenance person to a fulltime maintenance person so we will be able to do more.

TWELFTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of June 30, 2016 and Statement of Revenues and Expenses for the Period Ending June 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. Cross with all in favor the check register was approved.

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

Mr. Oliver stated the next meeting and budget hearing will be held Tuesday, September 6, 2016 at this location at 6:30 p.m. We will send mailed notice to all landowners.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the meeting adjourned at 8:40 p.m.


Secretary/Assistant Secretary


Chairman/Vice-Chairman