

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, September 6, 2016 at 6:38 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
Bobby J. Poole	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Steve Andersen	Operations Manager
Rob Dugan	Eagle Landing Golf GM
Josh Heintzman	Eagle Landing Golf Professional
Josh Smith	Regional Vice President, Century Golf
Several Residents	

The following is a summary of the actions taken at the September 6, 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 6:38 p.m. and called the roll.

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 notices of the public hearings published in Clay Today newspaper were included in the agenda package.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the August 2, 2016 Meeting

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the minutes of the August 2, 2016 meeting were approved.

FIFTH ORDER OF BUSINESS

Public Hearing to Consider the Adoption of the Fiscal Year 2017 Budget

Mr. Oliver stated I will give an overview of the budget, followed by board discussion and the public hearing for comments from the public. After you finish the public hearing, we will close the public hearing and have more board discussion regarding the budget before you consider the resolutions related to the budget.

If you will recall we started the budget process in May, approved a proposed budget in June and as required by Florida Statute, set a public hearing no sooner than 60 days after approval of the proposed budget. Over the past 90 days since the budget was approved, The Board and staff has refined the budget. The budget changed significantly this year because the board not only issued bonds, but you purchased the golf course, also. I would like to go through some of the assumptions we made in the preparation of the budget and as we go through the budget some assumptions will make themselves clear.

Regarding the general funds and recreation funds, Phase 5 undeveloped lands are responsible for administrative assessments only. Dream Finders purchased Phase 5 lands which represents what will be platted as 199 lots with another 18 cottage lots. This is consistent with the treatment of undeveloped land in past budgets. As part of the purchase and sales agreement for the golf course, the district agreed that full assessments will not be collected until those lots are platted. Bonds were issued a few months ago so Phase 5 roads could be built and homes built and sold. We expect these at least a portion of these lots to be platted before we go through the Fiscal Year 2018 budget process. Projecting 100 platted lots on next year's budget represents about \$101,000 that we receive through assessments that are not going to be realized this year.

The Armstrong Tract was removed from the CDD through the boundary amendment. It is no longer in the district and they had been paying assessments in the past. For Fiscal Year 2016, they paid over \$45,000 in assessments. Because they are no longer in the district, we will not be receiving those assessments from them. Those are the two important assessment revenue

items we will talk about later. The loss of the \$45,000 in assessments and you didn't have a gain of having Phase 5 becoming fully assessable as it is not yet platted.

East West has agreed to pay the difference between the budget and actuals for Fiscal Year 2017. We have always referred to this as developer contributions and that is tied to the fact that in the past, assessment increases were capped at \$60 a year. As assessments ramped up over the years, the developer contribution was to go down. We thought by this time in the district's life cycle the developer would no longer be involved with the district. However, because of the recession that occurred several years ago, the construction timeline certainly slowed down for this community as well as most others. The developer did indicate that they agreed to pay developer contributions for fiscal year 2017 and they also made clear that would be the last year for developer contributions. The budget we will talk about tonight has \$72,000 plugged in for developer contributions. What that means is any difference between what is collected in revenues and the budgeted expenditures the developer will pay up to \$72,000 without reimbursement. If they were to make developer contributions beyond that amount, they would expect the district to reimburse those funds.

As presented tonight, the general fund and recreation fund budgets are continuation budgets. The budgeted amounts are roughly the same as last year. You will see some changes in the revenue section largely tied to the fact that we no longer have the Armstrong Tract. You can see the expenditure sections are pretty much the same as what was budgeted for fiscal year 2016. Tied to that you are going to have the opportunity later to talk about budget amendments by which you can move money between line items as needed throughout the year.

The proposed capital reserve contribution for fiscal year 2017 has increased from \$50 to \$100 per lot, based on Board action at our August meeting. We took a look at our capital reserve study and fund balance. Based on the District's needs were for repair and replacements of capital assets, the Board is considering an assessment of roughly \$100,000 in capital reserve contribution for this year. The last two years, the only other two years you have had this assessment, has assessed \$50 per lot on a gross basis for capital reserves contribution.

The golf budget essentially duplicates the 2016 budget developed by Arnold Palmer Golf and the previous owner. AS the CDD only acquired the golf course in late June 2016, we took that budget and mirrored the expenditures and added some required line items that weren't in the previous budget. For instance, equipment lease payments were paid directly off budget by the

developer and did not flow through the operational budget. Now that the district owns the golf course, a second party will not be covering those costs.. The golf budget is funded with an assessment of \$256.80 per unit, which is equal in amount to the soon to be obsolete social dues collected at \$20 a month plus sales tax. The assessment is the same amount of money, but now will be on on the tax bill rather than billing monthly.

Funds can be moved between line items throughout the year. Whatever budget you adopt if you need to move money for instance in community appearance from landscape maintenance to utilities or if you need to move an admin line item from auditor to dissemination agent, you have the ability to do that by simple board vote up to 10% of the budget line item. If you need to make changes greater than that, the Board will adopted a budget amendment. That is something that you will likely need to consider after the final numbers come in at the end of the fiscal year. The fiscal year ends September 30th and we will have final numbers for you at the November meeting.

Another thing that will impact the budget if you consider a budget amendment in November is the fact that we don't yet have contract renewals with Eagle Landing Amenities, which will be addressed at the October meeting. Once you have those final numbers, you will likely do a budget amendment, but that won't impact assessments because any increase tied to the contracts with Eagle Landing Amenities will be paid for through developer contributions and not assessments.

The trustee is processing a request for reimbursement for the due diligence from bond issue costs that we have already paid for from the general fund as well as the capital reserve fund. Those amounts are \$66,000 and \$68,000 respectively, the biggest impact will be on the engineer's line item. If you look at the budget the engineer's budget line item is \$10,000 and you will see expenditures of about \$41,000 and most of that was tied to the due diligence process as well as the bond issue.

That is a brief overview of some of the assumptions that we used with the budget.

Mr. Oliver went through the line items of the general fund, recreation fund, golf course, debt service and capital reserve fund for repairs and replacement.

Mr. Townsend asked about the contributions to the capital reserve.

Mr. Oliver stated within the capital reserve study there is a table of recommended contributions for the capital reserve and that is based on a 30 year pooled cash flow method

considering projected costs of future capital repairs and replacements, and the funds needed to pay for those improvements. Although graphically the projected annual expenditures fluctuate greatly, recommended contributions to funds the improvements are built with a gradual ramp-up. We can make that available but the consultant's recommended contribution was in excess of \$100. The capital reserve study is on the website. I don't know that it is a percentage of the operational budget as well as you need to recalibrate the study every few years because you may go through capital reserves at a faster or slower pace than anticipated, or you may realize some surpluses in certain years, which could conceivably flow to capital reserves. It is also good to recalibrate the study once you have completed extensive renovations because the whole picture changes. Here you have purchased a golf course and you are also planning on renovations not only at the clubhouse, but the other recreational facilities.

Mr. Townsend stated I agree.

Mr. Oliver stated let's say we bring on 100 lots for fiscal year 2018. Assuming no change in per lot assessments, not only will you achieve an additional \$100,000 in general fund assessments, you also will realize another \$100,000 in capital reserve assessments. As the district grows that will change the assessment picture and that will be recalibrated into an update of the capital reserve study. Once we have a clear picture of the renovations that are going to occur and we have those contracts underway, we can update the capital reserve study before you start the budget process in May 2017.

Mr. Krueger stated we are going to have to redo our capital reserve study because we did add the golf course. As far as right now we are funding it below what we funded to support the facilities based on the capital reserve study.

Mr. Oliver stated Phase 5 will help with the catch-up and some of the renovations you are going to do that will be funded with bond proceeds are going to be of great assistance, also.

Mr. Poole stated I want to take a hard look at the golf course budget.

Mr. Oliver stated there are some costs that the developer was paying off budget. It could be that some of the operating losses were understated since those weren't included in the budget. I understand what you are saying.

Mr. Krueger stated our goal is to not to lose money.

Mr. Oliver stated when Phase 5 comes on board, they will be assessed for the golf course also and it could be as you operate the golf operation more efficiently not only will you see that

delta of \$176,000 reduced hopefully to zero. At some point this board or future boards will have the opportunity to reduce assessments for the golf course.

Mr. Cross stated as we look at it and manage it and work with the management team we can refine the revenues and expenditures. I think it is definitely something that needs to be watched by the board and management the company and staff.

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

A resident stated when we first moved to Eagle Landing we were told that it was \$835 a year since then it has gone up every year and now it is \$600 more than when I moved in. The sales people are telling people that the fees won't go up they are going to go down. I have it in writing from East West and I will be more than happy to give you a copy of it. We paid more money for the golf course, we have that money to take care of the amenities and do whatever we need. Why are we being asked for more money every single year?

Mr. Oliver stated it says the CDD fee and O&M fee are collected on the tax bill along with the property taxes. What Keith appears to be saying is the CDD debt service fee, which is fixed and the O&M fee are collected on the tax roll along with the property taxes. He is talking about the debt service fee is fixed and cannot change, the O&M fee can change. The O&M fee is tied to operation and maintenance and has gone up \$5 a month or \$60 per year for the last two years. That is what the O&M fee is going up this year, \$60. That is the general fund budget. As the board discussed when Phase 5 comes on those 199 units will be paying for the general fund budget, capital reserves and also be paying for the golf course. This board and future boards are going to simply accumulate those funds to the point that there are adequate surpluses to meet the needs of capital improvements that will be a point that assessments not only stabilize but theoretically can be reduced.

A resident stated we were told that when we first moved in but we were misled.

Mr. Oliver stated I understand that the potential for assessments increases may have not been inadvertently miscommunicated, this board has never said that assessments won't go up. In all of the annual budget meetings since the inception of the CDD, the approach was that assessments were to ramp up as the developer contribution ramped down and eventually went away because the developer is no longer going to be here after they sell their lots. Had we not

had the \$60 cap on those assessments and didn't have developer contributions, the assessments would have increased sharply as soon as the amenities were open and staffed. Unfortunately, it took a long time to get to some level of equilibrium to get assessments where they need to be.

A resident asked what about the \$240 a year?

Mr. Oliver stated the \$240 a year is replacing the social dues and that is going to be used to help operate the golf course.

A resident stated I'm curious about the proposed forecast of revenues and expenditures for the golf course. I'm trying to understand the magic behind the numbers.

A resident asked is the golf course 2016 P&L available to us from the prior owners?

Mr. Oliver stated if they provided it to the district, we can make it available assuming there is no type of confidentiality tied to those documents.

A resident stated I'm assuming through due diligence it was provided.

Mr. Cross stated we had that audited to make sure it was correct.

A resident asked what do you think of a special committee within our community specifically geared toward the running of the golf course. I'm sure you have enough on your plate as it is dealing with everything you are dealing with now and I know there are people who have expertise in golf, have expertise in restaurants and I'm looking specifically at the cost of beverage and food they are out of line in my opinion. You should never have a 33% cost. What do you think of proposing there be some sort of committee to oversee some of that?

Mr. Oliver stated both Rob and Josh are going to talk about the survey results a little later in the meeting. One of the recommendations that they will make to the board is the formation some informal working groups for the purposes you are talking about or for recommendations on the renovations. I think it is a great idea and they are already thinking of that.

A resident stated I would be happy to be involved. What is the plan you are making as a revenue generating entity? I would like to see that negative number at the bottom completely turned around and it is a beautiful golf course and great facility there is no reason it shouldn't be a money maker. Is there currently a plan or is that something that will come down the road after the survey and all that?

Mr. Oliver stated I think it is going to be something that is going to be worked on throughout the coming months and years.

A resident stated I saw on there the golf course salaries and also saw a line item for a management fees. How are the management fees determined?

Mr. Oliver stated we assumed a contract that the previous owner had with Arnold Palmer Golf for one year and there is a \$100,000 fee with that and that is separate and apart from the salaries and hourly work.

A resident asked are there responsibilities that they do with that?

Mr. Oliver stated yes, there is a pretty thick agreement between the district and Arnold Palmer Golf.

A resident asked do we have access to that agreement?

Mr. Oliver stated I can provide it to you.

A resident stated then the fee is just what we are paying Arnold Palmer Golf.

Mr. Oliver stated for the management services they provide.

Mr. Jsoh Smith stated incorporated into that there are a lot of functions we do for the golf course, accounts payable processing, HR processing, licensing, permitting, all that stuff is done for the golf course through our corporate office. In the absence of that there would be somebody and some infrastructure in place at the golf club to do all those processes. One of the benefits of working for a company like ours is we have all that and we have it centralized so there is an economy of scale it is not just a licensing agreement there are services involved.

A resident stated at the last meeting we talked about having the detailed budget available for this meeting and it is still not there. Why are we still having that same discussion?

Mr. Oliver stated we do have month-to month details by line item in the monthly financials, which are posted to the website but right now we are working with East West to provide us timely and detailed information by cost center and change the contract requirements so we have that revenue and cost data broken out rather than just that lump sum.

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

A. Consideration of Resolution 2016-25 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2017

Ms. Buchanan stated you have two resolutions to consider as it relates to the budget, the first is the appropriations resolution and will adopt the specific funds and the amounts tied to

those funds as well as attach the budget that we just reviewed as an exhibit. The second resolution is what we call the assessment resolution and it is a resolution that actually adopts the assessments and identifies what assessment will be levied on any particular lot or parcel within the district.

In Resolution 2016-25 you will note in the findings there is a determination that you have reviewed the proposed budget and it is approved as Exhibit A and will be maintained in the district manager’s office. Section 2 identifies the appropriations and we walked through all the funds, the general fund, rec fund, golf course fund and the debt service funds for the various bonds we have in place. We left it blank in your package in case we modified anything but Jim is filling it in so we will have a complete copy. Section 3 authorizes budget amendments, items that are relatively small in nature up to \$10,000 can be transferred without board approval and any time any amount larger than that we just come back and adopt a budget amendment.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor Resolution 2016-25 was approved.

B. Consideration of Resolution 2016-26 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2017

Ms. Buchanan stated Resolution 2016-26 is your assessment resolution. First there is a finding by the board for provision of services, facilities and operations that confers a benefit to the property within the district. The second actually imposes and levies the operation and maintenance assessments. It also certifies for collection the previously levied debt assessments and all of those items are reflected on the assessment roll, which Jim has a copy of and that lists the properties and the amounts tied to that. As discussed we will collect platted lots on the tax roll and the unplatted lots will be directly billed, the schedule is 50% due December 1, 25% due February 1, and 25% is due no later than May 1. If those assessments on the unplatted property are not paid the district has the ability to foreclose that lien. If an assessment on a platted lot is not paid a tax certificate will be sold and the district is not involved in that process.

On MOTION by Mr. Poole seconded by Mr. Cross with all in favor Resolution 2016-26 was approved.

C. Consideration of Developer Funding Agreement for Fiscal Year 2017

Ms. Buchanan stated the third item related to the budget would be the deficit funding agreement in similar form to the developer funding agreement that we have adopted since I represented the board. Basically the district has revenues to fund to a certain point, our expenses are anticipated to be at a certain point and the developer is agreeing to fund the difference of what we collect and what we actually spend. This agreement identifies the same terms that we had and should they not comply with the funding operation we have the ability to levy an assessment lien, which we are choosing not to do at this time.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the fiscal year 2017 deficit funding agreement with Eagle Landing Limited Partnership was approved.

SIXTH ORDER OF BUSINESS

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

Mr. Oliver stated the next item is committee rankings of proposals to perform the audit for fiscal year 2016. The audit committee met earlier this evening and ranked the four proposals that we received and those rankings were Berger Toombs, Grau & Associates, McDirmit Davis and Carr Riggs. We would ask the board to approve those rankings and direct staff to get an engagement letter with the top ranked firm.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the recommendation of the audit committee was accepted as follows: Berger Toombs no. 1, Grau & Associates no. 2, McDirmit Davis no. 3 and Carr Riggs no. 4 and staff was directed to obtain an engagement letter from Berger Toombs to perform the 2016 audit.

SEVENTH ORDER OF BUSINESS

Consideration of Assignment of Down to Earth Agreement

Ms. Buchanan stated Down to Earth has merged with a different entity and this assignment allows the district to consent to that change and extend the agreement we currently have with Down to Earth to the new entity. In addition to that it adds some language that is now required by Florida Law, which specifies how if you have questions about public records you can contact the district.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the assignment of the Down to Earth Agreement to SSS Down to Earth OPCO, LLC D/B/A Down to Earth was approved.

EIGHTH ORDER OF BUSINESS

Consideration of Draft Lease Agreement with Eagle Landing at Oakleaf Plantation Homeowners' Association, Inc.

Ms. Buchanan stated as you will recall in past meetings we have always had discussions about how funds that are held by the existing HOA could be used for district-wide improvements. There has always been a concern about using HOA funds on property that was not held by the HOA. Steve has worked with the HOA to come up with a solution to that problem and that would be to allow the district to lease for no cost property to the HOA, have the HOA have the ability to then use its money to install infrastructure or park playgrounds is what we are talking about and once they are done with the lease the property and the improvements would be returned back to the district. The caveat there is that we haven't gone through this with the HOA attorney, this is just the beginning of the conversation and also I wanted to bring it forth so that everyone understands it even though the parks will be held by the HOA they would be used for a public purpose, meaning that they would have the same treatment that any other park owned by the CDD would have.

Mr. Andersen pointed out on a map the three proposed locations and stated the plan is if we can get this approved they will fund the construction, getting the grounds ready and putting the parks in.

Mr. Poole stated at the end of the improvements they would be turned back over to the CDD and we would have the responsibility for ongoing maintenance.

Ms. Buchanan stated correct. At this point think about it, if you have any other questions you want to discuss among yourselves or ask myself or Steve this is the beginning of a discussion and it is difficult because you can't talk amongst yourselves between meetings.

Mr. Krueger asked who would have the say as to how those parks were developed?

Mr. Andersen stated the HOA would with a lot of input from me, which is input from the board.

A resident asked what about parking?

Mr. Andersen stated these parks are designed as pedestrian parks to walk and bike to.

Mr. Cross stated we did go to the county and they would not approve parking places.

NINTH ORDER OF BUSINESS**Update Regarding Construction and Capital Projects**

Mr. Hadden stated Phase 5 is moving along well, they have cleared the right of way, trees have been taken out, they are digging the ponds and they are bringing in road fill for the roadways. All the workers, their equipment and heavy trucks are coming in through Tynes so they are not driving through Eagle Landing. There are barricades in place and there are no workers parking here.

You have a change order from Vallencourt for a reduction. At the request of Clay County Utility Authority the main trunk line of their system, which runs through Two Creeks and will ultimately hook into their plant by Publics they decided they wanted us to run it through Phase 5 so we designed and bid it and awarded it that way. The day we had the kick-off construction meeting with Clay County and the Utility Authority and contractor, Tom Morris the general manager of the CCUA said that they decided not to run the main trunk line through Phase 5 but to go back to the original plan of running up Tynes Boulevard, which is better because now we will have eight and ten inch lines like everybody else has opposed to 16 inch lines. You will see two items on the change order for a decrease in the water size and reuse size. The third item is for the removal of 1 ½" of paving, the county now wants 2" of asphalt and they are going to put down 1" at the time of construction and when 75% of all the homes are built then the contractor comes in and puts down another 1" of asphalt. The new county standard is 2" of pavement in two 1" lifts. They are removing \$69,000 for 1 ½" of pavement and adding \$61,000 for putting in 1" today and \$67,000 to put in the second inch at some point down the road. The net of this is \$130,857.56 deduction from the contract award.

Ms. Buchanan stated change orders are amendments to the contract and every time there is a change order the board will have to approve them. We will try to always make sure that you have an indication that Dream Finders is comfortable with the change orders because it is ultimately their project but at the end of the day the board is a party to the agreement and the board will be one to make the final decision on whether or not to approve it. The copy you have has been executed by a Dream Finders representative.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the change order with Vallencourt Construction for a net deduction in the amount of \$130,857.56 was approved.

Mr. Oliver stated I want to remind everyone the District issued new money bonds not only for the purchase of the golf course and Phase 5 improvements, but also other projects you have ahead of you in the coming year. Additional recreation improvements, tennis facility expansion, construction of four additional courts at an estimated cost of \$240,000, playground expansion, additional neighborhood parks \$200,000, athletic center renovation, which includes additional fitness equipment \$115,000, golf clubhouse modifications \$354,000 and you can move money among these different projects. Recreational facility improvements include upgrade of diving boards and platforms, installation of lights for night swimming, renovation and update of pool equipment and building, improvements/upgrade of pool marcite to 15 year commercial grade. Also a golf practice facility for the short game with an estimated cost of \$35,000. I know the golf folks are working on that and they have come up with some estimates to fill in that pond so that could be filled and sodded and used as a practice area. We still have a lot to do with the projects you have.

Mr. Cross asked are we on schedule with the tennis courts?

Mr. Andersen stated yes.

Mr. Smith stated we have an estimate of \$43,000 without fill and with the fill it is about half of that amount. We should be well within the \$35,000 range. Is there any thought as to how long it might take before enough is available?

Mr. Hadden stated right now they are scraping off the top two feet and they aren't down to the good dirt yet. Steve and I need to talk not only about the dirt but one of the problems is how do I get it in there. These trucks weigh a lot and I don't want to tear up the golf course or sidewalks and curb.

Mr. Dugan stated we will take it and work with the guy that set up this proposal, we would hold off an area of the parking lot and inside the proposal he has it set up for the smaller dump trucks to haul back and forth to the parking lot.

Mr. Hadden stated that's fine. If Steve and I could meet with him that is not a bad approach. There are also some mats you can put down that you can drive over but you have irrigation and I don't want to do more damage than good and free dirt can cause problems.

TENTH ORDER OF BUSINESS**Update Regarding Golf Course Operations and Transition**

Mr. Smith stated we talked at the last meeting about starting the process of the restaurant and clubhouse renovations. One of the ideas that Steve used at Eagle Harbor was surveying the residents as to what they would like to see and we executed that survey this past month. Of the 914 homes listed they had 700 email addresses on file and we sent an email link to all those and we promoted that survey at the pool and golf club and different places letting them know that a survey was available online. We got about 325 views and 129 surveys returned, which is about 14% of the total residents. We got some good information and worked with a couple of the residents on the questions that would be relevant. We provided the responses to the board to give us some guidance as to the anticipated behavior of the residents related to the restaurant and the question is where do we go from here. In our mind it would probably be good to have a representative group and we can sit in and guide that group, have Steve as part of that group then is it a board member or a group of residents, what is going to comprise a group of people to go through this. That being one of the models or is there any kind of past best practices that the board has used? Is it better to bring it to these board meetings because our next phase would be to start to render concepts, get concepts on paper to get that conversation going so we can start pricing this stuff out and figure out what we can do with the money we have available. We need guidance as to how to start to move that forward. We will provide our input.

Mr. Cross stated you have a working group that you are working with currently. I believe there is another lady here who is willing to be part of that working group. If we work with the working group and a board member can sit in with the working group. Once we come up with some solid ideas then bring it to the board. I agree we need to move forward with it.

Mr. Dugan asked are there any guidelines to make sure we put the right group and the right size together? We want to avoid us deciding who is on that committee.

Mr. Cross stated I think it is volunteers because I can't appoint people to it because if I do then it is a committee. I think once you get a group I don't think people need to be coming and going and leaving it because then it will be convoluted and ideas changing drastically. Once you set that group of residents who really want to work with you then you need to stick with that group.

Mr. Poole asked do you have any recommendations on the skills that you might be looking for to be part of the working group that you could put out? There are other people who have a passion for this project who may volunteer as well.

Mr. Dugan stated we have some really good resources that we can bring to it. Our VP of capital projects was here earlier today and meeting with AI about the equipment, golf carts as well as the clubhouse. I talked to him about what we are doing and where we are going and he is usually the person you turn to when we do things like building clubhouse improvements as well as golf course improvements he has a lot of experience doing that. He has a local architecture group he works with and we need to know what we are going after then I can say we need a couple concept drawings. From a skill set standpoint I think we need to get people who want to be involved and that it is a manageable group, five people seems manageable if it is 15 it starts getting a little hairy and 30 is not doable.

A resident stated I caution against using the entire existing working group that we have because it is comprised only of golfers. We want to have our input and we discussed a couple weeks ago once they do the restaurant portion that we should not be the ones solely involved.

Mr. Dugan asked something like 3 golfers and 3 non-golfers so we have some representation?

Mr. Cross stated that sounds good.

Mr. Dugan stated the general concept that was most responded to was to have an Applebee's type of casual dining concept. A lot of the questions were demographic driven around how often do you go out, how much do you spend. How many kids live at home. The responses were fairly varied but from a broad concept that was the most identifiable concept. We provided a link so that you can see all the responses.

A couple things came up in the golf cart proposal that we need feedback on. I don't know if the board is aware that the current cart paint we have is a custom ink, the rest of it is standard but that is a big piece of it. It is expensive and is that important, is that something that we want to continue? It is about \$17,000 in terms of cost for the custom paint on those carts. The other issue is are we married to the vendor? Is there any concern about using a Yamaha versus EZ-GO?

Mr. Krueger stated my perspective is whoever offers us the best deal and as far as the paint color goes my preference would be to stay the same.

Mr. Cross stated I don't think the paint color is that important if we could save \$17,000.

Mr. Dugan stated the \$17,000 is over the term of the lease. The last one is gas versus electric. Yamaha has a new gas cart that we flipped some of our golf courses to, they created a gas cart where the decibel level is exactly the same as an electric cart. The concern with gas carts was the cost of gas and the decibel level. It is much less expensive over time and is much easier to maintain, they are much more dependable because they are simpler pieces of equipment. If you are looking for a cost effective option it may be something you want to look at.

Ms. Buchanan asked do we already have a gas pump or do we have to install one?

Mr. Dugan stated we have one in maintenance and the carts only have to be filled once every six to eight weeks.

Mr. Poole stated let's save the \$17,000 and not go with a custom paint.

Ms. Buchanan stated I don't know what the alternatives are but if you do move away from the custom color perhaps you could pick a more neutral color and allow new golf carts to be both colors.

Mr. Dugan stated if we say we are interested in switching vendors they may have a similar color. There are options but we wanted to see if there was openness to any or all of these things and we will go back and say from a cost standpoint here is your best option. We wanted to understand the parameters and if there were restrictions on gas operated golf carts.

Mr. Andersen asked is 42 or 48 month lease?

Mr. Dugan stated we can try different options. If we go gas we would go with the 48 and if we go with electric it will probably be 36.

Mr. Andersen stated the reason I asked is we are in the process of negotiating with Club Car for Eagle Harbor and I got a proposal today and I'm curious if we can have economies of scale and go to them and get a better deal.

Mr. Dugan stated we can talk about that. We are putting in 150 in Palm Springs and we have been researching a lot of different options.

Mr. Andersen stated the only reason I bring that up is it is not a \$17,000 savings upfront that is over four years. Eagle Landing is known for their blue color so is there going to be a negative impact if you get rid of that identifiable color because nobody else has that blue.

Mr. Dugan stated the golf carts we got at Disney were actually a light blue and they have had them for several years and that was to be different and we switched to their standard ivory color. You also have logos you can put on as well. Is there any objection to any of those considerations?

Mr. Cross stated not at all.

Mr. Dugan stated the last thing is the posted closing times for the restaurant. Under the developer there was a very loose policy regarding the closing times of the restaurant. It was based on demand and trying to make sure if there were people there that it was open and if there weren't we were closed. It has caused issues over time with having consistent hours of operation. It is not generally how we would do it and we ask for some direction.

Mr. Cross stated I'm in favor of set hours of operation. What hours you need to be open set it to that.

It was the consensus of the board to have set hours of operation.

Mr. Dugan stated we currently post on the website the hours of operation for the different days of the week currently based on traffic. If that is the direction of the board we will continue with that. The direction from the developer was if there was no business to close but if people were there drinking keep serving and people got used to if we are there they will stay open for us and that has caused a lot of issues as we tried to get back into a more normalized operating mode. We have staff and we are open these hours and we want to be sensitive to what the board wants to see.

Mr. Krueger asked when you charge for lessons, do we charge a fee based on what they cost plus profit or do you charge a fee less than what it cost to provide the lessons?

Mr. Dugan stated the majority of all our lessons goes to the instructor directly. We used to take some percentage for the cost of the greens fee with the majority going to the instructor. The only variance from that are things like Cancer Clinics because you have some scale there, there is usually some level of profitability to the club but a one or two person lesson generally the majority goes directly to the instructor.

Mr. Oliver stated staff is in the final stage of the reconciliation with East West Partners for the proration of those revenues and expenditures from the period June 20th to June 28th. That is everything from the collection of social dues to the existing bank balance to gift certificates

and credits and vendor credits. We have 13 different points we are working on right now, but we will have that wrapped up in the coming weeks and give a report to the district.

Mr. Poole asked what period of time does East West collect social dues? When do you start taking over?

Mr. Oliver stated effective with the sale of the golf course on June 20th East West collects social dues for the remainder of the fiscal year through September 30, 2016 and will remit those collections to the CDD on a monthly basis. They are remitting those, that is part of this reconciliation process. Social dues go away after September.

Mr. Poole stated residents are asking about the issue around tax deductibility. Is that something from a legal standpoint you could look into?

Ms. Buchanan stated I would have a little heartburn about it seeing as my client is the district not necessarily the personal tax issues of each resident.

A resident stated I live on the 9th tee box and am not a golfer but I see a lot of golfers that must be hammered by that time and they frequently play bumper cars. If I rented a golf cart and I did that when I turn in the golf cart is someone assessing it for damages or are we paying for the damages the golfer just did?

Mr. Dugan stated we assess them and we ask them to sign a waiver before they go out saying they will pay for damage.

A resident asked are you collecting for the damages?

Mr. Dugan stated the developer didn't go after it that much but we can absolutely do that.

A resident asked will you alert your employees to be looking because that happens a lot?

Mr. Dugan stated absolutely.

Mr. Heintzman stated those carts are designed to take a decent amount of wear and tear so they can withstand quite a bit. We look for cracked panels and things like that.

ELEVENTH ORDER OF BUSINESS

Consideration of Policies Update

Mr. Oliver stated I circulated draft policies to the board and I suggest we put this on your next agenda.

TWELFTH ORDER OF BUSINESS

Review of Scope for Landscape Maintenance

Mr. Oliver stated the next item is review of scope for landscape maintenance. There is a copy of the scope that Steve Andersen has prepared and this is for board review if you decide to go through the RFP process for price proposals for landscape maintenance.

Mr. Andersen stated this covers everything that we currently have and the only change would be the areas are changing and we included areas out there that may be added or have been added. The scope stays the same.

Mr. Cross stated you are saying we are just adding more acreage.

Mr. Andersen stated yes we are making sure that we have all the areas covered that are common areas to the district. I recommend going out with an RFP and if you give us the green light we will advertise and go out Friday if you approve. We will bring back companies and do an evaluation and bring a recommendation to you.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor staff was directed to issue an RFP for landscape maintenance.

THIRTEENTH ORDER OF BUSINESS Consideration of Renewals of Agreements for Service

A. Lake Maintenance (Lake Doctors)

Mr. Oliver stated at the last meeting you indicated to Steve that you wanted to get a renewal proposal from Lake Doctors and that is in your agenda packet, same services, same price.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the one year renewal of the agreement with Lake Doctors was approved.

B. Amenities Management (EL Amenities Management)

C. Operations Management (EL Amenities Management)

Mr. Oliver stated the next two items are amenities management and operations management with Eagle Landing Amenities Management. They are gathering the information to put together those proposals, we will get the proposals, staff with review them and put them into a contract form and bring that back to the board for discussion and see if these proposals meet

the needs that you have in terms of operational tasks and reporting requirements particularly financial and that will be on the October agenda.

FOURTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

FIFTEENTH ORDER OF BUSINESS Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

1. Construction Updates

2. Requisitions

There being none, the next item followed.

C. Manager

There being none, the next item followed.

D. Director of Aquatics & Recreation

A copy of the report is included in the agenda package.

E. Operations Manager - Report

Mr. Andersen stated we have a capital improvement list that is done over the next 30 years that the \$100 assessment going forward will fund. You also have extra bond money that is going to knock out a huge portion of these items. That is what we are using the money for, the bond money is being used on a lot of capital projects. The \$100 we are using now is going for a lot of repairs that are needed. We have hired a mason who will go around the whole complex and repair all the bricks. I contacted three companies for the replacement of carpet and prices range from \$8,000 to \$19,000. We will bring those proposals to you at the next meeting. Jim

mentioned we have \$200,000 set aside for parks and the HOA is going to build our parks and we can use the \$200,000 for other things the community wants and needs.

F. Golf Course General Manager

There being none, the next item followed.

SIXTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Poole stated residents came in and commented about the information they are getting at the sales office as it relates to CDD fees or whatever I would hope you could have a dialog and discussion over there to make sure the correct information is being put out.

Mr. Oliver stated we will provide accurate information to the sales team and encourage them to call us if they have questions regarding that information. Our office staffs also filed incoming calls and speaks daily with Realtors and prospective buyers.

Mr. Cross stated I will go by and talk to them also.

Mr. Krueger stated hopefully the next meeting we have accurate financials for the golf course of where we stand. I would like to see the proposed, actuals and variance just like we do with our financials. I'm hearing that lessons whether it be tennis lessons, or whatever the case may be that lesson fees are not covering lesson expenses. When we look at the proposals coming up for Eagle Landing Amenities we need to be sure that we are not paying more for someone to give lessons than what the lessons are paying.

Mr. Oliver stated that is something that should be incorporated into a more robust reporting requirement in the renewal agreement that the board considers for fiscal year 2017.

Mr. Poole asked are we going to get the actuals in the next cycle?

Mr. Oliver responded yes.. We are still working on the reconciliation which is necessary for the June financials, as well as the format and timing of the financials. Right now there seems to be about a two month lag and we are going to cut that to 30 days.

Mr. Krueger asked were do we stand on the IT conversion?

Mr. Oliver stated there is a new wrinkle in that as of today. We were trying to do everything we could so there would be good interface between the Easy Links and TAI and central to that was the golf course accountant that was stationed at the golf club will be leaving working for the golf club in the near future. I believe she has been working part time for the golf

club and part time for East West, and in the near future will be working fulltime for East West. We see this as an opportunity to relook at the interface between the systems with a fresh start and we may be able to get a better system in place that meets the requirements that we have, including single source of billing. It could the accounting for the golf club won't require an onsite accountant part time, but rather it will be done remotely at the corporate offices of Century Golf.

A resident stated when you were talking about landscape maintenance if I recall last meeting we also had a discussion and Chris definitely said it should be put out for the tennis to be rebid. I heard you say we were bringing in the draft agreements. Are we looking to put those to RFP?

Mr. Oliver stated there are a couple things. Over the past two years, the Board has discussed approaches to seeking proposals for on-site staffing and operations. Right the stopgap measure is contract renewal. We wanted to meet the requirements that this board had based on input from the residents particularly while requiring more robust financial reporting. Several times over the past 18 months we have had starts and stops in terms of going out with an RFP process for new contracted services. At one point, the Board was looking at one overarching RFP that covered all the services. At a recent meeting, a supervisor suggested the Board look at breaking out services and that is where we left it. I would think that probably the new board will inherit that process because I don't see it happening before then.

SEVENTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of July 31, 2016 and Statement of Revenues and Expenses for the Period Ending July 31, 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. Cross seconded by Mr. Poole with all in favor the check register was approved.

EIGHTEENTH ORDER OF BUSINESS **Next Meeting Scheduled for Tuesday, 10/4/16
at 6:30 p.m. at Eagle Landing Residents Club**

Mr. Oliver stated the next meeting is scheduled for October 4, 2016 at 6:30 p.m.

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor
the meeting adjourned at 9:06 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman