

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, February 3, 2015 at 6:30 p.m. at the Eagle Landing Golf Club, 3989 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
Rhonda Mossing	MBS Capital Markets, LLC

The following is a summary of the minutes and actions taken at the February 3, 2015 meeting and 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

A resident suggested that the audience comment section be moved from the front of the agenda to the back.

THIRD ORDER OF BUSINESS

**Approval of the Minutes of the December 2,
2014 Meeting**

On MOTION by Mr. Krueger seconded by Mr. Payton with all in favor the minutes of the December 2, 2014 meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Discussion of Matters Related to Potential CDD Purchase of Golf Course

Mr. Oliver stated the next three items are related. At the workshop held in January the developer talked about the possibility of the golf course being sold and that he had proposals from potential buyers. We are not aware of who they are. He discussed the opportunity of this District purchasing and operating the golf course. The board wanted some time to actually consider the opportunity and reach out to the community to help determine if the District wants to pursue this further. If so, then you would have to have a financing mechanism to complete that transaction. You would need additional input from the residents because there is not only the purchase cost but operating costs. Also, all the landowners would be involved in the payment of the debt for that golf course as well as the resulting operation and maintenance costs, including if you were to operate at a deficit.

We wanted to get an update on the outlook for refunding the bonds, which could result in lower assessments or some amount of cash proceeds you could use for other capital projects. If this board wants to move forward with the golf course purchase, a refunding could help with financing that purchase.

In order for Ms. Mossing to advise you with regard to investment opportunities we need to consider a supplement to the current investment banking agreement we have with MBS Capital Markets.

FIFTH ORDER OF BUSINESS

Consideration of Supplement to Investment Banking Agreement with MBS Capital Markets, LLC

Ms. Mossing stated since July 2014 under the new FINRA regulations even though we have an agreement in place as your investment banker each time we enter into a new engagement for a specific bond issue we are required to supplement that agreement with a specific supplemental agreement for that bond issue and that is the agreement in your package. There are no changes to the terms of the original agreement it is just issue specific to what we would be doing with your refunding bonds and it allows us to talk to you tonight about the potential for a refunding.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the supplement to the investment agreement with MBS Capital Markets, LLC was approved.

SIXTH ORDER OF BUSINESS

Update Regarding Bond Refunding Opportunities

Ms. Mossing discussed the potential of refunding the 2005A Bonds and doing some restructuring that would help with the decision on the possible purchase of the golf course or taking refunding proceeds and using it for other capital projects along with the timelines for each scenario outlined.

The board requested that she run the numbers on several scenarios to include in addition to the refunding the issuance of a new bond issue in varying amounts to fund different capital projects.

Continuation of Discussion of Matters Related to Potential CDD Purchase of Golf Course

Mr. Cross stated we had a workshop about the potential purchase of the golf course and if someone would like to comment on that issue you can do so now.

Ms. Philips asked if the board was aware of the cost of maintenance of the golf course and where that would come from.

Mr. Krueger responded we would have to hire someone to evaluate the property, look at the financials and see what it would take to operate in order to make a decision as to buy it or not.

Ms. Marsett stated we have just been told we are financially fit and are able to refund our bonds and I would take a long hard look at investing in a losing proposition.

Mr. Krueger stated the reason they have had offers for the golf course is the social dues that each household in this community is required to pay and if we were to purchase it we would make sure that is in the Armstrong property also.

A resident stated since it is going to be sold I would rather have it sold to an entity that I have some input.

A resident voiced the opinion that he would rather have the refunded money be used within the district to maintain and update the amenities of the district.

Mr. Krueger stated I think we should tell Roger we are interested in pursuing it and I would like to get proposals to get a cost to evaluate the course so we can take that into consideration in our deliberations.

Mr. Oliver stated I can get with the owner and tell him that the board would like to see the last three years of profit and loss statements. We can't promise confidentiality because we are subject to the Sunshine Laws of Florida.

Ms. Buchanan stated the board can hold a special meeting to continue these discussions.

Mr. Oliver stated at the end of this agenda we will continue the meeting.

SEVENTH ORDER OF BUSINESS

**Consideration of Recommended FY15
Capital Repairs & Replacements**

Mr. Oliver stated as discussed at the workshop there is a capital reserve study that goes 30 years out with the recommended repairs and replacements of capital items. There is a revised list of recommended repairs and replacements for FY15 in the package.

EIGHTH ORDER OF BUSINESS

**Discussion of GMS Proposal to Provide
Recreation Fund Accounting Services**

Mr. Oliver stated in your agenda package you have two forms of agreement, one is the current agreement for accounting services between the District and East West Partnership for East West to handle all recreation fund accounting at a cost of \$50,400 per year. The reason it has been this way in the past is the developer controlled the board and that is not unusual when a developer is in control. We have been looking at the quality of the financials. This resident controlled board has asked that the recreation fund be more detailed. Although GMS has been compiling the income statements in your agenda packets they are based on the accounting data provided by East West Partners. They cut all the checks, process and have all the information regarding the recreation fund.

Based on discussions in the workshop we have a proposal from Governmental Management Services to take over those duties at an initial cost of \$40,000 a year because there would be a transition involved and that would be \$37,500 for the second year. All funds would be controlled by the same firm that does the general fund and debt service fund accounting and GMS would generate the recreation fund accounting in the same manner they do the other financials.

Mr. Cross asked are we going to have to enter into a new contract with them to make sure they get the numbers to you in a timely manner?

Mr. Oliver responded no, because following the 60 day transition period, whenever Matt gets an invoice rather than entering it into the East West system and have the Virginia office generate the financials, Matt would provide the invoices to GMS, who would cut the checks, control the checks and generate the financials.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the proposal from GMS to provide recreation fund accounting services in the amount of \$40,000 for year one and \$37,500 for year two was approved.

NINTH ORDER OF BUSINESS

Review of Operations Scope of Services for Purposes of Seeking Competitive Price Proposals

Mr. Oliver stated the district board is not seeking to make a change in the operations. We are taking a look at the contract we have in place with Eagle Landing Amenities and getting cost proposals to confirm if the district is getting good value. This process in no way reflects on staff's performance.

There are two documents in your package, one is the current fees in the agreement with Eagle Landing Amenities approved by the board in September and behind that is an excerpt from the restated amenities facility manager agreement dated October 1, 2008.

This is the type of information that will be used to put together a request for proposals to get bids. This is a very big, complicated management package and there may not be that many firms willing to bid on this. This process will not be rushed so we get quality responses to ensure that the prices you are paying for these services makes sense.

TENTH ORDER OF BUSINESS

Review of Property Insurance Coverage

Mr. Oliver stated during the budget process we talked about the property insurance that took a steep jump from 2014 to 2015. Property insurance for this district has been secured through the developer and they used their purchasing power for all of their developments to secure the property insurance. At the request of Supervisor Poole I looked into how those costs were allocated, what properties they had on the property schedule that were district properties.

The property insurance you have now not only cost of \$54,000, last year it had a \$50,000 deductible, which is very high. We reached out to Egis, the insurance advisor that does many governmental entities including districts and charter schools. They came back with a quote that is annualized at \$30,366 and that is with a deductible of \$2,500, with some exceptions outlined. We have worked with this firm. They shopped the insurance with different carriers. They are very competitive with the other two insurance companies we work with that provide insurance to local governments. The current policy expires on March 31st and we would enter into an agreement with whatever insurer you want to use on April 1st.

On MOTION by Mr. Townsend seconded by Mr. Poole with all in favor staff was authorized to obtain property insurance with Florida Insurance Alliance effective April 1, 2015.

ELEVENTH ORDER OF BUSINESS Funds Management

A. Authorization to Open Capital Reserve Fund Checking Account

Mr. Oliver stated with the FY15 budget adoption this is the first time you actually allocated funds directly for a capital reserve fund. I'm asking for authorization to open a capital reserve checking account.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was authorized to open a capital reserve fund checking account.

B. Authorization to Open Accounts with State Board of Administration of Florida (SBA) for Investment of Surplus Funds for General Fund, Recreation Fund and Capital Reserve Fund

Mr. Oliver stated you have documents from Florida Prime, which is the fund established by the State of Florida Board of Administration for governmental entities. We are a public entity and these are public funds governed by Chapter 218, Florida Statutes. There are certain depository requirements you must meet. Your funds have to be invested in accordance with three criteria, security, liquidity and yield. The State Board of Administration meets those requirements. With the idea that we are going to be building capital reserves over the next several years and also build excess funds in the general fund and recreation fund, that collected assessments can be invested in an overnight fund with the SBA until needed. As assessments

come in we need to leave enough money in the operating account at a lower yield, put the rest of the money aside in the SBA account at a higher yield. As needed, we move money from the investment account to the general fund, recreation fund or the capital reserve fund.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was authorized to open accounts with the State Board of Administration for investment of surplus funds for the general fund, recreation fund and capital reserve fund.

TWELFTH ORDER OF BUSINESS Staff Reports

A. Attorney – Consideration of Hopping, Green & Sams 2015 Rates

Ms. Buchanan stated you have a letter from my office that goes into detail about the current rates being charged to the district, which has not been adjusted since 2010 and we are requesting an adjustment upwards about 3 ½% every year since 2010 so the total rate would increase from \$180 to \$215 for my time. I have the rates for six of the other eight CDDs in Clay County so you would understand where mine falls in line with that.

Mr. Cross stated with everything that is going on I would not like to change legal firms at this time.

On MOTION by Mr. Poole seconded by Mr. Cross with all in favor the 2015 rate schedule for Hopping Green & Sams was approved.

B. Engineer

Mr. Oliver stated Keith Hadden is here tonight. One reason for that is if we go forward with the refunding, one of the components will be an engineer’s report prepared by Keith.

C. Manager

There being none, the next item followed.

D. Director of Aquatics & Recreation

Mr. Biagetti stated we had a request from a resident who works with other families that home school in Eagle Landing and Oakleaf and surrounding areas. They are looking to bring a third party company in for basically a science class and hold it in Eagle Landing for Eagle

Landing and Oakleaf kids that are home schooled. There may be eight families involved to give you a number of how many would be participating and probably half would be Eagle Landing residents. It would be during school hours, at which time we usually don't have anything going on and it is a one hour class, one day a week for 16 weeks so it would end in May.

Mr. Cross asked since we have to treat everyone fairly can we give them a reduced rate for the use of the facilities since we charge to use the facilities?

Ms. Buchanan stated we have discretion because we adopted a promotional rate policy so we could implement a new rate based on what you think is appropriate. I suggest you consider rates comparable to something that we charge.

Mr. Cross stated we could get a liability waiver and charge them the minimum charge you would charge a resident.

Mr. Biagetti stated you also have a handout of the hours paid versus budgeted hours. We paid out 868 hours and budgeted 741, 67 were holiday hours, 19 sick hours and 32 vacation hours so the hours onsite almost 9 ½ hours over what was in the management agreement.

We were asked if there were proposals for rate changes for any of our programs or rentals and I really don't have anything right now. When we did this a few years ago we set up some ranges and right now we currently charge \$5 per guest on holidays. Holidays are the only days we have any slight issue with the amount of people on the pool deck for chairs and actual space in the pool. That is the only thing we would look at.

Mr. Cross stated that is why you have a range from \$5 to \$20 and that is at your discretion.

Mr. Biagetti stated I think we are good for this year and we will see how this year goes. I'm a little disappointed with the maintenance agreement with Life Fitness, they subcontracted from our agreement and I have had two different companies come out under Life Fitness so it is slowing up the process a little bit.

THIRTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Cross stated at the workshop we discussed policy changes. Are we going to put that on the next agenda or discuss it now?

Mr. Oliver stated we can put that on the agenda for the next regular meeting in April. If there is any guidance the board wants to provide, we can hear that now so we can incorporate

that into the proposed changes. One reason Matt brought up the rates is we needed to know whether or not to notice a public hearing for rates. Since there are no proposed rate changes, we don't have to notice a public hearing. The board can change the policies at any public meeting. You don't need a public hearing for that.

Mr. Cross stated under disciplinary actions, under the second offense I think we should have board notification because when that parent calls me all I get is their version I don't know what happened then I have to call the staff to find out what happened. Starting with offense two add board notification.

Mr. Cross stated I want some input from Steve but the high dive no one under the age of 16 using the high dive. Right now it doesn't have an age.

Mr. Poole stated unless you have historical, empirical data that drives your recommendations I have a problem with making changes. Let's do this because we have some good data that says we should make those changes and if you have it then I don't have a problem.

Ms. Buchanan stated perhaps it would be good to have Steve investigate the manufacturer's recommendation.

Mr. Andersen stated we go by the manufacturer's recommendation on slides, diving boards because there are problems you run into with ADA. You can write these things but you also have to have caveats because we have a very small child out there who is 12 and we have age limits. We can go to the manufacturer and we can take a look. In a community like this the right way to act is to be safe first. This document wasn't based on empirical data it was based on experience. Now we have more experience we can just massage this to make it a better document.

Mr. Cross stated the fitness center, after hours use I would like to see 18 and up and that is from my own experience of going in there and finding 10 and 12 year olds in there running and playing around equipment they shouldn't be around until they are 14 so at least 14 but I would say 16 to 18.

Mr. Poole stated if there is a reason from a safety standpoint that people at a younger age shouldn't be there and if they are going to be there they need to be under parental or guardian supervision versus saying you can't use it.

Mr. Krueger stated changing the age is not going to prevent someone grabbing their parents key card and going up there.

Mr. Andersen stated you can email us the ones you are looking at and we can go in and see what experience and data we can come up with and put our experience together and see if we need to massage some of these a little bit. In some of our other districts we have different ages in fitness center areas not just for safety but respect for the adults who pay for all the equipment and pay to live here and it is not a kids playroom.

Mr. Cross stated let's have staff look into the guest policy and gymnasium use restrictions, look at the ages and see what you think.

Mr. Poole asked do we present an annual report to the residents that talks about the state of the district or have we done something like that in the past?

Mr. Oliver stated we have not.

Mr. Poole stated I think that would be beneficial and whether it is on our website or something.

Mr. Oliver stated I will work with you on the annual report.

Mr. Poole stated performance assessments for our various vendors against whatever agreements we have. Have we done any of these?

Mr. Oliver stated we have not done formal assessments.

Mr. Poole stated that should be given some consideration. I read something about the lights out front being out and in the past we have had some extended periods of time for replacement of those lights.

Mr. Andersen stated we have been working on this and it takes time. They are out, we have a list of work, we replace the bulbs, there is more to it than just the bulbs. There is something wrong with the two over here and I don't know what is going on.

Mr. Biagetti stated we have had some electrical issues.

Mr. Poole asked do we have the ability to create a non-profit entity within our community that would be able to address certain needs of the community.

Ms. Buchanan stated our authority as a community development district is pretty restricted by statute. The only instance in which CDDs have ever created special purpose entities would be in the event of foreclosure where they manage property on behalf of the bondholders. I

have never experienced one where there was a non-profit to solicit funds for improvements and things like that.

Mr. Krueger asked are you talking about people volunteering to paint things?

Mr. Poole stated we might be able to look at one of the requirements of a non-profit charitable entity and if it is not associated with the CDD it could be a community created entity then that entity could be responsible for providing enhancement, etc. opportunities within the community and it could be a non-profit entity. That entity could then probably facilitate some of the things we are talking about that needs to be done in the community.

Ms. Buchanan stated you would not have the restrictions of the sunshine law and public records requirements imposed on a community group that you would have on the CDD.

A resident asked if you refund the bond could you put it in an account for a future capital reserve that we haven't decided on yet.

Mr. Oliver stated it would be mainly for capital improvements, which are new starts or enhancements of current assets.

Ms. Buchanan stated when you issue a bond it has to be for a specific purpose so the district would adopt an improvement plan so we would have to identify what improvements we expect to spend that money on and you can't put it in an account to earn 5%, we are not able to earn more money than we pay on the bonds.

Mr. Oliver stated Mr. Hadden will prepare an engineer's report or improvement plan. We would have to stay within those parameters of that plan. The engineer would certify requisitions for payment for improvements or acquisitions in accordance with that plan.

A resident stated then the 70% that we would be refinancing would only go to current homeowners so our current rates would be lowered.

Mr. Cross stated if we decide to do that.

A resident stated if you decide to not buy the golf course then the rest of us get some money back.

Ms. Buchanan stated or they could use that money to repair or improve assets.

Mr. Cross stated we are definitely going to refinance we are just looking at the best option available to us.

Ms. Buchanan stated I think the board is interested in how you feel, would you rather have a reduction in your assessment, would you rather have the improvements that are in place or some additional improvements added or would you rather own a golf course.

Mr. Cross stated we are going to try to set something up in a discussion format to get input from the residents and then I will get back to the board on the results of that discussion.

FOURTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet & Income Statement

The balance sheet and income statement were included as part of the agenda package.

B. Approval of Check Register

On MOTION by Mr. Krueger seconded by Mr. Townsend with all in favor the check register was approved.


C. Special Assessment Receipt Schedule

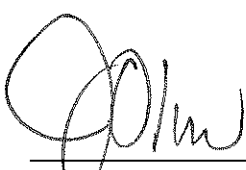
The assessment receipt schedule was included as part of the agenda package.

NINTH ORDER OF BUSINESS

Next Meeting Scheduled for Tuesday, March 3, 2015 at 6:30 p.m. at Eagle Landing Golf Club, 3989 Eagle Landing Parkway, Orange Park, Florida

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the meeting was continued to March 3, 2015 at 6:30 p.m. at the Eagle Landing Golf Club.


Secretary/Assistant Secretary
Chairman


Chairman/Vice Chairman
Secretary