

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, July 14, 2015 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
Wes Haber	District Counsel
Keith Hadden	District Engineer
Sarah Warren	Hopping Green & Sams
Matt Biagetti	Director of Aquatics & Recreation
Steve Andersen	Operations Manager
Ed Getherall	NGF Consulting (phone)

The following is a summary of the minutes and actions taken at the July 14, 2015 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

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the June 2, 2015 Meeting

On MOTION by Mr. Poole seconded by Mr. Krueger with all in favor the minutes of the June 2, 2015 meeting were approved as presented.
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FOURTH ORDER OF BUSINESS**Update Regarding Golf Course Acquisition
Feasibility and Valuation Study**

Mr. Oliver stated I provided the board with a draft preliminary report that was received from NGF Consulting, the firm you hired after considering proposals from three firms to do the golf course valuation study. Regardless of what you decide in terms of wanting to pursue the purchase of the golf course, there is still the financing piece to be structured. When you make a decision whether to purchase or not, whether to refund the bonds or not, we are not going to be able to do that until the developer sells the land that is in Parcel 5 that would increase the number of pending rooftops. This would lower the risk and be a more attractive purchase for potential bondholders. The refunding process, whether you purchase the golf course or not, dependent upon that. Later tonight, I will talk more about where the seller and buyer are in that process.

Mr. Getherall of NGF Consulting outlined in detail his report, copy of which is attached hereto and made a part hereof.

Mr. Oliver stated you just received this report and I may want more time to study this report, have follow-up conversations with Ed and get input from your residents I propose that we continue this meeting to August 4th, which is three weeks from tonight. At that point you come armed with more information and have some questions answered, get input from residents then make a determination if you want to pursue the purchase of the golf course, understanding that we don't have the funding piece in place.

As far as the piece goes for the refunding I spoke to you earlier that Phase 5 has not been sold yet. Certainly, for a long time there has been a due diligence period going on by a home builder. At this point, the potential buyer is not yet comfortable with the purchase because formal engineering has not been done on that phase yet. Roger Arrowsmith is trying to overcome that objection and has engaged Keith Hadden, the professional engineer who did the original plan for Eagle Landing and also serves as your district engineer, to put together the numbers for that engineering work.

Mr. Cross stated we are going to have to negotiate before we do the funding otherwise we don't know what we need to fund.

Mr. Oliver responded correct, you have seven different funding scenarios out there right now and there could be more. We realize you are going to want to refund the bonds to take advantage of the lower rates once Phase 5 is taken care of. However, until we get the negotiations in place there is no need to issue the bonds.

It is going to be a long process and we are going to have a meeting in August another meeting in September and part of this whole process is the funding structure. There would have to be a public hearing for the refunding and potential bond issue, so nothing happens without you being noticed officially regarding a public hearing.

Mr. Poole stated I recommend we put this document online and the potential barriers that would have to be crossed before something would happen be included so that people can get a perspective that this isn't going to happen within the next 30 days and may not happen within the next six months. Put those bullets on there so you can have some perspective of what the overall consideration process is.

Mr. Oliver stated I will put that timeline together.

FIFTH ORDER OF BUSINESS

Consideration of Lease Agreement for Early Voting

Mr. Oliver stated this is consideration of the lease agreement for early voting and in the agenda package is a lease agreement from the Lake County Supervisor of Elections, Chris Chambless. You had an early voting site here during the 2014 election cycle and that contract was through the end of 2014. SOE has requested the same thing for the period of January 1, 2015 through the end of 2016. As it stands right now there will be three elections, the Florida primary for president, the August primary for the elections for other state and local offices, in 2016 and the general election in late October to early November for the early voting process. I have spoken with Matt and he said it went well. The SOE staff honored its commitment in terms of managing the process and this is the board's opportunity to renew that agreement.

On MOTION by Mr. Cross seconded by Mr. Townsend with all in favor the lease with the Clay County Supervisor of Elections for the period of January 1, 2015 through the end of 2016 was approved.

SIXTH ORDER OF BUSINESS

Acceptance of Fiscal Year 2014 Audit Report

Mr. Oliver stated the next item is acceptance of the fiscal year 2014 audit report. This has already been submitted to the auditor general and also to the dissemination agent so that is on the website for investor's to view. It is a clean report. The opinion letter says, in our opinion the basic financial statements referred to above present fairly in all material respects the financial position of the governmental activities, general fund, debt service fund and capital projects funds

of the South Village CDD as of September 30, 2014 in conformity with accounting principles generally accepted in the United States of America. The next several pages are the management's discussion and analysis followed by the financial statements after which you will see the notes to the financial statements, and this gives more details on the financial statements. Following that you will see the report on internal controls on page 30, and in the last paragraph the auditor writes, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. On the page following that, is the management letter which is required by the auditor general and is written from the auditor to the board of supervisors. Under prior audit findings, it says that the rules of the auditor general Section 10.554(1)(i) say that the auditor will report and bring up any recommendations, and you will see there were no prior year recommendations. It does say that during this audit, the auditor determined South Village CDD has not met one or more of the conditions described in Section 218.503(1) those are emergency financial conditions and you are in good financial health. At the bottom, 2014-01 has a finding that the total actual expenditures exceeded the total approved recreation fund budget, which is in violation of Section 189.418(3) and 190, Florida Statutes. The recommendation by the auditor is that the board should monitor budget versus actual expenditures during the year and amend the budget if required. The response we had to them was management will monitor the budget in the future and ensure actual expenditures don't exceed budgeted amounts. I did look at last year's financials in the recreation fund budget and this is something the board has already acted on. Your budgeted insurance was \$37,000 and your actual was \$54,000. Subsequent to year end, you insured with a different carrier and dropped that to about \$34,000 annually.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the fiscal year 2014 audit was accepted and staff authorized to provide to the State of Florida.

SEVENTH ORDER OF BUSINESS- Discussion of Fiscal Year 2016 Approved Budget

Mr. Oliver stated the next item is discussion of the fiscal year 2016 approved budget. You actually approved the budget at the June 1st meeting you won't adopt a budget until September 1st that is when you have the public hearing in conjunction with your regular meeting. You will take comments from the audience then you will be able to adopt the budget. Once the

budget is adopted it will be put in the form of an assessment roll and that will be transmitted to the tax collector to go on the tax bills that go out November 1st. This budget follows the same process you did in previous years when the developer started the district he held the assessments would not increase any more than a gross of \$60 per year or \$5 per month and that has been incorporated into this budget. We will have some line item movement based on what is going on right now with a lot of things on the table including the golf course acquisition plus what we experienced in the actuals for fiscal year 2015 we will probably move money into a line item for the attorney's cost we are actually going to take that money from the line item for insurance. We will have some other line item movement, but essentially we are going to send mailed notice out in early August for the September 1st hearing and the increase will be \$60 gross per platted lot.

Because we didn't presume that this district would buy a golf course, there is nothing about the golf course in this budget. If that is something you need to address later, there is an amendment process to go through.

EIGHTH ORDER OF BUSINESS

Update Regarding On-site Management Proposals

Mr. Oliver stated the next item is update regarding onsite management proposals. Prior to the golf course hitting our radar back in January, the district was taking a look at the management agreement that it has with Eagle Landing Amenities. That is for operation of all of the amenity facilities that includes the club we have here and the tennis courts. As we have talked about before, this is not a criticism on the job that staff is doing here. It is in fairness to the district' residents to get proposals to make sure we are getting good value in terms of price. I have been working with staff as well as Chris Payton, who is the supervisor you have appointed to work with staff on this, to come up with a comprehensive draft we can go to market and have vendors make proposals to operate this facility. I have a draft report and I have spoken with Chris Payton and we want to do some revisions but I want you to look at it and when we have our continued meeting on August 4th , bring your input. You can contact me before that time so that we can solidify this and go out to market. I don't expect it to impact this year's budget process, but we are going through the process and find out what type of response we have.

NINTH ORDER OF BUSINESS

Other Business

There being none, the next item followed.

TENTH ORDER OF BUSINESS

Staff Reports

A. Attorney

There being none, the next item followed.

B. Engineer

Mr. Hadden stated as Jim alluded to, East West Partners has me designing Phase 5 right now. They are in the process of selling the entire phase to Dreamfinders, and Dreamfinders had a number in place for what it was going to cost to build and design Phase 5 that Mr. Arrowsmith did not feel was an accurate number. East West Partners retained me to redesign it the way the new builder wanted it designed. We are making adjustments that affect some lot sizes and we should be finished August 3rd. Then we are going to bid the project to site contractors so that we will have an absolute hard number of what it is going to cost to build roughly 200 lots. It might be 180, or it might be 220, but it will be about 200 lots. Therefore, it gives everybody a better sense of the cost. It is not just Dreamfinders there are several homebuilders that are interested in pursuing it. The market in Eagle Landing is very good. There is a lot of interest in building Phase 5 and other phases too. It bodes well to get more rooftops to help defray some of the individual owner's cost of the CDD.

Mr. Cross asked do you have a timeline?

Mr. Hadden stated we will put them out on August 3rd and I will probably give everybody until September 1 so by mid-September we will have a hard number of what it is going to cost.

C. Manager – Discussion of Meeting Schedule for Fiscal Year 2016

Mr. Oliver stated we will need to set the calendar for fiscal year 2016. The last two years you have had bi-monthly meetings, but I recommend for the next fiscal year we should set monthly meetings and I will change the budget to reflect that also. You can always cancel a meeting. I will bring a proposed monthly schedule to our August 4th meeting.

D. Operations Manager

Mr. Andersen stated the waterfall is barely working, one of our thunderstorms wiped out the wiring and one of the pumps, and that is getting repaired. The gym lights are getting

replaced. We had a little geyser shooting up outside the East West building yesterday and one of the main lines ruptured and that is getting repaired also. All the lights in the median are working.

Mr. Poole stated I was at the bridge upfront and it appears that some repairs are needed. I'm concerned about safety and liability issues.

Mr. Andersen stated I will look at it.

A resident stated I'm wondering about the adequacy of space within the pool area since you are talking about expanding Phase 5 and beyond. Are we going to think about having a second pool like other developments have done?

Mr. Oliver stated when we get into negotiations all kinds of issues can come up and that can be one of those things to be considered.

A resident asked what is the status on getting the pool fixed?

Mr. Andersen stated the board has approved a reserve of \$50,000 a year and those are being taken care of, and it is in our budget to do that. We have already repaired probably seven or eight different areas out there and this pool is due to be Marcited as early as next year. That is one of the major issues right now.

A resident asked what is the process for us getting another entrance?

Mr. Cross responded the second entrance is up to the developer. There is one plan but we have no control of when he opens it or anything like that it is up to the developer.

Mr. Andersen stated this place was permitted and developed with a single entrance. That second entrance was not part of this. The second entrance was added when East West purchased the Armstrong property.

A resident stated the roadway is breaking away at the entrance. Is that your responsibility?

Mr. Andersen stated this is the county's road and it has nothing to do with the district. Google Clay County public works maintenance form and fill out the form and put down that it is a safety issue in the roadway. If everybody does that it will inundate public works and we might get some response.

A resident stated a lot of people in here have access to social media so that we can make sure that we get that fixed.

Mr. Payton asked are we still working with the HOA on the funds that may be coming to us? Is there any movement since the last meeting?

Mr. Andersen stated there is movement but I'm not prepared and they are not prepared to say yes or no.

Mr. Payton asked you and I talked last week about some of the areas and the mowing and I want to reiterate that we need to keep on top of Down to Earth. After we talked they mowed some of the main common areas a couple days later but having let it grow so high they have piles of clipped grass that is going to kill the same areas we just replaced. Follow-up with them if they are going to wait that long and mow they need to bag it or get rid of the piles so we are not killing grass again. I prefer they mow it before it gets that high.

I have gotten a number of complaints over the last couple months about the tennis facility. I think our tennis facility is probably the worst as far as amenities go it looks horrible. I was there yesterday when Keith, a sales rep for East West, was bringing a potential resident through and he gave them a tour of the facility and didn't even walk close to the tennis store like he was avoiding them.

Mr. Cross asked what are the issues?

Mr. Payton responded the problem is the landscaping was taken out at some point over the last number of years so Down to Earth doesn't have anything to maintain there is nothing there and we need to replace landscaping. We have a lot of tennis players who are residents and something needs to be done.

Aside from landscaping we have a couple fences that were hit by golf carts, I don't know if it was golf course employees or someone making the turn from 9 to 10. The windscreens are covered in algae they need to be pressure washed. We replaced the awnings between the tennis courts.

Mr. Poole stated I recommend that Steve put together a plan to address it and put cost estimates on it and bring it to the meeting on August 4th.

Mr. Payton stated the last part that has been a concern and there is not much we can do because we don't own the golf course but when they drive the golf carts and put them back in the cart shed they use the sidewalk that is shared with the tennis facility. When we have late night matches or there are clinics and lessons they typically come through there at a speed higher than I would like them to come through there. Some nights they just bring them all over so you have 70 carts that are just packed up in there and you can't walk or sit or enjoy the tennis facility at all.

Mr. Cross asked do you think it was a bad design?

Mr. Payton stated I think it needs a redesign. I think with the addition of an extra sidewalk on the backside they can bring them around the other way so they are not coming through that area at all. They could go around court 7 and 8 and bring them in that way and that way they are on the golf course property the entire time and not using the tennis facility as a parking lot.

E. Director of Aquatics & Recreation

Mr. Biagetti stated I'm going to start including some usage at the bottom of this report so we can see how many residents are coming into the facilities, the pool area, the athletic center, how many guests they are bringing. June 1st to the 30th we tracked 3,288 residents, 750 guest passes used, which are part of the 16 free they can get every year. Residents paid for 112 guests during the week and 105 guests on the weekend. We are looking at almost 4,300 people coming into the pool facility and I would add 5% or 10% on top of that.

We have the lights for the gym, the swings going out to the cabana bar we have those in the lake house right now and we will get them up by the end of this week.

Mr. Poole asked can you go over the email you received about the party at the pool, the golf tournament or whatever it was so that we can get that on the record?

Mr. Biagetti stated this goes back to November the golf clubhouse a resident booked a tournament and part of that is he wanted his volunteers to enjoy some pool time after the golf tournament. Essentially we do an all inclusive the golf clubhouse and us, we agreed to this and I think there are some shaky areas on some things I think the biggest thing that happened were the coolers, the coolers shouldn't have been on the pool deck. Ultimately it comes down to me so I think it is a lesson for a lot of people involved. There was a lot of miscommunication, in the end the resident apologized and I think if we do it next year we can certainly go about it in a different way and it will be a better event for everybody involved.

We have been discussing an early morning and late evening swim in the adult pool and we are going to look into that.

ELEVENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

There being no additional comments, the next item followed.

TWELFTH ORDER OF BUSINESS

Financial Reports

A. Balance Sheet as of May 31, 2015 and Statement of Revenues and Expenses for the Period Ending May 31, 2015

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

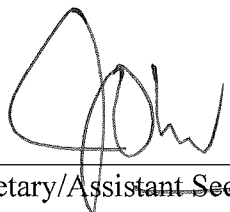
On MOTION by Mr. Krueger seconded by Mr. Cross with all in favor the check register was approved.

NINTH ORDER OF BUSINESS

Next Meeting Scheduled for Tuesday, September 1, 2015 at 6:00 p.m. at Eagle Landing Golf Club, 3989 Eagle Landing Parkway, Orange Park, Florida

Mr. Oliver stated the next meeting is scheduled for September 1, 2015 and we are looking for a motion to continue this meeting to August 4, 2015 at 6:30 p.m.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the meeting was continued to August 4, 2015 at 6:30 p.m. in the same location.


Secretary/Assistant Secretary


Chairman/Vice Chairman