

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, September 11, 2018 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
Kelly Hermening	Supervisor
Chris Payton	Supervisor
Bobby J. Poole	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Michelle Rigoni	Hopping Green & Sams
Keith Hadden	District Engineer
Matt Biagetti	Operations, Honours Golf
Josh Heintzman	Golf Professional, Honours Golf
Alan Slaughter	Honours Golf
Jim Hahn	General Manger, Honours Golf
Rachel Welch	Honours Golf
Roger Arrowsmith	East West Partners

The following is a summary of the actions taken at the September 11, 2018 meeting. A copy of the proceedings can be obtained by contacting the District Manager.

FIRST ORDER OF BUSINESS

Roll Call

Mr. Oliver called the meeting to order at 6:30 p.m., called the roll and stated supervisors-elect Rick Smith and Randy Smith are in the audience tonight. They will assume office after the November election.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Affidavit of Publication

A copy of the affidavit of publication of the public hearing was included in the agenda package. Mailed notice was sent to property owners, also.

FOURTH ORDER OF BUSINESS

Approval of the Minutes of the August 7, 2018 Meeting

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the August 7, 2018 meeting were approved as presented.

FIFTH ORDER OF BUSINESS

Introduction of New Golf General Manager

SIXTH ORDER OF BUSINESS

Update Regarding Honours Golf Transition Process

Mr. Hahn, the new golf general manager gave an overview of the transition and assessment process undertaken to be used in action plans to be put together in the future.

SEVENTH ORDER OF BUSINESS

Update Regarding Boundary Amendment Process (West Bank)

A. Consideration of Draft Boundary Amendment Agreement

Ms. Buchanan reviewed the most recent iteration of the proposed boundary amendment agreement negotiated by Supervisor Payton with the developer that now includes: the district will be provided plans for the recreational component at certain stages of development; in lieu of the maintenance position the developer has agreed to provide \$25,000 to be used for maintenance and repairs; removed the golf cart lease deal point; the developer would like to retain the option to issue bonds to fund the infrastructure for the West Bank Parcel and this is an agreement on the district's part to work with the developer to undertake the issuance of bonds. The goal would be that the land in that particular phase would have assessments similar to what the current residents have.

On MOTION by Mr. Cross seconded by Mr. Payton with all in favor the draft boundary amendment agreement was approved.

Ms. Buchanan stated with this approval we are prepared to file the boundary amendment this week.

B. Consideration of Agreement with MBS Capital Markets, LLC for Underwriting Services

Ms. Buchanan stated we have used MBS in the past and underwriters are now required to have an agreement before they are able to do preliminary analysis on bonds. We are not close to bonds we still have to actually incorporate the property into the district's boundaries, but the developer has requested that MBS do some preliminary pricing work to figure out total bond proceeds and how they would be allocated. This is at no cost to the district; the developer will have a funding agreement to pay for that.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the engagement letter with MBS Capital Markets, LLC was approved.

EIGHTH ORDER OF BUSINESS

Public Hearing Adopting the Fiscal Year 2019 Budget

Mr. Oliver gave an overview of the budget process, the purpose of the various bonds issued by the district, the process of selecting onsite management services for the golf course and recreational amenities.

Mr. Oliver stated we have a deadline to provide the certified assessment roll to the Clay County tax collector by September 15th. Tonight we want to make sure we get the bottom line of the budget and the assessments lined up. Over the next couple of months, we can refine this budget through the amendment process. I have had discussions with GM Jim Hahn and Troon CFO Gary Spivey regarding financial reporting products they prepare for other resort-style, highly amenitized client properties with golf, aquatics, tennis, restaurants and other food & beverage outlets. This would result in a budget and financial reports which would be a more effective management tool.

I provided with a copy of Honours Golf proforma for Eagle Landing. They presented the schedule to us at the June 5th meeting and the pro forma shows they wanted to staff operations more robustly beginning year one.

Because this is a public hearing and there is a proposal to increase assessments for FY19, we sent mailed notice to all the landowners, as we are required to do by Florida Statutes. We also published two public hearing notices in the Clay Today Newspaper. The proposed assessment increases are for the capital reserve fund budget and for maintenance staffing. Right now all properties are assessed \$100 for capital reserves on a gross basis. That amount is proposed to double for FY19. Based on the state of disrepair of some of the facilities, this increase in funding would be used for so you can expedite the process to bring District facilities up to standard. The other budget increase is for maintenance. This proposed amount is a \$100 increase, also. It would generate \$125,000 for maintenance staffing and related costs. , You will see a footnote that says that these funds can be used at any of the District's facilities and common areas. It is not money just targeted for golf or any other recreational facility. Based on Board direction, the general manager can employ those dollars where needed to properly maintain the CDD's capital assets and community appearance.

As mentioned earlier, we will transition to a new budget format We would want to start the budget amendment process at our next two meetings so by the time we have October financials to be presented at the December meeting, we will use the new format.

Mr. Oliver gave an overview of the proposed budget that included the administrative budget, community appearance, capital reserve fund budget, the recreation fund budget, debt service funds, and the golf budget.

Tonight the Board will adopt the budget so we can levy assessments. Through the budget amendment process over the next few month, we will be develop an improved budget document that is going to be a much more useful management tool. The big decision tonight is we adopt a budget under those parameters and determine the amount of any assessment increases. y The max increases are limited by the amount noticed, \$100 for maintenance staffing and a \$100 increase to capital reserves.

Ms. Buchanan stated you can discuss the budget amongst yourselves give us direction as to what you want to do but before we actually adopt it, the budget or assessment amounts, you would open it up for audience comments.

The board discussed the following: pro shop merchandise, security, food and beverage personnel costs, projected revenues, move the new maintenance person in the golf budget to the general fund and projected capital reserve contributions.

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

Residents commented and discussed security, damage caused by contractors, marketing of the restaurant and golf course, disrepair of golf course, conditions of the bathrooms, tennis lessons and marketing person to be made accountable, general lack of maintenance, proposed ideas for the restaurant and questioned the need to continue the \$100 increase for capital reserves in future years.

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

Mr. Hermening stated we have a \$200 increase and \$100 is geared toward personnel. Do we need to continue the \$100 for capital reserves every year?

Mr. Cross stated that was brought up when Grant asked for the \$100, do it for this year then look at it again next year to see if it is needed and it would be up to the board at that point.

Mr. Krueger stated that is an annual decision to be made. We need it this year but if we don't need it next year then we don't need it. That is for next year's budget discussion.

Mr. Oliver stated that is true of every CDD. Every year the Board must adopt an O&M budget and assessments, there is no automatic carryover.

A. Consideration of Resolution 2018-07 Relating to the Annual Appropriations and Adopting the Budget for Fiscal Year 2019

Ms. Buchanan stated Resolution 2018-07 is the appropriations resolution and Jim will go through and identify and complete each fund line item balance as reflected on the budget in front of you. It adopts the proposed budget and authorizes the district's manager to utilize the budget including various small amounts of interfund transfers to reconcile. Based on the plans that we have we will adopt a budget amendment if we want to modify it.

Mr. Poole stated it says that the district manager or treasurer may authorize an increase or decrease in line item appropriations within a fund if it does not exceed \$10,000 or 10%, I suggest we just make it \$10,000.

Ms. Buchanan stated we can do that if there is no objection from the other board members.

There being no objection from the board,

On MOTION by Mr. Poole seconded by Mr. Cross with all in favor Resolution 2018-07 relating to the annual appropriations and adopting the budget for fiscal year 2019 was approved as revised under section 3(b) that the manager or treasurer may authorize an increase or decrease major components in the budget by \$10,000 versus \$10,000 or 10%.

B. Consideration of Resolution 2018-08 Imposing Special Assessments and Certifying an Assessment Roll for Fiscal Year 2019

Ms. Buchanan stated the next resolution is 2018-08 and this is the assessment resolution. You previously adopted the budget, it does incorporate an increase in assessments and this defines the assessment imposition schedule being that you have platted lots that we collect via the tax roll and you still have a very small amount of unplatted land that will be directly collected. The direct collect bills are intended to be due 50% no later than December 1, 25% no later than February 1, and 25% no later than May 1. It does adopt the assessment roll, which Jim prepared and we will attach it to the resolution and that is a listing of every lot within the district and the amount of assessments that are due for each.

On MOTION by Mr. Krueger seconded by Mr. Poole with all in favor Resolution 2018-08 was approved.

NINTH ORDER OF BUSINESS

Consideration of Audit Evaluation Criteria and Authorization for Staff to Publish an RFP for Auditing Services

This item tabled.

TENTH ORDER OF BUSINESS

Ratification of Resolution 2018-06 Election Resolution

Mr. Oliver stated next is ratification of Resolution 2018-06 that names Gary Spivey and Taylor Blake of Honours Golf as assistant treasurers and assistant secretaries. This allows them to execute financial documents on behalf of the district as it relates to Honours Golf transactions.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor Resolution 2018-06 naming Gary Spivey and Taylor Blake of Honours Golf as assistant secretaries and assistant treasurers was ratified.

ELEVENTH ORDER OF BUSINESS Update Regarding Options and Costs for Repair of Waterfall Entry Feature

Mr. Hadden updated the board with regard to the waterfall entry feature and reported that no leaks were detected in the pipes, the pump company put in new motors and it is now operational. Proposals to address the vault along with a timeline will be presented at the next meeting.

TWELFTH ORDER OF BUSINESS Update Regarding Capital Projects

A. Review of Cost to Complete Schedule

Mr. Oliver stated Steve Andersen was not available to provide an update due to a family emergency but last month you had a balance of \$58,000 available. In the agenda package are requisitions of about \$11,000 so you have an available balance of about \$47,000 for capital projects.

B. Remaining Construction Funds - Obligated and Unobligated

C. Status of Remaining Projects

The board and staff discussed the continued delays in completion of the tennis courts and authorized staff to send a letter to Premier Tennis Courts of the board’s intent to hire subcontractors to complete the project if Premier does not complete the project within five business days.

Mr. Payton stated at the request of some board members Tree Amigos did provide a drawing for landscape improvements at the tennis courts.

On MOTION by Mr. Payton seconded by Mr. Cross with all in favor the proposal from Tree Amigos for landscape improvements at the tennis courts in the amount of \$18,933 was approved.

D. Ratification of Series 2016 A1/2 Requisitions

Mr. Oliver stated you previously saw the invoices for these and we put them in the form of requisitions for your ratification.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the series 2006 A1/2 requisition 72 payable to TEXACRAFT in the amount of \$4,285.52, requisition 73 payable to C.W. Builders & Associates, Inc. in the amount of \$4,385.00 and requisition 74 payable to Steve Andersen in the amount of \$3,890.00 were ratified.

THIRTEENTH ORDER OF BUSINESS Consideration of Proposal from The Lake Doctors, Inc. for Fiscal Year 2019

This item was tabled.

FOURTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

FIFTEENTH ORDER OF BUSINESS Staff Reports

A. General Manager

There being none, the next item followed.

B. Attorney

There being none, the next item followed.

C. District Manager

There being none, the next item followed.

D. Engineer

Mr. Hadden stated now that you have approved the draft of the boundary amendment to bring the West Bank property in I would like authorization to advertise construction of Phase 1 of West Bank. It is 77 lots, I have generated plans and they have been approved by county engineering and the utility authority. The bids will come back to you for review and approval.

Ms. Buchanan stated we will have the developer fund the cost rather than have the CDD pay for it and if and when he issues bonds we will be able to reimburse him.

Mr. Hadden stated the total is 162 and this will be for everything between Tynes and Eagle Landing Phase 5 and will also include the park. The park is on the west side of Tynes but is not part of this bid. This is just the subdivision lots. The 9 ½ acre park will be designed, approved and put out separately.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was authorized to advertise construction bids for Phase 1 of West Bank.

E. Director of Aquatics & Recreation - Report

Mr. Biagetti stated I have proposals to add security cameras. Digital Security Systems has done work for us at other sites, they have a better product and saves us about \$750.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the proposal from Digital Security Systems was approved.

Mr. Biagetti stated we do have some algae issues in the lakes. We are actively looking at what we need to do to modify the treatment schedule and options. We are looking at possible aerification whether it is fountains or underwater bubblers that can help but there is a cost to it, as well as in our contract we should have funds allocated for the annual stocking of grass eating carp, which we have done and there has been some issue with getting permits from FWC but they are actively searching and trying to get on top of it again.

Mr. Payton asked can you bring back the cost of water features?

Mr. Biagetti stated the costs vary and they can install and maintain them, but we may have other options. We were given a range of \$5,000 to \$10,000 depending on what we decide we want.

Mr. Oliver stated at our June or July meeting, the Board approved entering into a lease of golf maintenance equipment in the amount of \$300,000. That lease was scaled down to the the most essential equipment . The lease was entered into and that equipment has been received. We still have not entered into a lease for the remaining equipment and we would like to get the

remaining equipment at a cost not to exceed \$195,000. If we can start that process, we should received the needed equipment in the next 45 to 60 days.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was authorized to move forward with the lease of golf course maintenance equipment in an amount not to exceed \$195,000.

SIXTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Poole stated I had a conversation once about how we allocate across budget various things and would you at some point in time address that?

Mr. Oliver stated yes.

Mr. Payton stated for next month's meeting we are still waiting on the proposal for scanner.

Mr. Biagetti stated I think what we talked about at the last meeting was the card access on the gate to lead out onto the tennis patio.

Mr. Cross stated we talked about at the last meeting that it does us no good when we have a four foot fence on the other side they can step right over.

Mr. Payton stated we are also waiting for a proposal to redo fencing on the other side.

Mr. Hermening asked did we ever submit for reimbursement for the weir?

Mr. Hadden responded the timeframe had passed. When we started working on that they were going to push it through and I started putting the package together, reached out to the GMS person in Tallahassee who had a lot of background. You have to go through the county and then the state then the feds and by that time they closed the door and we did not submit anything.

Mr. Hermening stated I would like to ask you to look at best practices of other communities, what they do for allowing residents' use of the golf course, allowing access to the golf course for running or walking or whatever. Along with that Katie, what are the requirements, are we able to impose penalties on violators? We don't do it now but we know who some of these people are. Can we suspend privileges of people who are out there when they are not supposed to be out there, walking, riding their bike?

Ms. Buchanan stated I will confirm whether or not there is a restriction on it in your rules. If there is then we have the same tiered warning system that we do for a violation at the pool.

Mr. Krueger stated insurance on the golf course; my understanding is that we do not have tee and green insurance for loss claims.

Mr. Oliver stated that is correct.

Mr. Krueger asked is that something we should have?

Mr. Hahn stated not many golf courses have that, the cost is pretty high for that coverage. You are asking about tee and green usage and not damage and we go through hurricanes and everything you can go through and it is difficult to have greens that are not playable. To cause that much damage it would have to be catastrophic to keep it from being played. If you get 17" of rain the greens are still going to be in play so the scenario would be rare to take the greens out of play to pay insurance for that cost.

Mr. Krueger asked is there a separate policy for sand traps?

Ms. Buchanan stated it is something that Jim and Jim can get together between meetings and have him review the policy to see if you need to make any adjustments.

Mr. Payton asked Matt can you put together a no risk hours for the pool? I would like to know what the costs associated with that would be and we would do whatever the insurance needs us to do so the adult pool can be a swim at your own risk lap pool when no one is here. I want to know what that cost would be.

Mr. Biagetti stated okay.

Mr. Painter stated Chris talked about a letter of unsatisfactory performance to the contractor building the tennis courts. I think we are obligated to pay the project manager for that same project, is he getting a letter as well?

Mr. Payton stated he is not.

Mr. Cross stated we can talk to the attorney about it and see if we can do that.

Mr. Payton stated I don't know about his contract but the tennis court project we don't save any money from that.

Mr. Poole asked why don't we ask Katie to review the contract?

Mr. Payton stated we can send a letter but I don't know what that would do.

A resident asked what about the geese on the golf course?

Mr. Cross stated Troon was going to look at that.

Mr. Hahn stated Alan can look at that as well.

Mr. Hermening stated you can disrupt the geese but the previous company told us they were a protected species. Our geese are not because they are not because they are resident geese. They don't have the same protections as a migratory waterfowl will have.

A resident stated as a full golf member I pay \$3,000 a year and there is not a day that goes by that someone is not out there playing for free in the afternoon. They are not in one of our rental golf carts they are not walking the way some members can do but they are in an ATV, different color golf carts, they have to be residents. Does it bother anybody but me that I'm paying \$3,000 when I could go out in the afternoon and play for free?

Mr. Payton stated I have not seen that but if it is an issue, then yes.

A resident stated I see it on 6 all the time.

Mr. Hermening stated we have a resident who has cut down trees and brush on the golf course property. It was blocking his view of the golf course. Do we send him a bill for the cost of debris cleanup?

Ms. Buchanan stated yes. I can work with Jim to get a form together. If someone clears out a preserve we have form letters that we send.

Mr. Hadden stated if it is a natural vegetative buffer we have had cases where commercial or residential cut it down for whatever reason and the county made them go back and restore it with full grown native vegetation.

A resident stated I think the new supervisors coming on board should have input into the agenda amendment process. I think the new management should bring in professionals from another facility on a weekly basis to educate the residents. I also think we need to consider a way to revise the way the agenda items occur. Have some mechanism where the residents can come in ahead of time and be able to say a week before, I would like to discuss this as part of the agenda of the next meeting.

Mr. Cross stated if you want to discuss something just bring it to a board meeting at any time and they can bring it up or put it on the agenda through Jim.

A resident asked do we believe that Steve Andersen has done everything he is supposed to have done? The fan over the soft seating still doesn't work. Is there a final checklist?

Mr. Poole asked why don't we ask Jim to do an assessment of those things for the clubhouse and give us feedback.

A resident stated we had a contractor for the clubhouse remodel that was expensive and things are not done. As an example, the plumbing in the men's urinals is not square and I don't believe it was new hardware that was used. We don't have a statement of work.

Mr. Cross stated we still owe him a little money on the tennis courts.

A resident asked why would you pay him anymore for the tennis courts? If Chris is doing this why are we paying Steve?

Mr. Cross stated the attorney is going to look at that.

SEVENTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of July 31, 2018 and Statement of Revenues and Expenses for the Period Ending July 31, 2018

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.

D. Golf Report

A copy of the golf financials was included in the agenda package.

EIGHTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday, October 2, 2018 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next meeting is October 2, 2018 at 6:30 p.m. We will want to move the November meeting the week after the election or we can decide that at the next meeting. This room is used as an election precinct.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the meeting adjourned at 9:30 p.m.



Secretary/~~Assistant Secretary~~



Chairman/Vice Chairman