

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, February 5, 2019 at 6:30 p.m. at the Eagle Landing Residents Club, 3975 Eagle Landing Parkway, Orange Park, Florida

Present and constituting a quorum were:

Chris Payton	Chairman
Grant Krueger	Vice Chairman
Kelly Hermening	Supervisor
Randy Smith	Supervisor
Rick Smith	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Jim Hahn	General Manager, Honours Golf
Matt Biagetti	Director of Operations, Honours Golf
Josh Heintzman	Golf Professional, Honours Golf
Alan Slaughter	Golf Course Superintendent, Honours Golf

The following is a summary of the actions taken at the February 5, 2019 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. and called the roll.

SECOND ORDER OF BUSINESS

Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS

Approval of the Minutes of the January 8, 2019 Meeting

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the minutes of the January 8, 2019 meeting were approved as presented.
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FOURTH ORDER OF BUSINESS**Developer Update Regarding Westbank
Recreation and Parks Plan**

This item deferred.

FIFTH ORDER OF BUSINESS**Consideration of Matters Related to the
Project Finance****A. Resolution 2019-08 Issue of Series 2019 Bonds for Phase 6 (Westbank)****1. Addendum for the Annexation of Westbank Parcel Prepared by the
District Engineer, dated January 15, 2019**

Ms. Buchanan stated you have previously adopted the master methodology and the engineer's report specific to the Westbank parcel and you have already authorized the issuance of bonds as well as the preliminary offering documents. Since the last meeting the underwriter has found a purchaser for the bonds, negotiated the interest rates for the bonds and put forth final numbers. All the information is attached to the resolution 2019-08 in your agenda package. This resolution is a supplemental resolution and takes the terms of the bonds as they are applied to the assessment levels in the reports and applies them to the land in the Westbank Assessment Area. The exhibits to the resolution have the bulk of the information. Exhibit A is the engineer's report and it is an addendum that was created specifically to give a little more information about the project for the Westbank Assessment Area. One clarification I want to have in the record after conversations with the chairman is that it does say on page 3 that there will be pretty specific things included on the Westbank Parcel, including shade structures, volleyball court and dog park, those plans are not set in stone. We haven't finalized the amenity plan; the developer has agreed to come back and work with us. There is some wiggle language that you find on page 8 of the report that says this is our present intention, we are able to modify the plans as we deem necessary.

Mr. Randy Smith asked when you say we, who is that?

Ms. Buchanan stated the board not the developer. Exhibit B to the resolution is the supplemental methodology and Jim can walk you through that. If you want to skip ahead to Exhibit C to go through the bond terms I think you will find they are pretty favorable given the market. The interest rates range from 4.75% to 5.6% depending on the term of the bond. You were able to capitalize on proceeds in the amount of \$4,955,000, which is a little more than they initially anticipated. The underwriter's discount is right under \$100,000 based on the agreement

and Exhibit D of your Resolution is sources and uses. You are going to have project fund balances of \$2.879 million in the 2019 A Bonds and \$1.53 million in the B Bonds for a total of \$4.4 million in project proceeds. That money will be used on the project identified in the engineer's report.

Mr. Randy Smith asked is the amount borrowed a hard number?

Ms. Buchanan stated yes, it is a hard number.

Mr. Randy Smith asked if we go over or under where does that money go? Does it go into some kind of reserve fund? I think there is half a million dollars for the soccer fields. What if it doesn't require half a million? Where does the balance of the money go? What if it is more than that?

Ms. Buchanan stated let's start with that first because that is the more likely scenario. Based on the update to the engineer's report the project cost is \$5.6 million so that is more money than we have issued, we know it is going to cost more and the developer has an obligation to pay to complete the project. He covers the difference. If you had excess funds in your project amount it goes to redeem bonds and all the lots get a slightly smaller assessment at the end of the day.

2. Supplemental Special Assessment Methodology Report for the Westbank Assessment Area, dated January 23, 2019

Mr. Oliver stated the Board review earlier versions of the assessment methodology report at the December and January meetings. This report has been updated with the final numbers to come in. The first section is the narrative, the executive summary, but if you turn to the tables beginning on page 12, these are the tables that support the narrative. Some of these things haven't changed. Table 1 shows that there are 67 acres in Phase 6 and those show the different land uses, residential single-family, wetlands, open space, preservation area and right of way, stormwater ponds, amenity, parks and roadways. Table 2 shows the development plan and right now it is 162 single-family homes. Table 3 shows what the infrastructure improvements are slated to be. If you look at neighborhood parks the last version of this you saw \$150,000 allocated toward that, right now that number is at \$200,000. Based on Randy's comment earlier, I wanted to remind the Board that you control the purse strings on this project through approval of all requisitions of funds from the construction fund to be established when bonds are issued. Table 4 shows how these proceeds are allocated. In the debt service reserve fund line item that

did total \$163,000 when you saw this in January. The debt service requirement has been reduced for the A Bonds from 50% of the max annual debt service to 25% and it has been reduced to zero for the 2019 B Bonds. That frees up more money for construction proceeds.

Ms. Buchanan stated in the nature of interest payments it will fill back up to the normal 50%.

Mr. Oliver stated Table 5 shows that for each of the 162 units what the debt service would be on an individual unit net basis, which is \$1,381 and if you gross that up for collection, which we will as we collect on the tax bills that is grossed up to \$1,480, which is the same as the other units in Phases 1 – 4.

Ms. Buchanan stated you do have A Bonds and B Bonds and just so you understand the practical effect of that, the A Bonds stay on the property for the life of the bonds so the assessment securing the A Bonds will stay on the property for the life of the bonds. The B Bonds are anticipated to be paid down at closing. When you look at those combined numbers and it is higher than what you may be paying on your lot that is because the B Bonds has not been paid down yet. I generally work with the sales office to make sure it is very clear that this is the total amount of assessment and they need to make sure that they get that taken off at closing. There is a big disclosure statement we put together to make sure the buyer is on notice of how it should work.

On MOTION by Mr. Kreuger seconded by Mr. Payton with all in favor Resolution 2019-08 was approved.
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B. Consideration of Developer Agreements

1. Acquisition Agreement

Ms. Buchanan stated with that we have officially levied the special assessments for the 2019 Bonds. The next items are a series of agreements that are belt and suspenders to make sure that we have in addition to the assessment that we levied for security against the developer should the deal not go as planned.

The acquisition agreement is between the district and the developer that details the purchase process should the developer build any improvements themselves. At this point the district has already contracted for the initial site work for the Westbank Area and this might come into play should there be a completion obligation that the developer chooses to contract for

independently. It also clarifies the district will not pay for real property with bond funds and that if you do acquire improvements from the developer there has to be certain engineering certifications and restrictions on how we pay for them.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the acquisition agreement was approved.

2. Collateral Assignment Agreement

Ms. Buchanan stated next is the collateral assignment and assumption. Under Florida Law when you have an undeveloped piece of property you may not necessarily own the development rights that run with that property. If there was a default on the special assessment payments by the Westbank developer we would have the ability to foreclose on the property and take that property. That doesn't mean that we have the right to then develop it and we are not in the business of developing it but the only way we would recover any funds is to sell it to a different developer who would want those entitlements that run with it. This collateral assignment agreement secures the entitlements that run with the property so if there is a default it guarantees that all those things would be transferred over to us automatically after the default. We do not have any rights or entitlements unless and until there is a default in place. Because we weren't really sure who has the entitlements to Westbank; the way they are doing it is they have several layers of corporate entities, the landowners and their master developers execute this agreement for us.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the collateral assignment agreement was approved.

3. Completion Agreement

Ms. Buchanan stated next is the completion obligation and this is what we just talked about. When you look at the engineer's report the total project costs are probably \$800,000 or \$900,000 more than the proceeds of the bond we issued and this agreement requires the developer to go in and finalize any improvements that are contained in our project.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the completion agreement was approved.

4. True-Up Agreement

Ms. Buchanan stated next is the true-up agreement and this agreement is how we deal with the under collection of assessments. As you know from reading the methodology we are calculating our security for the debt service payments based on 162 units. If there are not 162 units developed we don't have the ability to raise the assessments on the other remaining units to then meet our debt service requirement. If the developer chose to move forward with 150 units instead of 162 units we would be short debt service in the amount of that 12 units times the total debt service obligation assigned to those units. What this agreement does is if the developer puts forth less than 162 units they are responsible for making up the deficit in that assessment amount. It is going to be recorded, meaning it runs with the land, and we would have the ability to file a remedial action should they decide to do that without a true-up payment.

On MOTION by Mr. Kreuger seconded by Mr. Payton with all in favor the true-up agreement was approved.

C. Consideration of Notice of Special Assessments

Ms. Buchanan stated this is recorded so anyone purchasing within the assessment area will understand that their lot is subject to special assessments and it does encourage them to contact GMS for an estoppel letter to know exactly what amount is outstanding.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the notice of special assessments was approved.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2019-09 Resetting Hearing on Uniform Method of Collection

Ms. Buchanan stated we had initially anticipated doing this at our previous meeting, but there was a publication error and we are resetting this hearing for March 5, 2019. This is a hearing required by law so it is clear that the district is entering into an agreement with the tax

collector and property appraiser to use the tax bill for collection of assessments on platted lands as opposed to sending those ourselves.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor Resolution 2019-09 was approved.

SEVENTH ORDER OF BUSINESS

Update Regarding Phase 6 Construction Matters

Mr. Hadden stated a lot is happening on Phase 6. The final plat was filed today on the first 77 lots of Phase 1. I submitted Phase 2, which is 85 lots on the east side of Tynes and I submitted those plans to the county and to the utility authority last Friday for their review. Vallencourt is starting to clear lots, taking all the debris off what was on there and found some great topsoil they are saving to put on top of the park when we build that. They are building the pond and making good progress. I think by summer you are going to have Tynes open all the way down and by the end of summer you are going to have the first 77 lots finished. We are getting prices now on park equipment so that we will have a better idea when we sit down with you and say what it costs for specific park equipment. We have one pay request.

Mr. Oliver stated we will have more pay requests coming from Vallencourt over the course of this project. As these pay applications are received, the engineer will review the applications and prepare payment requisitions for the Boards's consideration. To assist with prompt payment to vendors, we will suggest to Vallencourt and other vendors to provide invoices in time for the engineer's review and preparation of requisitions prior to CDD meetings held the first week of each month. Keith can brief Vallencourt pay application #1 so you are familiar with the format..

Mr. Hadden stated it is a \$1.927 million contract and the one in front of you is for \$18,000. A lot of what you have upfront is the silt fence, the mobilization, erosion control, and they started the clearing and the pond excavation. Clearing on that piece of property has some trees but mostly they are clearing debris that was on there. They have 39% of the erosion control in place, 13% of the clearing, 15% of the surveying. It is a not a lot of work, but a lot of the stuff done on that site was done in conjunction with Tynes Phase 2.

EIGHTH ORDER OF BUSINESS

Update Regarding 2016 Capital Projects

A. Update on Projects in Progress

Mr. Oliver stated at the last board meeting you approved the purchase of the room dividers for the clubhouse with a not to exceed of \$19,000. How are we doing on that?

Mr. Biagetti stated we have a price and a contract under \$19,000 and in 12 to 14 weeks we should have it here.

B. Consideration of Requisitions and Invoices

Mr. Oliver stated there are two requisitions to be considered tonight, both to reimburse the capital reserve fund. We paid for certain expenditures out of capital reserves and we are reimbursing the capital reserve out of the capital funds. Requisition no. 79 was paid to Premiere Tennis in the amount of \$5,598 and this was the final payment we made to them with our letter closing out the project. No. 80 was for expenditures made to Home Bizz in the amount of \$10,900 and these were improvements in the golf area to the comfort stations as well as some other improvements that were done this past summer.

On MOTION by Mr. Payton seconded by Mr. Rick Smith with all in favor requisitions 79 and 80 were approved.

C. Construction Fund Available Balance

Mr. Oliver stated as of today U.S. Bank shows a balance of \$48,267, \$16,000 is moving over to capital reserve and that leaves us with \$32,000 and there is a proposal being looked at for about \$19,000 for the room dividers and that would leave about \$13,000 in the construction fund, which we should probably hold until the tennis issue is resolved.

NINTH ORDER OF BUSINESS**Discussion of Supervisor Submitted Priorities**

Mr. Payton stated most of the submissions are already underway.

TENTH ORDER OF BUSINESS**Discussion of Goal Setting and Performance Measures for Honours Golf**

Goal setting and performance measures for Honours Golf will be completed by July 31, 2019 in accordance with the contract.

ELEVENTH ORDER OF BUSINESS**Consideration of Renewal of Agreement with Clay County Supervisor of Elections for Primary Election and General Election Polling Site at Eagle Landing**

On MOTION by Mr. Randy Smith seconded by Mr. Payton with all in favor the agreement with Clay County Supervisor of Elections was renewed.

TWELFTH ORDER OF BUSINESS**Consideration of Renewal of Agreement with Monica Fitzpatrick to Conduct Spinning Classes at Eagle Landing**

Mr. Biagetti stated just a history, Monica currently does Zumba and the spinning classes. We offered the spin class space in the lake house for no charge for a year and it is now a year later. I think we should include this in one agreement as fitness instruction as Zumba and spinning falls within that. We have currently given Monica a rate of \$9 per class that she pays us to host the Zumba class and we are looking at carrying on that \$9 charge for use of the lake house for the spinning class. We are both in agreement on the \$9 per class.

On MOTION by Mr. Payton seconded by Mr. Hermening with all in favor an agreement with Monica Fitzpatrick for the Zumba and spinning classes was approved with the payment to the district to be \$9 per person.

THIRTEENTH ORDER OF BUSINESS**Discussion of Process Regarding Homeowner Applications Submitted to HOA which Impact CDD Owned Property**

Mr. Oliver stated when a resident makes an application to the HOA for some type of improvements that require HOA approval to the degree it impacts any type of easement or properties owned by the CDD right now the HOA is telling the resident to contact the CDD. We would rather it be like most other districts that the HOA takes that application and coordinates directly with the CDD if CDD property is impacted.

Mr. Payton stated it is more streamlined approach if the resident has only one point of contact and that is the HOA. If there is approval required outside the HOA's capabilities the HOA will bring it to us.

FOURTEENTH ORDER OF BUSINESS Consideration of Proposals for Exterior Painting of Residents Club

Mr. Hahn stated there are three proposals in the package to paint the entire residents center. Our goal for the first half of 2019 is to start focusing on the residents center and get ready for Memorial Day and the opening. We know the exterior of this building is in dire need of paint and cleanup. It is a lot of hand labor involved. We have three quotes that range from \$24,500 to \$27,400 and we are comfortable with all the quotes. We feel comfortable with the proposal from Performance Painting at \$27,400. It is a little higher but on any big project you need to make sure you bring in a company that you have a lot of confidence in. I have worked with them over the last seven years or so on some big projects and big clubhouses and they have always stood behind their work. They have been able to bring out a big crew to get the job done quickly.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the proposal from Performance Painting in the amount of \$29,000 to paint the residents center and two trellises was approved with funding to come out of the capital reserve.

FIFTEENTH ORDER OF BUSINESS Update Regarding POS Systems and Website Development

Mr. Hahn stated we know the road we are going down, we had a website developer and I continue to reach out to a number of large properties and I still have some calls to make. Out of all the POS systems that you have looked at that we have worked with, Jonas really offers the best for programming when it comes to a residential community and all the back of the house support they give. It has been a year since your last quote and I will find out where we stand. Jonas owns Members First and it makes sense that Members First and Jonas are the best option. We have Jonas at about 30 properties and we have Members First at 27 properties. It looks to be the right direction to go. We will get Jonas in here over the next 60 to 90 days to do some demos for the board.

SIXTEENTH ORDER OF BUSINESS Other Business

There being none, the next item followed.

SEVENTEENTH ORDER OF BUSINESS Staff Reports

A. General Manager

Mr. Hahn gave an overview of the operations report that included the aquatic center/kids club, athletic center, activities that took place over the past month, the tennis facility, golf and clubhouse, golf course maintenance and the common areas, copy of which was included in the agenda package.

B. District Counsel

There being none, the next item followed.

C. District Manager

There being none, the next item followed.

**EIGHTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience
Comments**

Mr. Rick Smith stated I saw in the report that the waterfall is holding its own.

Mr. Hahn stated we will continue to monitor that and if we start to see movement we will come to the board for direction.

Mr. Rick Smith stated at the last meeting we brought up the possibility of putting sand buckets on the Par 3s.

Mr. Slaughter stated we have a couple prototypes, we haven't put them out yet, but they are basically sand shakers that we will have at every tee area. They are light and easy for my guys to move so they can mow.

Mr. Rick Smith stated last year we had all the vines taken off the athletic center. Is that still an issue, we are coming into spring?

Mr. Biagetti stated we have little sprouts here and there on the athletic center, so they haven't been killed off completely.

Mr. Randy Smith stated the gym still has the test strips where we painted six or seven colors in the basketball court. Can we just paint over them and take them away?

Mr. Biagetti stated I was hoping to have that done last spring and we could probably have a company come in and knock it out in a day.

Mr. Randy Smith asked why don't we just tell our new guys just to add that? It can't be ten minutes of work.

Mr. Hahn stated you are right maybe we should do that. We hired a part time man and I think we will see more and more of those small projects done and we will add it to the list.

Mr. Randy Smith asked is there an update on the roof leak in the gym?

Mr. Biagetti stated no, we need to get some roofers to take a look at that. It is the same as with the residents club they were unresponsive but we will reach out to someone out here.

Mr. Randy Smith stated part of the agenda package was golf initiation fees about half of it lists addresses and doesn't have a map.

Mr. Oliver stated most of those have not been collected yet and Dream Finders is responsible for most of those. They usually pay a bulk payment and they are a little bit slower than a lot of the title companies. They will make good on it. We'll continue to followup to determine if payment is pending, or if the sale fell through.

Mr. Hermening asked the starter shack, where is it being placed? I thought we were setting it off the cart path.

Mr. Slaughter stated it is on the edge of the cart path.

Mr. Hermening stated my concern is there is traffic congestion. It is already difficult when Ray is parked out there, the starters parked out there on the cart path.

Mr. Hahn stated he will no longer be parking on the cart path. The building shouldn't cause any congestion with traffic.

Mr. Hermening asked is there still an issue with sound in the bar? Someone said the sound system was turned up all the way and we could not hear a single thing from any of the CDs.

Mr. Biagetti stated I will take care of it in the morning.

Mr. Kreuger stated I have a question on the "no parking" signs. We have cars parking on the grass. I think we should have a 10-year and 20-year plan on what our goals and objectives of the community should be. What is the community going to look like 10 and 20 years from now and what do we need to do to get to that point? I don't know if it is to increase services, increase facilities, or whatever the case may be.

Mr. Payton asked is there a consulting firm that we can bring in that could look at those types of things and come back with something?

Mr. Hermening asked is that something that goes along with the capital reserve study?

Mr. Kreuger stated it is probably part of it, we have a repair plan. What facilities do we want to provide and how do we get there? It is people thinking long term. I know we have projects we need to get done to support the facility as it is now, but we also have to have a plan for the future.

Mr. Hahn stated I guess we can put a number to how many more houses we are going to be building here to know what we will have at build out and anticipate what that is going to require to manage 200 more units that hasn't been built on yet plus what is going to be developed to give you a sense of your build out. A master planner can tell you how much square footage of this and that would be needed.

Mr. Hadden stated once Eagle Landing 6 is built, which is 162 lots there is no place else to go. What makes Eagle Landing unique is we have a golf course and we have a great tennis facility but they have a great tennis facility across the street too. We have a great pool and they have great pools across the street. The only thing that nobody else around here has is the golf course. The 500 lots that are going next door at Grayhawk they are saying it is next to Eagle Landing Golf Course. They are going to have their own pool. Maybe add more shade structures in the parks, maybe more parking to make it more conducive to the residents.

Mr. Payton stated this is something we can discuss as we go forward. Roger did provide me with a preliminary drawing of Westbank park, the lake park as we call it. We are going to meet next week with Roger and if the board wants to have community input, talk to your friends and neighbors about what they are looking for. If you have some suggestions from people bring those to the next meeting so we are not delaying it again because I think they are going to start construction on that sooner rather than later. I will try to get a copy of this to everyone through Jim or Keith.

A resident stated Rick's comment about the vine removal reminded me about the broken window in the fitness center and it is still broken. There is no damage being done but it needs to be fixed.

Mr. Biagetti stated we will have that fixed.

A resident stated when you talked about what ought to be in the lake park, I think the process you used to generate the supervisors' priority seemed like a good one, to get input from the community on what they would like in the park.

NINETEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of December 31, 2018 and Statement of Revenues and Expenses for the Period Ending December 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. Payton seconded by Mr. Krueger with all in favor the check register was approved.

TWENTIETH ORDER OF BUSINESS

Next Meeting Scheduled for Tuesday, March 5, 2019 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next scheduled meeting is Tuesday, March 5, 2019 at 6:30 p.m. in the same location.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the meeting adjourned at 8:39 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman