

SOUTH VILLAGE  
COMMUNITY DEVELOPMENT DISTRICT

The June 4, 2019 meeting of the Board of Supervisors of the South Village Community Development District was continued and reconvened on Wednesday, June 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 (by telephone)
Rick Smith	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel (by telephone)
Matt Biagetti	Director of Operations, Honours Golf
Dean Vincent	East West Partners
Several Residents	

The following is a summary of the actions taken at the June 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**

**Discussion of Purchase of Sales Center and Cottages Parcel**

Mr. Oliver stated Mr. Vincent will give us an update, the chairman will take comments from the audience and then we will have board discussion.

Mr. Vincent stated I run the development side of East West, obviously Roger is the guy you have always dealt with and Roger can't be here tonight. Years ago when we were designing the rec parcel that property was set aside and it was anticipated at that time to be some type of attached housing. It is on drawings for the rec center and it was planned for that and utilities were applied to it, however, we did a tree survey years ago and we recently did a another tree survey

survey and the white flagging around it was just a locator; no tree is coming down, that is just how the surveyor did it. Basically, what has transpired is over the years, back in 2009 we conveyed the recreation parcel to the CDD and that set the property line between the whole parcel and that tract. Then more recently we conveyed the golf course and that set the lot line around the golf course. Basically the parcel is bounded by the backside of the parking lot of the facility and the cart path that goes around the whole and encompasses the lake over to the right of way. We are looking at developing it under a condominium association ownership with detached housing and detached garages but by doing that the flexibility and not as much of a rigid situation that you have with lot lines and allows flexibility to move the houses around and save trees, plus if it is owned under a condominium association the condominium association governs any removal of trees.

The following issues were brought up and discussed by Mr. Vincent: condominium ownership, responsibility for maintenance of roads, parking lot would be roadway leading to cottages being dangerous, responsibility for damage caused to road by construction vehicles, layout of housing and number and size of trees that will come down, could it be turned into a giant rental property, would houses have lake view, would the parking lot be used for overflow parking by cottages, ingress/egress, sidewalks and streetlighting.

Mr. Payton outlined the proposal from the developer as follows: purchase the property for \$900,000 you have to add the \$320,000 bond debt and that brings it to \$1.22 million for the property. They have also included the purchase of the sales center in the agreement, they want \$500,000 for the sales center that includes that building and all the parking places in that area, that entire parking lot for a total price of \$1.72 million. It is a package deal, it is the very beginning of this process.

Mr. Kreuger gave an overview of proposed financing. Right now we have 1,332 lots in the community minus the 18 lots. We have 77 lots from West Bank coming on the beginning of the next fiscal year and another 85 lots to Westbank coming in a couple years. Everybody pays around \$1,105 for O&M, you pay \$200 into capital reserve, \$240 dues to the golf course, and that is our income. O&M income is \$1,471,000. We have other things coming in, capital reserve 162 lots in Westbank that will be \$4,000 per lot at the time the lot is sold. Westbank when a house is sold \$500 comes into our capital reserve and also the rest of the community. You add it all up and the number of things that sold it is about \$1 million.

The board discussed the proposed purchase in whole and the cottage lots only then the proposed financing, increasing assessments and took the following action.

Mr. Krueger moved to explore the options of buying by responding to Roger's offer to buy the sales center and the cottage lots and come up with a decision at that point based on whether we can afford it or not and Mr. Rick Smith seconded the motion.

Ms. Buchanan stated I want to understand what the motion is. What is explore?

Mr. Kreuger stated negotiate with Roger for the acquisition and at the point that we can't agree we drop it, if we come up with an agreement then we buy it.

Mr. Rick Smith asked that is just the land not the sales center?

Mr. Payton stated the current offer includes the sales center, you have to negotiate to take it out.

Mr. Krueger stated you have to negotiate the whole thing and in negotiation it could be taken out.

Mr. Payton asked are you satisfied, Katie?

Ms. Buchanan stated if you understand the path, I think in a perfect world you approve a counter than you bring back to Roger then have him submit a counter to yours. I feel like you have been exploring this independently for a couple weeks. You are the board and if you are comfortable that this is a step in the right direction that you want to take that is okay with me.

Mr. Payton stated Dean is waiting in the sales center and he said he has the ability to answer an offer. He said he would be there until we are done. If you want to give me an offer I will walk over and ask him now. I will walk over and ask if they will take \$320,000.

Mr. Rick Smith stated based on Randy's comments, \$40,000 each based on 15 buildings, that is \$600,000.

Mr. Krueger stated it costs about \$25,000 to put the infrastructure in, \$45,000 to \$50,000 per lot so the basic cost to anyone developing it is going to be \$75,000 for the parcel. Make an offer of \$50,000 at 15 lots is \$750,000.

Mr. Payton stated he told me he based his price of \$50,000 per lot for 18 lots. Originally, he told me they were going to sell it to a builder and put regular lots in. This condominium idea is new as of last night. It seems like it is a fluid plan. That is where he told me he got the

\$900,000 from. We know they are planning on 15 lots then that is \$50,000 for 15 is \$750,000 plus the \$320,000 because the assessments are still there plus the sales center. If we have a counter off the board can agree on I will walk over and ask him right now.

Mr. Krueger stated I propose we offer him \$600,000.

Mr. Rick Smith stated no debt payoff no bond.

Mr. Randy Smith stated the \$600,000 includes the debt payoff.

Mr. Krueger moved to offer \$600,000 for the cottage lots that would include the bond payoff of \$310,000 and exclude the sales center and Mr. Rick Smith seconded the motion.

Mr. Oliver stated the offer would be contingent on financing.

Mr. Randy Smith asked do we think that is a good price pending appraisal?

Ms. Buchanan stated you make the offer contingent on appraisal and you make the offer contingent on the district securing financing because that is a component that needs to be worked out.

Mr. Randy Smith stated that makes more sense to me.

Mr. Hermening stated provided we do that with a one-time assessment.

On voice vote with four in favor and Mr. Payton opposed the motion passed.

The board took a short recess at this time.

The meeting reconvened.

Mr. Payton stated I feel he did not view the counter offer favorably.

**FOURTH ORDER OF BUSINESS**

**Other Business**

Mr. Randy Smith stated regarding the park I think we tell Roger to spend the \$500,000 and we get what we get and not spend any money on the park. I don't think it is a good idea to invest any more money in the park; let it be an open green space.

Mr. Payton stated I talked to Dean last night after the meeting, they are spending money as part of this money and the bonds don't cover the actual construction costs. I'm not opposed to trying to get more but I am not opposed to saying we are not going to pay anymore, but that would be a board decision. What was the amount of clearing the land and putting in sod? A great deal of the cost was earthwork, sewer, water, reuse, storm system, parking lot, sidewalks and the landscaping, just that is \$500,000.

Mr. Randy Smith stated I say be done with it. We have a lot of concerns about spending any more money there and potential risk to having that open to the public, just take the green space and let it go.

Mr. Krueger asked can we take bond money from Greyhawk and they will use that facility.

Ms. Buchanan stated you he is not on the board in Greyhawk anymore, that is a Greenpointe project now.

Mr. Rick Smith stated I agree with Randy.

Mr. Payton stated there is still the matter of the money we took out of the pocket parks, put it back in the pocket parks.

Mr. Krueger stated put it back.

Mr. Payton stated build actual parks there and leave the large area as green space.

Mr. Randy Smith stated yes.

Mr. Hermening stated I think they are going out to bid for the first five areas and see what the price comes back for those before we shut it down.

Mr. Randy Smith stated I'm okay with that.

Mr. Payton asked what is the purpose of waiting?

Mr. Hermening stated it may come in under the \$500,000.

Mr. Randy Smith moved to advise the developer that we intend to use up to \$500,000 of bond money for that large park space and nothing else, return the money we recently discussed from the pocket parks to the pocket parks and Mr. Rick Smith seconded the motion and with four in favor and Mr. Payton opposed the motion passed.

Mr. Payton left the meeting for a short time to confer with Mr. Vincent.

Mr. Payton stated he said no, they did make a count offer, they would be willing to take out the sales center from the offer, they would take \$600,000 for the property and we would still have to be responsible for the debt service on it of \$320,000 so \$920,000 would be our cost and the sales center is out contingent on appraisal and the board finding the financing. It would be a one-time payment of \$600,000. We couldn't take it over more one year and be collected one time.

Mr. Rick Smith stated it is too much money for one payment.

Mr. Payton stated based on the resistance of the \$200 assessment last year, I agree. Are there any comments from the board or another offer, any proposals to continue or not continue?

Mr. Payton proposed to decline their offer of \$600,000 and not continue with the discussion to purchase the property and Mr. Randy Smith seconded the motion and on voice vote with three in favor and Mr. Krueger and Mr. Rick Smith opposed the motion passed.

Mr. Randy Smith stated I think we need to deal with that road and whether we ought to take a look at redesigning it and/or looking at some joint maintenance cost between us and the property owner.

Mr. Payton stated I agree, I think that Dean already expressed that earlier and we would come to some sort of agreement to have them pay a certain amount to go towards the maintenance of that area.

Mr. Randy Smith stated I think there is also the possibility of some kind of flashing caution light if we leave the street where it is.

Mr. Payton stated we can definitely do whatever we want, we own the property.

Mr. Krueger stated I think the board has made a mistake in this decision and I accept the decision but I don't agree with it.

A resident asked why can't you go back with a counter offer? Why immediately say no and give up? Come back with something more reasonable? Why not \$600,000 and half the \$320,000?

Mr. Payton stated he expressed to me that they are not interested in paying any of the bond money.

A resident stated so go back with something else. Why stop it right now?

Mr. Payton stated we don't have the money to purchase that land. I have gone through raising assessments with this neighborhood twice now. People make it seem like \$400 a year is not bad for them and people have told me they are willing to pay \$1,500 at one time for this but people are also telling me they are not willing to pay a dime.

Mr. Hermening stated I'm not in favor of assessing people.

Mr. Krueger stated I don't understand the philosophy of not using the HOA money.

Mr. Payton stated we are not the HOA board. I don't see purchasing the sales center to be a good use of HOA funds.

Mr. Krueger stated why not use the HOA money to offset the lots?

Mr. Payton stated that does not benefit the entire community. It is not our money, it is HOA money.

Mr. Payton stated our next meeting is scheduled for July 2, 2019 at 6:30 p.m. here in the residents club.

The meeting adjourned.



Secretary/Assistant Secretary



Chairman/Vice Chairman