

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, March 3, 2020 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 (by telephone)
Randy Smith	Supervisor
Rick Smith	Supervisor

Also present were:

Jim Oliver	District Manager
Katie Buchanan	District Counsel
Keith Hadden	District Engineer
Matt Biagetti	Director of Operations, Honours Golf
Jim Hahn	General Manager, Honours Golf
Josh Heintzman	Golf Professional, Honours Golf
Alan Slaughter	Golf Course Superintendent, Honours Golf
Joe Halifco	Operations, Honours Golf
Emma Gregory	Hopping Green & Sams by telephone
Dean Vincent	East West Partners

The following is a summary of the actions taken at the March 3, 2020 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

Affidavit of Publication of Notice of Public Hearing

A copy of the affidavit of publication of the notice of the public hearing was included in the agenda package.

FOURTH ORDER OF BUSINESS

Consideration of Suspension of Privileges for Access to District Recreational Facilities

Mr. Oliver stated a resident minor recently stole a golf cart and the cart was soon recovered. I spoke with the minor's father by phone earlier today. The parents and their son are unable to be here today to address the Board. The father stated the teen was sorry for his actions and the family will make an appointment with the general manager to apologize. We have issued a written temporary interim suspension pending the board's decision on the length of the suspension.

Mr. Hahn stated this is a serious offense and there were two other individuals involved and he has yet to give that information to the detective. Our recommendation would be a year's suspension. If he shares the names of the other two individuals down the road maybe we can lessen the suspension.

On MOTION by Mr. Payton seconded by Mr. Krueger with four in favor and Mr. Randy Smith opposed the recommendation of management for a one-year suspension of the individual involved in the incident was accepted.

FIFTH ORDER OF BUSINESS

Approval of the Minutes of the January 14, 2020 Meeting

On MOTION by Mr. Payton seconded by Mr. Kreuger with all in favor the minutes of the January 14, 2020 meeting were approved as presented.

SIXTH ORDER OF BUSINESS

Consideration of Proposals for Golf Cart Lease

Mr. Hahn outlined the proposals received from EZ-Go and Club Car for a 48-month lease with lithium batteries and recommended the board approve a lease with EZ-Go that came in less than the proposal from Club Car and less than we are currently paying on the existing golf cart lease and they are throwing in a USB port on every cart, which has a value of about \$6,000.

On MOTION by Mr. Payton seconded by Mr. Rick Smith with all in favor the recommendation of management to approve a 48-month lease with EZ-Go in the amount of \$5,737.96 was accepted.

SEVENTH ORDER OF BUSINESS Update Regarding Phase 6 Construction Matters

A. Discussion of Westbank Park

Mr. Vincent stated before Memorial Day the first half will be done and at that point Drees will be starting on the pond. Models on the east side will be starting about the middle of May and we anticipate recording that last plat before May 15th. The balance of the lots will be completed by the end of July.

As far as the park is concerned, I believe we will be done by the end of the month. We have coordinated with Tree Amigos to get conduits in underneath the walks and for the irrigation and that allows us to get with the other contractors. We still believe that most of the hardscape and everything but the landscape will be done by Labor Day.

Monument signs are slow to get going, it took four months to get a permit from the county and we are staking it out and the sign contractor will start next week. The two on the north end associated with Eagle Landing will be the first two going up.

Under our current contract Drees is scheduled by the end of the year to close on 63 lots on the west side and 31 on the east side, which means 94 of the 162 lots will be closed on, you get \$4,000 per closing so that is \$376,000.

B. Consideration of Series 2019 Requisitions 53 - 58

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor requisitions 53 through 58 were approved.

C. Consideration of Change Order No. 3 and No. 4 with Baker Construction

On MOTION by Mr. Payton seconded by Mr. Randy Smith with all in favor change order 3 for a net increase of \$22,474.86 and 4 for a net increase of \$50,827.13 with Baker Construction were approved.

D. Consideration of Agreements

1. Restrooms (Bing Brothers)

Ms. Buchanan stated essentially these are three contracts that the developer requested we include and they relate to Phase 6.

Mr. Vincent stated two relate to the park, one relates to landscaping around the monument signs.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the agreement with Bing Brothers for the construction of Westbank Park bathrooms in the amount of \$47,000 was approved.

2. Monument Landscaping (Tree Amigos)

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the agreement with Tree Amigos for monument landscaping to be completed in 6 months in the amount of \$11,524 was approved.

3. Westbank Landscaping & Irrigation (Tree Amigos)

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the agreement with Tree Amigos for Westbank landscaping and irrigation in the amount of \$231,050 to be completed in 6 months was approved.

EIGHTH ORDER OF BUSINESS

Matters Related to Purchase of Cottages Parcel

A. Update Regarding Due Diligence Process

Mr. Oliver stated at a previous meeting the board approved the purchase of the land subject to acceptance of financing plan and completion of due diligence process. The accepted offer was a combination of the appraised value of \$320,000 for the undeveloped land, plus the remaining CDD bond debt amount...

Ms. Buchanan stated my partner who assisted with the transaction related to the purchase of the golf course did identify that we had a survey that appears to be est just to make sure there aren't any contaminants on the property and that we do title work. It is not an extensive amount of due diligence that would be required. The one caveat is if we were to move forward with that

today and choose not to purchase the property for two years you would likely have to redo it so it may not make a lot of sense to start that yet.

I would like to make sure that I understand the terms of the sale. The purchase price is \$320,000 and the payoff of the debt. I understand that the HOA will provide funding to the CDD what is targeted right now to be \$200,000.

Mr. Payton stated the developer has told me that they would fund projects, but the maximum amount they would fund is \$200,000.

Ms. Buchanan stated I do think that the developer may not want to participate in picking the projects, meaning that he may be comfortable turning over the \$200,000 and letting you make the decisions on that. That being said there is still the HOA attorney that has to sign off on the distribution of these funds and it may be that we ultimately end up having to identify the projects to make sure they feel comfortable with what they are.

When it comes to whether you do one transaction, here is the money here is the purchase price as compared to a payment plan; I struggle to use assessment money to make a payment plan. Remember your assessments are benefit based and if you don't have title to the property you don't have a corresponding benefit from your payment. If you take money from the general fund and pay the developer a partial payment with the understanding that you would take title and make the remaining payment next year, that makes me uncomfortable. We would be paying for the improvement without getting any corresponding title coming back to us. I'm fine with taking title and have a note to pay the developer but the act of paying a private party money for a non-existent benefit I can't get on board with.

B. Discussion of Options to Finance Purchase

Mr. Oliver stated an outline of several funding scenarios are on the big screen. The first option we talked about earlier in the meeting. The costs we discussed don't include the soft costs involved in due diligence and acquisition process. In this option, the developer will hold title on land until payment is made in full, for a period of up to three years. In this scenario, the CDD bond debt on the land does not have to be paid off until the CDD takes title to the property. The number of planned and platted lots to be assessed to fund the land acquisition is 1,494. Those are all the lots within Eagle Landing except for the 18 cottage lots. As a rule of thumb for every \$100,000 to be funded by assessments that would be roughly \$67 per lot on a net basis. Assessments to be

levied during the annual budget cycle and collected via the uniform method of collection by the tax collector. We typically adopt our annual budget in August, tax bills go out November 1, and the first assessment receipts from the tax collector is used to pay for the first quarter operations. We probably wouldn't have cash flow to make a large payment until the January/February timeframe. The HOA may be willing to fund certain capital projects. Potential funding sources are cash on hand from the unassigned fund and the capital reserve fund. On item 13 shows Phase 6 annex fees of \$4,000 per lot flow as a revenue source into the capital reserve fund. We are considering those funds not as a separate funding source but as part of the capital reserve. The other option would be a combination of special assessments and cash on hand. It could be that you could find some cuts in the budget to help pay for this. However, it looks like budgets are pretty tight because both recreation and golf they operate pretty close on their budget. If they achieve a modest surplus, it is first committed to first quarter operations costs. The footnote talks about the bond debt to be paid off would be based largely on the timing of the transaction as well as a percentage of the debt reserve.

All the numbers you see are net. When we use the tax bill to collect assessments, which we are required to do, there is a markup of 2% for the collection fee by the tax collector and 4% to cover early payment discount. If property owner pay their property taxes by November 30th their tax liability is reduced by 4%. If you want to see the gross number, take the proposed net assessment and multiply by 1.06.

The first scenario is to fund the entire purchase through the levy of special assessments, based on a purchase price of ranging from \$638,000 to 680,000, depending on the debt payoff amount. The one time per lot assessment would range from \$427 to \$455. The chart also shows two and three year scenarios for each of those and that is based on paying just on assessments.

At several meetings we have talked using unassigned fund of \$200,000 to fund a portion of the purchase. In that case, the remaining cost of \$438,000 to \$480,000 would be paid by assessments. On a one-year basis it would be assessments from \$293 per lot to \$321 per lot. The next two lines show for a two or three-year spread.

Next is if we used \$300,000 combined from the unassigned fund as well as the capital reserve fund that would bring it to a range from \$226 per lot to \$254 per lot for assessments on the one-year basis and then you can see the other scenarios for two and three-years.

Next is what we are talking about if we were able to use \$200,000 from the unassigned fund and \$200,000 from the HOA contribution. Even if it were flowing through capital reserves or however you structure that, it would still make the one-year assessment range from \$159 to \$188 per lot.

No. 5, not changing the level of assessments, but I just don't see the surplus to do that. That is what it would look like if you were to use assessments to pay for this partially.

One scenario we were talking about late this afternoon would be what if we were able to structure some type of transaction where we had a closing with a partial payment, the debt paid off at time of closing, and the developer holds a note or loan for some time period to be determined. There would likely be interest costs involved in that, but if we closed in that scenario, the owner would pay off the debt. The property would be owned by a governmental entity so there wouldn't be property tax on it.

Mr. Payton stated I will throw in some caveats from the seller that I received today. He advised me that should this be a drawn out closing that the developer would expect the CDD to be responsible for costs such as taxes and CDD fees. I called to see what he meant by that especially he is talking about two or three-year optional assessments. He told me they would like to see us close within 90 days and if we did not close within that time period they would be looking for us to cover anything due from them as a condition of us drawing it out. For example, the annual debt service payment they would not be making any more of those, they would expect us to cover that.

Mr. Rick Smith asked when is that due?

Mr. Oliver stated it is due November 1st, February 1st and May 1st and it is roughly \$25,000 a year in assessments.

Mr. Payton stated my assumption is they will make the May payment and that would be it.

Mr. Vincent stated I'm sorry about some of the confusion. It would be our preference as the developer that we close before December 1 for a couple reasons. (1) that is when the next payment is, we are going to make the May payment. We agreed as a group that we would want you to close by December 1. (2) we are okay subject to Katie, as long as we can get enough cash to pay off the bond debt when we close. We would take a note for two years on the balance and don't ask me what the interest rate would be, it is not a big interest number. I am a very transparent person and the reason for that is because that is coincidentally when Drees takes down the rest of the lots. At the end of 2022 it makes a lot of symmetry. We are happy to do the note. Roger was

trying to say that if we do the note for two years and obviously the bonds are paid off, the taxes are almost nothing. What is odd about this is for some reason this parcel is still tied up in the tax bills for all the conservation easements, the county has this in a bucket of goo for about 300 to 400 acres of wetlands. Obviously, we would need to have this subdivided out and create those tax parcels. The bond gets paid off and O&M is very small too.

Mr. Hermening stated I don't think we make any offer to purchase without identifying the financing source at this meeting.

Ms. Buchanan stated let's put this to the side for a minute and remember how you were able to get your extra funds. We would include in the assessment notice and the proposed budget this line item that would be whether it is a one-year assessment or a two-year assessment, it is going in the notice that we send out to the residents. Then there would be a public hearing because this is going to be a significant increase, there is no way to avoid the notice of hearing, and it would ultimately be adopted in your final budget in August or September. The money starts flowing in, in November and December, the reality is that you are not fully collected until February and your finances are very tight through the last quarter because you don't have the flow of funds yet from the tax revenues. That is why in my head I always thought that if you do an assessment you line up your closing in the February after your assessments are collected.

The board discussed various financing options, using existing funds and using future assessments over a one or two year then took the following action.

On MOTION by Mr. Rick Smith seconded by Mr. Randy Smith with three in favor and Mr. Payton and Mr. Hermening opposed a conceptual financing plan for the purchase of the cottages property was approved as follows: Closing to occur no later than 12/1/20, with the CDD paying \$150,000 from unassigned funds at closing and financing the adjusted balance over two years; CDD debt to be paid off at time of closing by seller; price for purchase of cottages parcel at or equal to appraisal value of \$320,000 plus CDD debt payoff amount of approximately \$350,000 total depending on accrued interest and debt reserve credit, seller to apply \$160,000 reimbursement for park improvement to the deal effectively reducing purchase price by that amount and HOA to fund \$40,000 of CDD capital improvements; CDD to levy special assessment in FY21 and FY22 budget to pay back the loan of approximately \$300,000, details of agreement to be worked out between the buyer and seller with due diligence underway.

NINTH ORDER OF BUSINESS

Presentation of Prioritized Plan for Repairs & Replacement of Capital Assets

Mr. Hahn reviewed in a detail a capital projects plan of about \$289,000 with a positive outlook regarding adequate funding for projects up to eight year out.

TENTH ORDER OF BUSINESS

Consideration of Proposals for Purchase and Installation of Security Cameras/Tag Readers

On MOTION by Mr. Krueger seconded by Mr. Payton with all in favor the proposal from Web Watch Dogs for the purchase and installation of security cameras/tag readers was approved in the approximate amount of \$40,000 , the chairman was authorized to communicate with the vendor when to start the construction and staff was directed to seek HOA funding for this project.

ELEVENTH ORDER OF BUSINESS

Consideration of Phase 5 Requisitions (Series 2016 A3 – DFH Supplemental Fund)

On MOTION by Mr. Randy Smith seconded by Mr. Payton with all in favor phase 5 requisitions 30, 31 and 32 payable to Vallencourt out of the Series 2016 A3 Dream Finders Supplemental Fund were approved.

TWELFTH ORDER OF BUSINESS

Public Hearing Adopting the Revised Rules of Procedure, Resolution 2020-05

Ms. Buchanan stated we provided a redline of the proposed changes to the rules of procedure in a prior agenda package. Essentially, these incorporate legislative updates as well as lessons learned over the past several years.

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

There were no comments or questions from the public.

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

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor Resolution 2020-05 was approved.

**THIRTEENTH ORDER OF BUSINESS Consideration of Resolution 2020-06
Adopting Internal Controls Policy**

Ms. Buchanan stated our firm put together this resolution and the policies in connection with the district managers to incorporate recent changes to Florida Statutes. We did not put this policy in place to address an operational problem.

Mr. Oliver stated these are typical internal controls that have been collated into one document. It also tracks the rules of procedure that you just adopted.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor Resolution 2020-06 was approved.

FOURTEENTH ORDER OF BUSINESS Staff Reports

A. General Manager - Report

A copy of the operations report was included as part of the agenda package and included the operations of the amenity center, athletic center, tennis facility, golf and clubhouse operations, common areas and retention ponds and landscaping.

B. District Counsel

There being none, the next item followed.

C. District Manager

There being none, the next item followed.

D. District Engineer

Mr. Randy Smith asked will you speak about the email the board received?

Mr. Hadden stated there is a resident that lives in Pod A that backs up to the new amenity and the back of their lot is going to abut the sod of one of the new lots we are building in Westbank 1, 6A. We have a 10-foot easement, we are building a 6-foot wide sidewalk/cart path so people can get from the existing Eagle Landing to get to the new amenity center. They contacted each of you and said we really don't like the sidewalk behind our home; the home was already there with

woods and that sort of thing. It is about 85 feet and they were hoping the CDD would pay for a white vinyl fence so they wouldn't see the sidewalk. I don't know that the CDD would pay for that.

Ms. Buchanan stated that is a no.

Mr. Hadden stated I will approach Dean and Roger to see if they would do it as a "feel good" gesture.

Ms. Buchanan stated it would be very nice if they could. Generally, I do have pretty strong feelings about using public funds on private property. I don't think we could say that fence benefits anyone else other than that property.

FIFTEENTH ORDER OF BUSINESS Supervisor's Requests

Mr. Payton stated I have been talking to a resident regarding the park on the developer's plan, Eagle Crossing where the restroom is located between hole 2 and 3 and there was a planned park there. They would like to know if the board would consider putting that park somewhere on a plan to be completed or if we are not going to consider doing that at all then we are not obligated to build that park? I told the resident that I would bring it up to see if it something we thought it was something we could put funds towards or at least plan.

Mr. Randy Smith asked is that a \$50,000 project?

Mr. Hadden responded it will be at least \$25,000 to \$30,000. It hasn't been cleared yet.

Mr. Payton stated in another area we cleared half that lot and put in a little park and that was \$50,000.

Mr. Hadden asked what do they want in the park? If they want a picnic table and two benches it is not much but by the time you get playground equipment and soft surfaces good for children it is a lot more.

Mr. Payton stated the last time half the cost was clearing it. Is it something that I can report back that we will look at it? Is anyone opposed to finishing parks that are on the master plan?

Mr. Randy Smith stated the HOA will be resident controlled within the next 18 months that might be a body that could consider that.

Mr. Krueger stated Matt, some of the monument signs look like they need some pressure washing.

Mr. Biagetti stated if it is a board priority we can adjust things and start doing that.

Mr. Payton asked what happened to the plan to get a trailer with a pressure washer?

Mr. Biagetti stated it works and with our previous maintenance guy he started doing those then we backed off.

Mr. Hahn stated it is not that we backed off, it is just not a priority. Maybe when they trim the material away because they are cutting it down and if we are going to pressure wash them that would be the time to do it when the material is still low.

Mr. Payton stated also many of them the landscaping similar to what happens on the green on 11 is the landscaping and trees block any sunlight.

Mr. Hahn stated part of the capital plan is landscape refurbishment; it is not going to last forever. We are looking at ways we can change some of that. Our landscaping around the buildings hasn't changed and we have dead rose bushes and places where there are no rose bushes. We can look at pressure washing.

Mr. Payton stated you can take a ride around and note the monument signs that look a little rough.

Mr. Krueger stated Jim, we talked the other day about some reports that Troon did in 2018. Can we update these?

Mr. Hahn stated I created that one in year one; I didn't do one in year 2, I did a summary. Obviously, it would be a year-end product, not something started in the middle of the year.

Mr. Krueger stated we talked about the budget a little bit. I don't know if you can give us an idea of projection if everything goes as planned where you are going to be at the end of the year.

Mr. Hahn stated there is no such thing as a projection for the end of the year. I do know that year to date through the first four months of the year golf is running about \$70,000 added to the bottom line and rec is running about \$19,000 ahead of the bottom line. That is one-third of the year and anything can happen. I feel great and if weather stays consistent and we don't have any abnormal or unusual conditions we can have a very solid year. At the same time a hurricane could blow in here in September and wipe out an entire month. It is hard to project but all the pieces are in place to be successful as long as mother nature is cooperative.

Mr. Krueger asked are we looking at any new food offerings?

Mr. Halifco stated we are looking at different food items; Matt and I just met with sales reps here today looking at a change up here a little bit. It is difficult due to the fact they are going

out to the pool area so we have to keep the food hand food. We tried some things last year that worked and we tried some things that didn't work. There are always going to be changes.

Mr. Krueger asked are we looking at any price increases this year?

Mr. Hahn stated that is something we have to focus on it is a resident amenity, but food prices keep going up, beer prices keep going up. It is time and we have talked about increases in the amenity area.

Mr. Rick Smith stated the bridge between 3 and 4 looks awesome. Do you need board approval to move forward?

Mr. Hahn stated we can't get it all done at one time. You can look at a bridge as a capital project. We should be working on two other bridges, we are planning on 15 and 16 and 18 and should have that done by the end of March.

Mr. Rick Smith asked do you need board approval for the funds for the concrete project?

Mr. Hahn stated we got bids this past week and it is about \$38,000. I will have this on the next agenda for approval. Our plan is that Matt and I will put together some of these bigger projects and have them ready for the April board meeting to get them all approved. The ones that fall under \$10,000 we will move forward, but the bigger ones will be presented at the next meeting.

Mr. Randy Smith asked are you replacing the parking lot lights?

Mr. Hahn stated we are replacing all of the outdoor lighting with LEDs. These are all ballast, halogen light that are outdated and you never know when they are going out. We have the contractor set and he will be out this week or next week and that entire parking up to the stop sign will be converted to LEDs. Then we will do another phase of LEDs. You will see a significant savings in energy costs.

Mr. Hermening stated with the discussions I have had with Jim and I don't complain too much about anything but every time I have raised an issue Jim has already got it on his list. I appreciate that Jim and the entire team has done. Alan lost a couple people from his staff and it is a team effort that takes care of every part of the community.

SIXTEENTH ORDER OF BUSINESS Audience Comments

A resident asked is part of the ongoing plan to get us to be able to call and reserve an outdoor pickleball court?

Mr. Payton stated you can do that now for an indoor court. They are looking to putting lines on the hard courts.

A resident asked is there a reason we do not have a recycling program or do we?

Mr. Hahn stated we recycle all of our cardboard, all our materials.

SEVENTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of January 31, 2020 and Statement of Revenues and Expenses for the Period Ending January 31, 2020

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.

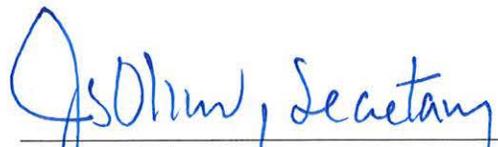
EIGHTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday, April 7, 2020 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next meeting is April 7, 2020 at 6:30 p.m.

On MOTION by Mr. Payton seconded by Mr. Krueger with all in favor the meeting adjourned.


Secretary/Assistant Secretary

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Chairman/Vice Chairman