

SOUTH VILLAGE
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the South Village Community Development District was held Tuesday, August 7, 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
Keith Hadden	District Engineer
Matt Biagetti	Director of Aquatics & Recreation
Rachel Welch	Social Membership & Activities Coordinator
Steve Andersen	Operations Manager
Roger Arrowsmith	East West Partners
Josh Heintzman	Eagle Landing Golf Professional
Dan Steiner	Golf GM
Matt Hurley	Honours Golf
Don Shirey	Honours Golf
Brandon Fowler	Honours Golf

The following is a summary of the actions taken at the August 7, 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. 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 July 10, 2018 Meeting and the July 24, 2018 Continued Meeting

On MOTION by Mr. Cross seconded by Mr. Poole with all in favor the minutes of the July 10, 2018 meeting and the July 24, 2018 continued meeting were approved as presented.

FOURTH ORDER OF BUSINESS

Introduction of Honours Golf Transition Team

Mr. Oliver introduced Matt Hurley, Senior Vice President of Operatons, Honours Golf.

Mr. Hurley stated we had our assessment meeting today that seemed to go very well with the staff of about 50. We reviewed some onboard materials the feedback was positive and tomorrow is day 2 and we plan to have about the same number of folks tomorrow. We look forward to starting on August 18th.

FIFTH ORDER OF BUSINESS

Ratification of Agreement with Honours Golf

Ms. Buchanan stated this is substantially similar to what you previously approved. We incorporated all the comments discussed and the one thing we spent some time finalizing was the insurance provision. As we landed the agreement it became clear that what we would do is have the district maintain its property insurance for now and along with that the business interruption insurance because as I expressed concerns before the meeting, it became more appropriate for the district to have that insurance since if there is a casualty or damage to the buildings we would like to be in control of the restoration. We also did allow the district to continue with its general liability policy, but it is our standard policy and we were unable to add Honours to our policy based on the advice of our insurer. They, just as Century did, will acquire their own insurance liability policy so basically, we are following the same structure that we did with Century. There was a requirement that they have a level of \$10 million liability that was an internal requirement on their part and they were gracious enough to agree to offset the fees that we pay by the difference in costs related to the deficit between the \$2 million policy we requested and the \$10 million policy that they required.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the agreement with Honours Golf was ratified.

SIXTH ORDER OF BUSINESS

Discussion of Fiscal Year 2019 Budget and Assessments

Mr. Oliver gave an overview of the budget line items in the general fund, capital reserve, recreational fund (that will be managed by the new onsite management team), the debt service funds, and golf budget. He stated we are required to send mailed notice to all the landowners in the district because you have approved a budget with a \$100 increase on a gross basis to increase your capital reserves. If the Board intends to propose an increase above that amount, I need to know tonight so it can be included in the mailed notice.

The board discussed the need of additional maintenance personnel, offset by not spending money on handyman work and requested that staff look at the budget for areas of cost containment and proposed the assessment be increased by an additional \$100.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor staff was directed to increase the proposed assessments an additional \$100 per lot while looking into cost efficiencies within the budget.

SEVENTH ORDER OF BUSINESS

Acceptance of the Fiscal Year 2017 Audit

Mr. Oliver reviewed the FY17 financial audit, including the opinion letter from the auditor, report on internal controls, and the management letter that includes no prior or current year findings or recommendations. It is considered to be a clean audit.

Mr. Oliver stated we are disappointed with the timing of the completion of the audit and would like the board to appoint itself as the audit committee for the purposes of beginning the audit RFP (Request for Proposals) process to consider audit firms. We will schedule an audit committee meeting for September for approval of the evaluation criteria. Staff will issue a notice of RFP and bring back audit proposals at the October meeting.

On MOTION by Mr. Cross seconded by Mr. Krueger with all in favor the board members were appointed to sit as the audit committee.

On MOTION by Mr. Krueger seconded by Mr. Payton with all in favor the fiscal year 2017 audit was accepted.

EIGHTH ORDER OF BUSINESS**Update Regarding Waterfall Entry Feature**

Mr. Hadden stated we have someone coming on the 18th to evaluate the fountain issue and he said don't do anything until he looks at it, he will evaluate what is there, what needs to be done and we will probably need a new vault. By the next meeting I will have their evaluation and recommendation.

It was the consensus of the board to fix the broken pipe and put in one motor so that the waterfall is operating prior to the fountain issue being evaluated.

NINTH ORDER OF BUSINESS**Update Regarding Status and Cost to Complete Remaining Series 2016 Capital Projects**

Mr. Andersen stated I worked with Patti Powers and Jim and we looked at all the projects that have been done to date, all the money that has been spent, interest earned, as well as the cost of issuance and instead of starting out with \$1,379,000 we actually started with \$1.42 million the original reserve we had was \$13,000 and right now we have \$57,879 in reserve. That is money the board has not allocated to any specific project. As far as the capital projects the only one left is the tennis courts. Chris and I meet with them every Monday and the latest is that they will have it done in two weeks and it is not going to be another two weeks. We will give them a first walk-through punch list that we have already started doing. They have been working on one of the punch list items this week. There will be a backboard on the hard court towards the dumpsters. Furniture has been ordered. The last thing I want the board to consider tonight is landscaping needed by the tennis courts as well as by the parking lot and by the golf course.

We had Tree Amigos give us three different levels of landscaping from \$36,000, \$19,000 and \$15,300. I recommend the proposal for \$19,000 that includes landscaping that will mimic what is on the righthand side of the athletic club as you look at the athletic club, three tiered hedges, clean up the tree, everything will be manicured and have defined edges and in-between the golf course and the tennis courts will be Bahia and let that grow up.

Mr. Cross stated if you don't put up a fence or something the golf carts will continue to drive through there and tear up the sprinkler system. Can we do something with the fence up here?

Mr. Payton stated we need some fence work on the rest of the existing courts anyway so we will have someone give us a quote for that also.

Mr. Andersen stated we are also getting a quote for a card access system at the front gate. We are on budget, on track and have excess money in the reserves.

TENTH ORDER OF BUSINESS Update Regarding Capital Projects

- A. Review of Cost to Complete Schedule**

- B. Remaining Construction Funds – Obligated and Unobligated**

- C. Status of Remaining Projects**

- D. Ratification of Series 2016 A1/2 Invoices**

ELEVENTH ORDER OF BUSINESS Other Business

Mr. Oliver stated a couple of meetings ago the board authorized the lease of golf maintenance equipment and that had a value of \$300,000. At a subsequent meeting the board narrowed that down to the most essential golf maintenance equipment and that will be two leases with a value of about \$100,000. We had to process two resolutions as part of that and I'm looking for a motion to ratify those two resolutions for those transactions.

On MOTION by Mr. Hermening seconded by Mr. Poole with all in favor the two resolutions for the golf maintenance equipment lease were ratified.

Mr. Oliver stated these are three invoices that will be prepared and submitted as requisitions and we ask the board to review and approve those invoices before we proceed with processing the requisition. The transactions are for tennis renovation furniture in the amount of \$4,285, CW Builders for storm drain work in conjunction with the tennis renovations in the amount of \$3,285 and a reimbursement of \$3,190 to Steve Andersen for the tennis backboard purchase.

On MOTION by Mr. Poole seconded by Mr. Cross with all in favor the three invoices were approved and staff will process the requisitions.

TWELFTH ORDER OF BUSINESS

Staff Reports

A. Attorney

Ms. Buchanan stated I received a call from the developer in connection with the West Bank Parcel and he requested that we pick that back up again. You don't need any additional authorizations, you previously authorized Chris to work out the final agreement but I wanted to let the board know of that request.

Mr. Cross asked were we able to work out the road?

Mr. Arrowsmith stated we are still negotiating with Dream Finders. I let them know this meeting was happening tonight and we have not heard back from them.

B. Engineer

There being none, the next item followed.

C. Manager – Discussion of Meeting Schedule for Fiscal Year 2019

Mr. Oliver stated we are required to set an annual meeting schedule for the next fiscal year and notice that in the local paper.

On MOTION by Mr. Cross seconded by Mr. Payton with all in favor the meeting schedule for fiscal year 2019 was approved reflecting meetings being held at 6:30 p.m. in the same location on the first Tuesday of the month with the exception of January 8, 2019.

D. Golf Course General Manager

Mr. Steiner stated I handed out an invoice for painting, caulking, etc. in the amount of \$7,600.

On MOTION by Mr. Hermening seconded by Mr. Cross with all in favor the invoice in the amount of \$7,600 was approved.

E. Director of Aquatics & Recreation

Mr. Biagetti stated we have been working with a local boy scout troop, a teenager, working on getting his eagle scout badge and we have had some nice volunteers with the adults and kids in this troop. We are supplying some paint and mulch and they have supplied some lumber. It may have been a little more than they first anticipated, as you know that playground is not built level or straight.

Mr. Cross stated I would like to give him some kind of recognition for that work, a plaque, letter of appreciation or something to thank the boy scouts.

F. Operations Manager - Report

Mr. Oliver stated I did want to point out that this will be the last regular meeting for both Dan and Steve in their positions as general manager and operations manager and we thank them for their service to the District..

THIRTEENTH ORDER OF BUSINESS Supervisor's Requests and Audience Comments

Mr. Krueger stated I'm going to ask Roger since he is here if he has anything he would like to address.

Mr. Arrowsmith stated in our development we actually sold to Dream Finders, we did not have as many lots developed as their 199 and the 18 cottage lots that go behind the pool and we have reached agreement with A.F.I, the DRI holder of all the Oakleaf lands and we have the development rights to do all that development and that means the CDD will be getting the O&M fees for those 40 or 42 lots depending on what we work out with Dream Finders on an ongoing basis. We were at risk for not having those lots to sell or develop but that has been remedied. I know you have a full schedule and I know Matt went over the conceptual plan that we have for the park at West Bank, we are a way from that being a reality, but we put a conceptual plan together that could be built for \$500,000 and we have no problem with the board deciding what goes in there. We have drawn what works and what fits but there are still a number of ideas. Matt has always talked about having a community garden and that is something that can happen back there. We do have a dog park shown back there and some other neat things. There could be some open fields for the kids, which we don't have. We will be moving forward. You can see the construction for the elementary school and at the intersection by Publix that is Tynes

Boulevard that we are building so that road will connect all the way down into Two Creeks and there will be a roundabout and it will come out at the light at Publix. That construction work that is not necessary at this point in time on the Plantation Parkway was the county coming back to us and saying they wanted extra turn lanes because they will be needed at some point in the future so that is why trees were taken out in the median. That Grey Hawk neighborhood houses will be under construction, the road will be paved back into the roundabout this week and they will have houses under construction starting in September for that community and they will have a small pool and a small clubhouse. The county has a mandate as to what landscaping needs to be done and what has to be done and I told the guys developing that, we would always exceed that and they said we don't do that. That West Bank neighborhood housing starts will be in the first quarter of next year as far as what you will have coming into the community here. In regard to the connector road assuming we work all that out what we did have to make as a concession to them, they were concerned about having through traffic coming through as they are trying to sell those houses and we agreed that assuming we could agree on price that we would go ahead and not open that road to through traffic for a two-year time period, which coincides with when it would be needed back there and the plan is it will be open to pedestrian traffic and golf cart traffic to be able to get to the park back there. We are now entertaining thoughts and plans and talking to people about the rest of the land that we have. There are 500 multi-family units that are approved for out there as well as commercial and office and a number of different things. The best of luck with Honours Golf. I think that will work out and I hope it makes sense for you. We will continue to be here and we are not going anywhere, we are here for a few more years yet.

Mr. Krueger asked these 42 lots, are 18 of those the cottage lots?

Mr. Arrowsmith responded yes, they are going to be back behind the swimming pool. We are putting together a plan and I can get many more than 18 back there but as I said all along that was not going to happen. We will probably end up with 12 or 13 and I will probably have to steal a little bit of the land from you to make that happen because there is a 300-foot right-of-way that goes along there. We are going ahead with the plan to move forward back there and we have to do that so we can either move forward or if there was any discussion about the CDD or community owning it we would know exactly what the numbers would be rather than us just talk about it. When we first talked about it, it was 18 months and that is not reality.

Mr. Poole asked would you want to ask the board for a formal quote to purchase the property?

Mr. Krueger stated I talked to Roger about this and he mentioned something about a ten-year note for acquisition of the property. The other thing we talked about was the sales center. I don't know if the lawyers have loosened their grip so to speak but there may be some way to get the sales center as part of the CDD property. I would like to own those lots because if we ever need to expand anywhere that is the only place we have.

Mr. Arrowsmith stated it would be that or the park in the back.

Mr. Krueger stated to me that would be a lot more expensive if you have to have new facilities and more people out there to manage that than putting something here. We already have the people in the facility here. I would like to entertain the idea of finding out what it would cost us to acquire these lots, how we could finance it and possibly negotiate for it.

Mr. Cross stated I don't have a problem entertaining the idea. You can speak with Roger and see what is available to the board.

Ms. Buchanan asked the 42 lots are they already subject to debt assessments?

Mr. Arrowsmith stated yes, the ones in Phase 5 as well as the 18 cottage lots.

Mr. Payton stated you can gather the information.

Mr. Poole stated maybe the negotiations with Troon going forward somewhere I was reading that there might be some statutory requirements that might impact incentive negotiations within the contract that Katie was trying to resolve. Is that cleared up?

Mr. Krueger stated incentive compensation in the first year non-existent in subsequent years we will develop within 90 days of the year end what the matrix will be.

Ms. Buchanan stated there can be no negative incentives. We can only do positive incentives for established performance based matters.

Mr. Payton asked on the backside of the bathrooms there is a door. What is in there?

Mr. Heintzman stated there used to be cleaning supplies.

Mr. Payton stated we discussed security systems before and the limits of reach. We can put a standalone system in a closet.

Mr. Biagetti stated as long as we have direct power it can be stored on a DVR and if we need to review footage then I go to the site and look at a CD.

Mr. Payton asked can we find out from the security company what that would cost to put three or four cameras out there in each restroom?

Mr. Biagetti stated I will make sure we have everything covered.

Mr. Hermening stated a resident emailed me and another resident called me, I think this is something we sent to Troon, however, I think the board should look at. There was a discussion of having a corking fee at the clubhouse, to let people bring their own bottle of wine and pay \$15 to the club to be able to drink their own wine.

Ms. Buchanan stated we have a liquor license I'm not sure that we can do that.

Mr. Hermening stated I said I would bring it up. I see an issue with being able to monitor it. I think it is a bad idea. There was another discussion on Facebook about people being on the golf course with golfers present and our signs don't allow non-golfers out there at any time. I am not opposed and saw a sign in Savannah that said, golfers only between 7:00 a.m. and 8:00 p.m. The cart path area is open for walking or running during non-golf hours. Maybe if we had a time limit stipulating you are allowed to come out here during non-golf time it could potentially keep some kids off during golf hours.

Mr. Steiner stated that is typically a liability issue.

Ms. Buchanan stated I think the liability issue is a little negated but I understand what you are saying. It would give a non-golfer additional use of the facilities that they pay the debt service on. I would have to look into the liability and think about it and analyze it if it is something you are interested in.

Mr. Cross stated I am not interested at all.

A resident stated I live on hole no. 6 and kids in golf carts are very disruptive to my home.

Mr. Cross stated they are not allowed out there, call the police. I'm opposed to it.

A resident stated I'm very dissatisfied with the quality of work of Tree Amigos. I'm new to Florida and see all this moss in the trees and I think it is a bit excessive. Under the trees there is excessive weeds in the mulch areas, they don't clean up the curbsides after they finish their job. I don't know that they put in any mulch this year. I would also like to request an adult only section in the pool.

A resident stated the cart paths are in bad shape.

Mr. Hermening stated I am meeting with Alan this week about that.

Mr. Cross stated I thought we were already addressing this.

Mr. Hermening stated we cut the roots then stopped. We don't know what the number is yet.

A resident stated the sidewalk on Oakleaf Plantation has been ground down where the seams have buckled there are probably 30 spots that have been ground down. I think some of these spots are so severe they need to be replaced.

Mr. Cross stated I thought that had been taken care of. I think Alan said some had to be ground and some had to be replaced.

Mr. Hermening asked how many are there and what are the limitations on getting it done. I'm meeting with Alan tomorrow.

Mr. Poole asked what are the limitations of getting it done?

Mr. Andersen stated scheduling with the guy I was working with and he has been unresponsive.

Mr. Hadden stated he is a pretty busy guy but he is the best one around.

Mr. Hermening stated the wear and tear of the washout area along the cart paths was the very first thing I brought to your president's attention. Steve talked about this cart path and that is doing tremendous damage to our carts being out here. I saw the beverage cart lose a cooler on Sunday because of one.

Mr. Poole asked those areas where you need landscaping and stuff and fill, is that difficult?

Mr. Steiner stated it is a budgeting item with the staff. We try to stay on budget and payroll. In the first lease we got two greens mowers we desperately need and a sod cutter. The sod cutter you need to get sod. Alan is cutting a spot behind no. 2 and so we can get more sod put out. We do not currently have a sod cutter.

Mr. Smith stated I think there were some pie in the sky numbers in the budget and I think you need to look at that such as tennis lesson clinics in the third quarter is projected generate \$23,000 and year to date for nine months it has generated \$31,000. If we budget with those expectations we are going to be guaranteed to miss the revenue.

Mr. Cross stated our revenue increases drastically in the summer.

Mr. Smith stated if you accept this budget you are accepting a budget with false revenue expectations. There are still big patches of dirt on the driving range.

FOURTEENTH ORDER OF BUSINESS Financial Reports

A. Balance Sheet as of June 30, 2018 and Statement of Revenues and Expenses for the Period Ending June 30, 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. Cross seconded by Mr. Payton with all in favor the check register was approved.

D. Golf Report

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

FIFTEENTH ORDER OF BUSINESS Next Meeting Scheduled for Tuesday, September 4, 2018 at 6:30 p.m. at Eagle Landing Residents Club

Mr. Oliver stated the next meeting is the public hearing on September 4, 2018. Mailed notice will be going to residents and you may get some calls, we certainly will at our office.

On MOTION by Mr. Cross seconded by Mr. Hermening with all in favor the meeting adjourned at 8:35 p.m.

Secretary/Assistant Secretary

Chairman/Vice Chairman