

**MINUTES OF MEETING
SOUTHERN HILLS PLANTATION I
COMMUNITY DEVELOPMENT DISTRICT**

The Board of Supervisors of the Southern Hills Plantation I Community Development District held a Regular Meeting on April 10, 2023 at 10:00 a.m., at the Southern Hills Plantation Clubhouse, located at 4200 Summit View Drive, Brooksville, Florida 34601.

Present at the meeting were:

John McCoskrie	Chair
Brian McCaffrey	Vice Chair
Margaret Bloomquist	Assistant Secretary
Richard Pakan	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Jennifer Kilinski	District Counsel
Grace Kobitter	Kilinski Van Wyk PLLC
Chris Wallen/Joe Hamilton	Steadfast Environmental, LLC (Steadfast)
Jim McGowan	Southern Hills Plantation III Board Member

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 10:00 a.m. Supervisors McCoskrie, McCaffrey, Bloomquist and Pakan were present. Supervisor Romero was not present.

SECOND ORDER OF BUSINESS

Public Comments (*Agenda Items*)

There were no public comments.

THIRD ORDER OF BUSINESS

Update: Settlement Discussions with CDD II

This item was presented following the Fourth Order of Business.

FOURTH ORDER OF BUSINESS

Discussion: Steadfast Environmental, LLC, Waterway Inspection Reports

- A. March 2023**
- B. April 2023**

Mr. Wallen presented the Waterway Inspection Reports and discussed routine pond maintenance, which includes ongoing herbicide and algaecide applications for nuisance invasive exotic species, such as torpedograss and cattails. He noted the challenges related to waterways with reclaimed water that contains nutrients and fertilizer and discussed the proactive, concentrated treatments to prevent algae blooms by reducing phosphorus.

Referring to the map, Ms. Bloomquist stated some ponds in the upper part of the community are still listed as HOA property on the Property Appraiser's website. Mr. Calamari advised her that Property Appraisers sometimes do not update their websites; she will call Mr. Calamari again for further clarification.

Mr. Adams recalled two efforts to transfer groups of ponds to the CDD; some remained with the HOA. It was noted that the banks of some ponds are being mowed by the HOA.

Discussion ensued regarding pond locations, new construction, lake bank mowing and lakes with and without water.

Mr. McCoskrie stated the Buckner area is still not done; the final landscaping is pending.

Mr. McCaffrey stated a Pond 58A resident is concerned about pine trees and a dead oak tree possibly falling on her home. The oak tree is on her neighbor's property. Since this is not a CDD matter, he gave the resident Lennar's contact information.

Mr. McCoskrie discussed a leaning oak tree near a Lennar home on Southern Valley Loop; it is unclear on whose property the tree is located. He advised that, if it is on CDD property they might remove the tree, provided the CDD is held harmless. He recalled that \$90,000 was recently spent on culvert cleaning. He identified two areas on a map where sand needs to be removed or smoothed with a backhoe and requested a quote from Steadfast.

Mr. Wallen introduced the new Irrigation Manager and stated he was advised by Mr. McCaffrey and Mr. McCoskrie that new grass is the top priority given the recent drought. Steadfast will replace some plants for the CDD.

The Irrigation Manager provided an update about ongoing irrigation system maintenance. Mr. McCoskrie stated he will email the technicians' contact information to the Board for ongoing issues. The Irrigation Manager stated a maintenance log is used to keep track of repairs and issues; she will provide a map denoting the locations of control and shutoff valves. It was noted that Andrew has an access key and golf course staff also have a key.

Mr. McCoskrie commended Steadfast for their hard work and positive results.

- **Update: Settlement Discussions with CDD II**

This item, previously the Third Order of Business, was presented out of order.

Ms. Kilinski noted that the Interlocal Agreement has been discussed for years. Following many changes, the CDDs are close to agreeing on the final contract terms. Staff is addressing changes to the Interlocal Agreement attachment that reflects the budget amount anticipated on an ongoing basis. Under the currently approved terms of the Agreement, CDD II agrees to pay CDD I \$40,000 in consideration for back payments, due by January 31, 2024, and \$20,000 per year for the next three fiscal years. They are analyzing projected budget amounts for Fiscal Years 2025 and 2026, which are unknown. Ms. Kilinski stated that Mr. Adams prepared best estimates based on the current and a typical fiscal year, and she emailed the Exhibits to the Board and Staff. CDD II is now requesting that Fiscal Year 2025, the first year they will be paying any amounts, be capped at \$125,000. While CDD I can choose to do so, she noted it is unknown what Fiscal Year 2025 will bring and they already negotiated a cap for previous fiscal years.

Mr. McCoskrie recalled discussion about the boundaries and asked what CDD II has done with Phases 2, 3 and 4. Ms. Kilinski stated, to her knowledge, Phases 2, 3 and 4 are still in. Mr. McCoskrie noted that, a year ago, the projected expense was \$110,000 for maintaining the Boulevard, comprised of \$75,000 for landscape, \$37,000 for lighting and \$3,500 for the ponds. He discussed projections for the upcoming year, which totals \$139,000, and observed that CDD II now wants to cap the amount at \$125,000, not for this year but three years in the future.

Mr. Hamilton stated all recently installed plantings are freezeproof. Mr. McCoskrie thought CDD II wanted a cap on the current year but, with inflation, the costs in three years could be substantially higher.

Mr. McCoskrie noted that this will also come before CDD III and asked Mr. McGowan his thoughts. Mr. McGowan observed that CDD II is requesting a cap and wondered if they are placing a cap on other budget items. In his opinion, CDD II's request is unrealistic and unreasonable.

Mr. McCoskrie stated he projected \$125,000, with a 10% increase each year and suggested that, if CDD II wants a cap, CDD II should agree to \$165,000 three years from now. The alternative is to have no cap and rely on the Landscape Committee, with the understanding that it behooves all residents to examine the numbers closely and re-bid, when necessary.

Discussion ensued regarding difficulty projecting so far in advance and whether there is a True-up process that would encourage CDD II to realize it is getting value for the amount paid.

Ms. Kilinski thought that concept is incorporated in the Agreement. She suggested stating that, while CDD I not willing to cap year four, it is willing to cap this fiscal year so the outside threshold is known, subject to all provisions built in to address a catastrophic event.

Mr. McCoskrie thought, given the \$110,000 cap in Fiscal Year 2022, requesting a \$125,000 cap in four years is unreasonable. Ms. Kilinski concurred. Mr. McCoskrie suggested the Agreement be kept as is, capping this year at \$125,000 and doing a true-up at the end of each fiscal year to compare the budget versus actual, with a credit for the next fiscal year. He wants to re-emphasize that six months was spent negotiating the Committee structure, which they feel works in everyone’s best interest to keep fees as reasonable as possible.

The consensus was there is no support for a cap three years from now.

Ms. Bloomquist noted that the Developer paid to have the Boulevard redone and, in three years, the community will be more resident-owned. The Board Members agreed that the Boulevard might need revitalization in the future.

Mr. McCoskrie surmised that the Board will not agree to any cap. They have a Committee structure to ensure that they get the most reasonable cost for any maintenance, and they will do a true-up after each year so that they can be sure they paid on actual numbers on which they had input and control. Ms. Kilinski stated that is a good final and best offer.

On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, revising the Interlocal Agreement to reflect no caps on the Boulevard landscaping costs, relying on the Committee for the cost, providing for a year-end true-up for actual to budget amounts for each fiscal year with a credit or a charge for any difference, with an April 30, 2023 deadline for the Agreement to be effective April 1, 2023, with a \$20,000 payment, was approved.

Ms. Kilinski believes that the Developer funded CDD II so the check can be issued.

Mr. Pakan asked when the Committee will be formed. Ms. Kilinski stated the plan is for the Committee to meet quarterly, beginning soon after the Agreement is signed.

FIFTH ORDER OF BUSINESS

**Consideration of Steadfast Alliance
Maintenance Division Proposals**

A. #SM-E-1851 for Crape Myrtle Tree Trimming

Mr. McCaffrey stated all crape myrtle trees were trimmed, including the trees on US 41.

On MOTION by Mr. McCoskrie and seconded by Mr. Pakan, with all in favor, Steadfast proposal #SM-E-1851 for Crape Myrtle Tree Trimming, in the amount of \$3,600, was approved.

B. #SM-E-1901 for Sod Installation

Mr. McCaffrey presented the proposal to replace the Fakahatchee bed behind the entrance lane wall with St. Augustine sod. The proposal includes a not-to-exceed amount of \$2,000 for installation of irrigation but he does not believe the cost will be that high.

On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, Steadfast proposal #SM-E-1901 for Sod Installation, in the amount of \$9,575, was approved.

SIXTH ORDER OF BUSINESS

Consideration of Installation of Lifestyle Signage to Visually Promote Amenities

Discussion ensued regarding the size, cost, placement and benefits of the signs.

Mr. McCaffrey will make sure the CDD is authorized to approve the signs.

On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, the Lifestyle Signage, subject to ensuring the CDD is acting within its authority, was approved.

SEVENTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of February 28, 2023

Mr. McCoskrie noted that CDD III has not paid its Fiscal Year 2023 shared costs. Mr. Adams will research it.

Mr. McCoskrie asked why the “Due from Southern Hills III” amount was listed as \$19,350 on Page 1 and \$49,529 on Page 2. Mr. Adams stated the difference is likely in Deferred Receipts on the Balance Sheet.

Mr. McCoskrie noted the remaining balance in “Legal fees” and stated he was waiting to pay Litigation Counsel until a signed agreement is received from CDD II.

Mr. McCoskrie asked if the \$8,153 “Lake/pond bank maintenance” and \$3,411 “Landscape maintenance” amounts are reversed. Mr. Adams replied affirmatively.

Mr. McCoskrie stated, on May 1, 2023, the bond principal and interest payments will be due. He stated enough money is available to pay the A1 bond, but the A2 bond is still behind one year. Mr. Adams stated the bondholder and Trustee control the payment process; the CDD transmits the fund collected and the bondholder and Trustee make the decisions.

The financials were accepted.

EIGHTH ORDER OF BUSINESS

Approval of February 13, 2023 Meeting Minutes

Mr. Adams presented the February 13, 2023 Regular Meeting Minutes.

The following changes were made:

Line 53: Change “IIII” to “III”

Line 93: Change “gray” to “Crape”

On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, the February 13, 2023 Regular Meeting Minutes, as amended, were approved.

NINTH ORDER OF BUSINESS

Other Business

Mr. McCoskrie stated he asked Mr. Pakan to review the bond amortization issues. They are aware that at least 48 properties escheated to the County; it was necessary to review the bond documents to determine if the amortization schedules require adjustment. Mr. Pakan stated he started reviewing the bond documents and asked for additional documents from the Trustee. Thus far, his review has not revealed the need for an update or change. He discussed his findings, events that could change the amortization schedule and the stipulations in Section 816 of the Master Trust Indenture. Ms. Kilinski explained why the provision Mr. Pakan is referring to will not apply. She discussed the options available to the bondholders and noted that they are legally barred from reimposing the Debt Assessment.

Discussion ensued regarding the Debt Service Fund, remedies available to the Trustee and the CDD’s obligations.

Ms. Kilinski stated the CDD notified the bondholders about the potential for escheatment three years prior and the bondholders never intervened.

Mr. McCoskrie questioned several revisions to the amortization schedules. Mr. Pakan stated he was informed that it is due to prepayments. Mr. Adams stated these changes are made at the discretion of the bondholders working with the Trustee; if they want to adjust now or to defer, it is at the discretion of the bondholders and the Trustee, who are kept informed electronically via automated systems.

Ms. Kilinski stated it is important to remember that the bondholders cannot reassess property or disproportionately impact the property of others. Meaning, homeowners are not going to pay for the difference between what is outstanding in bond principal and assessments.

Mr. Pakan stated it is clearly in the hands of the Trustee. Mr. Adams stated any monies collected for Operation & Maintenance (O&M) assessments not used for those purposes can be reapplied. Mr. McCoskrie thanked Mr. Paan for his research. Ms. Kilinski recalled that the outstanding O&M assessments were reviewed in negotiating the repayment agreement.

Mr. Adams noted any monies remaining in bond reserve funds in the final year are utilized to make the final payment.

TENTH ORDER OF BUSINESS

Staff Reports

- A. District Counsel: *Kilinski | Van Wyk PLLC***
- B. District Engineer: *Coastal Engineering Associates, Inc.***
- C. District Manager: *Wrathell, Hunt and Associates, LLC***
 - **NEXT MEETING DATE: May 8, 2023 at 10:00 AM [Presentation of Fiscal Year 2024 Budget]**
 - **QUORUM CHECK**

There were no reports from Staff.

ELEVENTH ORDER OF BUSINESS

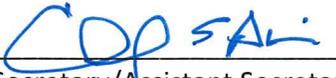
Supervisors' Requests

There were no Supervisors' requests.

TWELFTH ORDER OF BUSINESS

Adjournment

On MOTION by Mr. McCoskrie and seconded by Mr. McCaffrey, with all in favor, the meeting adjourned at 11:33 a.m.


Secretary/Assistant Secretary


Chair/Vice Chair