

**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 6**

A Budget Workshop of the Board of Supervisors of Village Community Development District No. 6 was held on Tuesday, May 18, 2021 at 9:30 a.m. in the Ashley Wilkes Room at the Savannah Center, 1545 N. Buena Vista Blvd., The Villages, Florida 32162.

Board members present and constituting a quorum:

John Calandro	Chairman
Peter Moeller	Vice Chairman
Linda Grzesik	Supervisor
Tom Griffith	Supervisor
Andy Curtis	Supervisor

Staff Present:

Richard Baier	District Manager
Kenny Blocker	Deputy District Manager
Bruce Brown	District Property Management Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Candice Harris	Deputy District Clerk

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Chairman Calandro called the meeting to order at 9:41 a.m. and stated for the record that all Board Supervisors were present representing a quorum.

B. Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

C. Observation of Moment of Silence

The Board observed a moment of silence for those who served their Country and community.

D. Welcome Meeting Attendees

The Board welcomed all those in attendance at the Village Community Development District (VCDD) No. 6 Budget Workshop.

**SECOND ORDER OF BUSINESS: Budget Review: Fiscal Year 2021/2022
Recommended Budget**

Barbara Kays, Budget Director, advised that a budget packet was provided to the Board. Ms. Kays presented a PowerPoint presentation overview of the Proposed Budget for Fiscal Year 2021/2022 and highlighted the following:

Economic Forecast

Ms. Kays advised that some considerations were taken when preparing the budgets. The Consumer Price Index (CPI) in March 2021 was 2.62% and in April it was 4.16%. The CPI can impact the cost of items. Considerations of the economy include interest rate fluctuations, COVID-19 impacts, supply chain disruptions, price increases for raw materials and the shortage of supplies, as well as the continued growth of The Villages. She advised another consideration is the minimum wage increase and how it affects the contractors and vendors.

Fiscal Year 2021/2022 Revenues

- Maintenance Assessments levels have been kept at the same rate as the current fiscal year.
- An increase of \$167,732 has been budgeted to the Interest/Miscellaneous revenue line item for unrealized gains, which is a change to the budget process.
- The total Operating Revenue has an increase of 5.2% due to the increase for the unrealized interest income.
- Usage of Working Capital has a decrease of \$117,172, which is a result of a transfer into the Reserve Funds.
- Usage of Restricted Capital Project Phase I funds in the amount of \$7,204 and Restricted Capital Project Phase II funds in the amount of \$1,452.
- The District's total budgeted revenues are \$2,907,916.

Fiscal Year 2021/2022 Expenditure Comparison

- Project Wide Fund (PWF) cost allocation is \$2,016,654 or 55% of the total budget.

- Transfers to Reserve Funds account for \$600,000 or 16% of the total budget.
- Professional Services expenditures account for \$386,363 or 11% of the total budget.
- Utility Services expenditures account for \$303,851 or 8% of the total budget.
- Repair and Maintenance expenditures account for \$336,031 or 9% of the total budget.
- Personnel & Operating expenditures account for \$32,636 or 1% of the total budget.
- Fiscal Year 2021/2022 recommended budget for appropriations is approximately a \$50,560 or a 1.4% increase, which is the result of an increase of \$100,000, for a total of \$600,000, of transfers to the Reserve Funds.

Fiscal Year 2021/2022 Expenditure Variances

- A 5% (\$9,760) placeholder has been budgeted for Management Fees and Tech Services.
- An increase of \$32,844 has been budgeted for the District's Deed Compliance cost allocation, which is a result of the increase in the number of Deed Restrictions complaints and Architectural Review Committee (ARC) applications submitted.
- A decrease of \$42,975 has been budgeted for Building/Structure Maintenance Services because of the completion of wall and entry painting in the current year.
- A decrease of \$34,450 has been budgeted for the Landscape Maintenance- Non-Recurring as a result of the completion of plant replacement of older landscape at villas entries and cul-de-sacs during the current year.
- A decrease of \$12,164 was budgeted for the Other Maintenance line item because tree maintenance related items have been transferred to the Landscape Maintenance- Non-Recurring line item.
- PWF cost allocation for Fiscal Year 2021/2022 is \$2,016,654, which is a decrease of .1% or \$2,463. The District 6 assessable acreage includes is 1,440.31 acres or 13.87% of the overall assessable acreage within the PWF. The Project Wide Fund spreads the cost and risk related to the common infrastructure and facilities which provide a benefit to all residents in the community.

Five Year Capital Improvement Plan

- Fiscal Year 2021/2022 - \$18,070 for villa wall & entry painting.

- Fiscal Year 2022/2023 - \$76,789: \$16,007 for villa wall & entry painting, \$7,590 for fence painting and \$53,192 for road rejuvenator.
- Fiscal Year 2023/2024 - \$109,919: \$38,715 for villa wall & entry painting, \$3,106 for fence painting and \$68,098 for road rejuvenator.
- Fiscal Year 2024/2025 - \$126 for villa wall & entry painting.
- Fiscal Year 2025/2026 - \$27,301 for villa wall & entry painting.

Working Capital and Reserve Balances

Ms. Kays advised that as part of the Fiscal Year 2021/2022 budget process, Staff is reviewing the District's Working Capital and Reserve Balances in preparation of the Board discussing the potential development of a formal policy or guidelines to establish appropriate minimum levels of Working Capital and Reserve Fund Balances. The current District 6 Board direction is to maintain an approximate \$1.5 million balance in Working Capital and to transfer surplus in to General R & R Reserves. Last year the Board approved combining the Road R & R with the General R & R as restricted funds were available for capital road projects. Ms. Kays advised that the Governmental Accounting Standards Board (GASB) Statement 34 and 54 established and further defined fund balance categories to provide users with a better understanding of the purposes for the particular funds. Currently there are three (3) categories that are utilized:

- Unassigned: Relates to the Working Capital balance. These are funds that have not been assigned to other funds, and are not restricted, committed or assigned to a specific purpose within the General Fund, which are considered to be unrestricted funds.
- Committed: The General R & R Reserve Fund balance and Road R & R Reserve balances are considered committed, as they are to be used for specific purposes as identified by the Board, which are considered to be restricted funds.
- Restricted: The funds are restricted for capital improvements only within the specific phase (Bond Refunding).

Ms. Kays stated that each year the Working Capital and Reserve Fund balances are reviewed during the annual budget process, and advised that the initial beginning balance is based on the prior year-end audited financial statements. For Fiscal Year 2021/2022 the Working Capital estimated ending balance is \$2.9 million and a transfer of \$600,000 has been budgeted to the General R&R. Ms. Kays

reviewed the definition of Working Capital and its uses and advised that it equals the current assets less the current liabilities, which are unassigned and/or unrestricted. The Working Capital estimated ending balance exceeds the recommended four (4) months of operating revenues. The General R & R Reserve Fund estimated ending balance as of September 30, 2022 is \$9.2 million and are utilized to fund emergency/unforeseen expenditures i.e. hurricane/weather damages, depression repairs etc., to fund replacement and new capital projects for sustainability, aesthetics, technology and other criteria as identified by Board of Supervisors and it places the District in better standing with Bond Rating agencies as they look at reserve levels when rating current and future debt.

Staff has reviewed Governmental Finance Officers Association best practices, and various policies for Reserves minimum levels, and provides the following options for the Board's consideration:

- Minimum reserves equal to a percentage of Net Asset Value on prior year audit: Fiscal Year 2019/2020 Net Asset Value \$1.4 million/District 6 Owned and Project Wide Maintained \$7.3 million; 10% of Net Asset Value is \$140,000/Total Combined \$870,000, 15% of Net Asset Value is \$210,000/Total Combined \$1.3 million and 20% of Net Asset Value is \$280,000/\$1.7 million.
- Annually transfer an amount based on a percentage of the prior year's depreciation costs of the District's assets. Fiscal Year 2019/2020 depreciation: \$2.5 million; an annual transfer of 50% would be \$1.2 million, an annual transfer of 75% would be \$1.9 million and an annual transfer of 100% would be \$2.5 million.

Ms. Kays reviewed the Working Capital & Reserve Assumptions which is based on maintaining the maintenance assessments at the same rate. At the end of 5 years there would be an ending balance of approximately \$1.6 million in the Working Capital and an estimated ending balance of \$11.4 million in General R & R. The Phase I Restricted Capital Project Fund estimated ending balance in Fiscal Year 2025/2026 is \$4.8 million and the estimated ending balance for the Phase 2 Restricted Capital Project Fund is \$1.2 million.

Maintenance Assessment Rates

Ms. Kays provided a historical overview of the District's maintenance assessment history and advised as information that a 1% decrease to the maintenance results in \$29,076 reduction of maintenance assessment revenue, and 20% decrease equals a \$581,523 reduction. As information, Ms.

Kays reviewed that a 10% decrease to the maintenance assessment level in the current fiscal year, in Fiscal Year 2030/2031 the estimated ending balance in Working Capital would be \$506,131 and \$9,791,753 in the General R & R, for a combined total of \$10.3 million; a 15% decrease to the maintenance assessment level would result in a negative estimated ending balance in Fiscal Year 2030/2031 balance of \$278,229 in Working Capital and the General R&R balance of \$8,991,753, for a combined total of \$8.7 million and a 20% decrease to the maintenance assessment level would result in a negative ending balance of \$1.5 million in Working Capital and a General R&R balance of \$8.6 million, for a combined total of \$7 million. The District's Restricted Capital Funds are available to complete necessary mill and overlay projects.

Supervisor Griffith provided an overview of the budget presentation that was made to the Project Wide Advisory Committee (PWAC) during their meeting held on May 10, 2021 and advised that the major source of funding for the PWF is the cost allocations from the participating Districts, which are based on the assessable acreage. The PWF total expenditures for Fiscal Year 2020/2021 are \$14 million and the requested budget for Fiscal Year 2021/2022 is \$17.4 million, which includes the costs associated with the Morse Boulevard embankment revetment project. The direction provided by the PWAC is to maintain at least three (3) months of operating expenditures in Working Capital and the General R & R. As per the decision made by the participating Districts, the PWAC is no longer budgeting a transfer to the General R & R Reserves, and all participating Districts are responsible for transferring requested funds, should there be a need and a request received from the PWAC.

Supervisor Grzesik inquired if when the second PWAC is created if the District 6 costs would increase. Mr. Baier advised that the final data is not currently available.

Chairman Calandro referred to the PWF Other Maintenance line item and requested that the Board be provided with a listing of the projects and costs included in that line item.

Following a review of the existing maintenance assessment ranges and the impacts to the Working Capital and General R&R level is the Board proceeded with a reduction to the maintenance assessment level, the consensus of the Board was to maintain the existing level of maintenance assessments for Fiscal Year 2021/2022.

Debt Service Funds

- 2013 Assessment Bond Fund – Expenditure Total - \$3,797.369

- 2017 Assessment Bond Fund – Expenditure Total - \$2,648,184

Ms. Kays stated that if the Board does not have any changes to the proposed Fiscal Year 2021/2022 budget or the same maintenance assessment rate as presented today, the Board will be asked to approve the Proposed Budget at the meeting held on June 4, 2021. A Public Hearing will then be held on September 3, 2021 at which time the Board will formally adopt the final budget and final maintenance assessment rate.

THIRD ORDER OF BUSINESS: District Manager Reports

There were no District Manager Reports.

FOURTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

FIFTH ORDER OF BUSINESS: Supervisor Comments

There were no Supervisor Comments.

SIXTH ORDER OF BUSINESS: Audience Comments

There were no Audience Comments.

SEVENTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 11:08 a.m.

On MOTION by Linda Grzesik, seconded by Tom Griffith, with all in favor, the Meeting was adjourned

Richard J. Baier
Secretary

John Calandro
Chairman

