

**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 9**

A Workshop of the Board of Supervisors of Village Community Development District No. 9 was held on Monday, May 17, 2021 at 8:00 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:

Jack Reimer	Chairman
Don Hickman	Vice Chairman
Steve Brown	Supervisor
Michael Dollard	Supervisor
Dan Ruehl	Supervisor

Staff Present:

Kenny Blocker	Deputy District Manager
Bruce Brown	District Property Management Director
Barbara Kays	Budget Director
Anne Hochsprung	Finance Director
Jennifer Farlow	District Clerk

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Chairman Reimer called the meeting to order at 8:00 a.m. and stated for the record that all 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. 9 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 Assessment levels have been kept at the same rate as the current fiscal year.
- An increase of \$147,078 has been budgeted for the District's unrealized gains under the Interest/Miscellaneous revenue line item, which is a change to the budgeting process.
- The District's revenues exceed the expenditures by \$1,235,376; therefore, a transfer to Working Capital has been budgeted.

District 9 Expenditures

- The Project Wide Fund (PWF) cost allocation is \$1,653,161 or 56% of the total budget.
- Transfers to Reserve Funds account for \$200,000 or 7% of the total budget.
- Professional Services account for \$353,126 or 12% of the total budget.
- Utility Services account for \$219,685 or 7% of the total budget.
- Repair and Maintenance projects account for \$313,644 or 11% of the total budget.
- Capital Outlay projects accounts for \$177,326 or 6% of the total budget.

- Personnel & Operating accounts for \$38,524 or 1% of the total budget.

Fiscal Year 2021-2022 Expenditure Comparison

- The total appropriations show a decrease of \$1,043,182 or a 26.1% decrease, which is due to a decrease to the reserves.

Project Wide Allocation

The Fiscal Year 2021/2022 recommended budget for the District 9 PWF cost allocation is \$1,653,161, which is a decrease of \$3,126 or .2% decrease. The District 9 assessable acreage is 1,181.38 acres or 11.37% of the total PWF assessable acreage. The purpose of the PWF is to spread the cost and risk of the common infrastructure and facilities that benefit all residents in the community. The allocation is based on assessable acreage of the District, which is the same methodology used for the annual maintenance assessment and bond assessment.

Fiscal Year 2021-2022 Expenditure Variances

- A 5% or \$8,901 placeholder has been budgeted for Management Fees, which is a reduction from the 10% placeholder utilized in previous years.
- The Deed Compliance cost allocation has a budgeted increase of \$5,925, due to an increase in the number of deed compliance complaints received and the Architectural Review Committee (ARC) applications submitted for the 12 months prior.
- An increase of \$99,034 has been budgeted in the Building/Structure Maintenance line item to address villa road rejuvenator.
- The Landscape Maintenance - Non-Recurring line item has a decrease of \$24,050 budgeted, which is the result of the completion of plant replacement projects for villa entries and cul-de-sacs.

Fiscal Year 2021-2022 Capital Projects

Bruce Brown, District Property Management Director, advised that the roads in Atwood Villas are prematurely deteriorating; water is getting under the pavement and causing the decay of the asphalt layers. Mr. Brown advised that \$177,326 has been budgeted to complete a 2" mill and overlay of these roadways in Fiscal Year 2021/2022, but this will not be completed until the drainage issue is corrected. Mr. Brown advised that Staff has communicated with the Developer about the rapid deterioration, and a review of the drainage and roadways is being completed.

Five Year Capital Improvement Plan

- Fiscal Year 2021/2022 - \$289,854: \$177,326 for the Atwood Villa roads mill and overlay, \$97,343 for road rejuvenator and \$15,185 for villa wall & entry painting.
- Fiscal Year 2022/2023 - \$8,175 for villa wall & entry painting.
- Fiscal Year 2023/2024 - \$7,224 for road rejuvenator
- There are currently no capital projects scheduled for Fiscal Year 2024/2025 and Fiscal Year 2025/2026.

Working Capital and Reserve Balances

Ms. Kays provided an overview of this Board's review and consideration of the Working Capital and Reserve Fund balances:

- At the May 2020 Budget Workshop, the Board was provided with the Fiscal Year 2020/2021 Proposed Budget, a draft of the 5-year CIP and the Working Capital and Reserve Fund Balances.
- In September 2020, the Board adopted the Final Fiscal Year 2020/2021 Budget.
- In December 2020, Staff presented the Working Capital and Reserve Fund Policy/Guidelines which reviewed definitions, usage and current status, provided guidelines provided by the Government of Finance Officers Association (GFOA), other governmental entities, other Villages' Districts' policies and direction and reviewed the District 9 information and options i.e. annual depreciation, Fixed Asset values
- The Net Fixed Asset Report provided an estimated breakdown of District 9 assets by areas of maintenance responsibility i.e. District 9, PWF, Sumter County (Roads).
- In April 2021 Staff provided recommendations for discussion, and the Board provided direction to proceed with Staff's recommendations for the Fiscal Year 2021/2022 Budget.

Ms. Kays advised that in response to the Board's direction, Staff has utilized the following levels for the FY 21/22 Budget:

- Working Capital: Maintain six (6) months of budgeted operating expenses - \$1.25 million
- General Reserves: Based on Fixed Asset Record Split - \$8 million reserves to address District 9 infrastructure and \$5 million addresses District 9-owned PWF infrastructure.

- Road Reserves: Based on estimated mill and overlay costs for the next 10 years - \$2.5 million.

Ms. Kays advised transfers would be made during the current year. In Working Capital, the ending balance would become \$1.3 million and \$13 million in General R & R. Funds would also be moved into Roads R & R in the amount of \$500,000, and \$2 million would be moved from surplus working capital into the Road R & R.

Maintenance Assessments

Ms. Kays provided an overview of the District 9 maintenance assessment history, 15 year projections and presented three (3) scenarios for the Board's consideration:

- Scenario 1 – Maintains the maintenance assessment rates at the current level. At the end of the 15 years, the estimated ending balance of Working Capital is \$17 million, the General R & R estimated ending balance is \$13 million and the estimated ending balance of the Road R & R is \$3 million. Ms. Kays stated that a balance of \$17 million in Working Capital is not the direction the Board has been discussing.
- Scenario 2 - Includes a 20% reduction to the current maintenance assessments level. At the end of the 15 years, the estimated ending balance of Working Capital is \$7 million, the estimated ending balance of the General R & R is \$13 million and the estimated ending balance of the Road R & R is \$3 million.
- Scenario 3 - Includes a 30% reduction to the current maintenance assessments. At the end of the 15 years, the estimated ending balance of Working Capital is \$2 million, the estimated ending balance of the General R & R is \$13 million and the estimated ending balance of the Road R & R is \$3 million.

Ms. Kays advised that a maintenance assessment schedule has been provided to the Board and provides the impacts of the maintenance assessment scenario decreases this results in a reduction for villa home units of \$120-\$145, home units of \$220-\$245 and premier home aunits of \$440 - \$475. Staff responded to Supervisors' inquiries.

Dan Warren, Village of Gilchrist, re-adressed his concerns with the Board about the reserve fund levels being retained by the District, and stated that it is his opinion that the Working Capial and General R & R balances should be reduced, in addition to the current maintenance assessment levels. Mr.

Warren recommended that the Board maintain a balance of \$8 million in the Working Capital and Reserve Funds and reduce the existing maintenance fee level by 50%.

A resident of Mission Hills voiced concern that the residents of the Lofts will have the benefit of the District's large reserve funds, and potentially reduced maintenance assessment level, but have not assisted in building the District's reserve fund levels, as residents who have resided in the District for many years have done.

Following discussion of the Board and Staff, the Board directed Staff to proceed with Option 2 at a 20% reduction.

Debt Service Funds

Ms. Kays advised that the Debt Service Funds are as follows:

- 2021 Special Assessment Bonds – Expenditure Total: \$3,244,756
- 2012 Special Assessment Bonds – Expenditure Total: \$3,745,968
- 2016 Special Assessment Bonds – Expenditure Total: \$104,506

Ms. Kays advised that Staff will request that the Board approve the proposed budget and the maintenance assessment rates at the June 3, 2021 meeting. A Public Hearing will be held on September 2, 2021 at which time the Board will adopt the Fiscal Year 2021/2022 Budget and capital improvement plan.

THIRD ORDER OF BUSINESS: District Manager Reports

There was no District Manager Report.

FOURTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

FIFTH ORDER OF BUSINESS: Supervisor Comments

There were no additional Supervisor Comments.

SIXTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 9:09 a.m.

On MOTION by Don Hickman, seconded by Steve Brown, with all in favor, the Meeting was adjourned
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Richard J. Baier
Secretary

Jack Reimer
Chairman