

**MINUTES OF MEETING
VILLAGE COMMUNITY
DEVELOPMENT DISTRICT NO. 4**

A Budget Workshop of the Board of Supervisors of Village Community Development District 4 was held on Tuesday, May 25, 2021 at 2:00 p.m. at the Savannah Regional Recreation Center, 1545 Buena Vista Blvd., The Villages, Florida, 32162.

Board members present and constituting a quorum:

Jim Murphy	Chairman
Cliff Wiener	Vice Chairman
Mark Hayes	Supervisor
Don Deakin	Supervisor
Cary Sternberg	Supervisor

Staff Present:

Carrie Duckett	Assistant District Manager
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 Murphy called the meeting to order at 2:00 p.m. and stated for the record that all Supervisors were present representing a quorum.

B. Pledge of Allegiance

Chairman Murphy led the Pledge of Allegiance.

C. Observation of a Moment of Silence

The Board and audience members in attendance observed a moment of silence for those who have served our Country and community.

D. Welcome Meeting Attendee

Chairman Murphy welcomed all those residents in attendance at the Village Community Development District (VCDD) No. 4 meeting.

E. Public Comment Period

No public comments were received.

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

Barbara Kays, Budget Director, presented a PowerPoint presentation overview of the Proposed Budget for Fiscal Year 2021/2022 and highlighted the following:

Economic Forecast

Ms. Kays advised that the Consumer Price Index (CPI) in March 2021 was 2.62% and in April it was 4.16%, which could impact the cost of some items. Additional considerations of the economy include interest rate fluctuations, COVID-19 related impacts, the potential impact the minimum wage increase may have on the contractors and vendors, supply chain disruptions, price increases for raw materials and the shortage of supplies, as well as the continued growth of The Villages.

Fiscal Year 2021/2022 Revenues

- Maintenance Assessment levels have been kept at the same rate as the current fiscal year.
- The Marion County Hwy 42 revenue line item has been reduced by \$18,257 (-23.1%) due to the completion of the irrigation project in the current fiscal year.
- Phillips Court Agreement has been kept at the same of \$730.
- DS Assessment Phillips Court revenue line item is \$25,468, which is a decrease of \$6,078.
- Interest Income has been increased by \$76,236. This is a result in a change in the budgeting process, which not includes budgeting unrealized gains.
- Usage of funds from Working Capital increased by \$302,013.
- Usage of General R&R funds increased by \$6,030.
- Usage of Roads R&R funds decreased in the amount of \$143,964.
- Usage of Capital Projects Phase I increased by \$29,074.
- Usage of Capital Projects Phase II decreased by \$29,092.

- The District's total budgeted revenues are \$2,784,319, which is an increase of \$51,901 (1.9%).

Fiscal Year 2021/2022 Expenditure Comparison

- Repair and Maintenance accounts for \$1,786,641 or 50% of the total budget.
- Infrastructure accounts for \$462,218 or 13% of the total budget.
- Transfers account for \$450,000 or 13% of the total budget.
- Professional Services account for \$478,810 or 13% of the total budget.
- Utility Services account for \$261,860 or 7% of the total budget.
- Personnel & Operating accounts for \$128,301 or 4% of the total budget.
- Fiscal Year 2021/2022 recommended budget for appropriations is approximately \$3,567,830 or a 6.5% increase. This is tied to the increase of \$300,000 in the repair and maintenance account.

Fiscal Year 2021/2022 Expenditure Variances

- A 5% (\$13,654) placeholder was included for Management Fee and Technical Services.
- Engineering Services: A \$10,000 decrease has been budgeted due to the tunnel inspections taking place every two years.
- Other Professional Services: A decrease of \$27,623 was budgeted based on the KCA report costs in Fiscal Year 2020/2021.
- Building/Structure Maintenance: An increase of \$54,572 was budgeted for road rejuvenator and wall/sign painting per the Capital Improvement Plan (CIP).
- Landscape Maintenance (Recurring): An increase of \$281,061 was budgeted due to landscaping contract renewals.
- Landscape Maintenance – Non-Recurring: An increase of \$43,000 has been budgeted due to the tree maintenance costs being moved from the Other Maintenance account.
- Other Maintenance: A decrease of \$50,602 was budgeted due to tree maintenance expenditures being transferred to Landscape Maintenance-Non-Recurring.
- CR 42 Expense: A decrease of \$27,250 was budgeted as a result of the completion of the irrigation system upgrade in the current fiscal year.
- Infrastructure: A decrease of \$143,318 was budgeted to address mill and overlay projects per the District's CIP.

Fiscal Year 2021/2022 Capital Projects

- Belle Meade East Mill and Overlay Project: \$417,551 from Road R & R and \$44,667 from Restricted Phase I.

Five Year Capital Improvement Plan

- Fiscal Year 2021/2022 - \$812,073: \$7,000 for fence painting, \$27,484 for villa & tunnel wall painting, \$527,589 for road mill & overlay and rejuvenator projects and \$250,000 for other projects identified.
- Fiscal Year 2022/2023 - \$657,618: \$2,170 for fence painting, \$15,247 for villa & tunnel wall painting, \$490,201 for road mill & overlay and rejuvenator \$150,000 and other projects identified.
- Fiscal Year 2023/2024 - \$460,259: \$2,456 for fence painting, \$11,853 for villa & tunnel wall painting, \$345,950 for road mill & overlay and rejuvenator and \$100,000 for other projects identified.
- Fiscal Year 2024/2025 - \$375,457: \$15,467 for fence painting, \$3,303 for villa & tunnel wall painting, \$256,687 for road mill & overlay and rejuvenator and \$100,000 for other projects identified.
- Fiscal Year 2025/2026 - \$512,709: \$7,000 for fence painting, \$19,213 for villa & tunnel wall painting, \$386,496 for road mill & overlay and rejuvenator and \$100,000 for other projects identified.

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.

Ms. Kays advised that per review of 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. The Fiscal Year 2021/2022 Budget includes a General R&R transfer of \$50,000 and a Roads R&R transfer of \$400,000. 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 as of September 30, 2022 is \$1,312,943 which exceeds the recommended four (4) months of operating revenues. The General R & R Reserve Fund estimated ending balance as of September 30, 2022 is \$510,000 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. The Road R & R estimated ending balances as of September 30, 2022 is \$989,000. The Road R & R Reserves are utilized for mill and overlay of villa road capital projects. The Restricted Capital Project 2010 Phase I and 2012 Phase II funds can only be used for capital improvements within that phase. These funds are utilized first when funding capital improvements, as reviewed during the annual budget process. The estimated 2010 Phase I balance as of September 30, 2022 is \$0 and the estimated 2012 Phase II balance is \$24,000. 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 \$17.4 million; 10% of Net Asset Value is \$1.7 million, 15% of Net Asset Value is \$2.6 million and 20% of Net Asset Value is \$3.5 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: \$890,000; an annual transfer of 50% would be \$445,000, an annual transfer of 75% would be \$668,000 and an annual transfer of 100% would be \$890,000.

Ms. Kays reviewed the Working Capital & Reserve Assumptions which are based on keeping the maintenance assessments at the same rate. At the end of five (5) years the Working Capital estimated ending balance would be \$1.4 million, the General R&R estimated ending balance would be \$609,352 in General R & R and the Roads R&R estimated ending balance would be \$1.3 million. The Restricted Capital Project Funds for Phase I and Phase II will have a \$0 balance.

Maintenance Assessments

Ms. Kays advised provided a historical overview of the District's maintenance assessment levels and advised that Staff is not recommending an increase to the maintenance assessment levels for Fiscal Year 2021/2022. Following discussion, the Board directed Staff to maintain the maintenance assessment levels at the current level.

Debt Service Funds

Ms. Kays advised the Debt Service Fund has three phases and total expenditures.

- 2010 Assessment Bonds – Ending Balance - \$563,659
- 2012 Assessment Bonds – Ending Balance - \$137,429
- 2016 Assessment Bonds – Ending Balance - \$26,731

Ms. Kays stated that if the Board does not have any changes to the proposed Fiscal Year 2021/2022 budget or the proposed maintenance assessment rate, as presented today, the Board will be asked to approve the Proposed Budget at the meeting held on June 11, 2021. A Public Hearing will then be held on September 10, 2021 at which time the Board will formally adopt the final budget and final maintenance assessment rate.

Vice Chairman Wiener inquired when the multi-modal paths were scheduled to be re-stripped. Bruce Brown, District Property Management Director, advised that \$25,000 is included in Fiscal Year

2021/2022 budget and the Fiscal Year 2025/2026 to complete necessary re-striping throughout the District.

Supervisor Deakin requested that when the re-striping occurs that the length of the stripes remain the same. Mr. Brown advised that Staff would ensure that occurs.

Chairman Murphy requested that the appropriate reflective beading be utilized. Mr. Brown advised that DPM will ensure that the striping is applied per the specifications of the contract.

THIRD ORDER OF BUSINESS: Supervisor Comments

A. Committee Updates

a. Investment Advisory Committee: Primary – Jim Murphy, Alternate – Mark Hayes

Chairman Murphy advised there was no Investment Advisory Committee update to be provided.

b. Multi-Modal Path Discussion Group: Cliff Wiener

There was no Multi-Modal Path Discussion Group (MMPDG) update to be provided.

c. Liaison to MCSO and VPSD: Mark Hayes

Supervisor Hayes advised there were no updates to be provided.

d. Liaison to MCBOCC: Don Deakin

Supervisor Deakin advised that the Marion County Board of County Commissioners (MCBOCC) held a meeting to discuss the development of the 40 acres on CR 42 and subsequently voted not to approve the proposal.

Supervisor Deakin stated that the Ground Breaking Ceremony for the First Responders Recreation Center would be held on May 26, 2021 at 9:30 a.m., and advised that the Clearview Avenue entrance will remain open only to golf cars.

Supervisor Deakin stated that he is considering whether to begin holding the District 4 Q & A in the July or September timeframe and requested a COVID-19 update. Carrie Duckett, Assistant District Manager, advised that on June 1, 2021 information will be publicized about the upcoming operational changes for the District's facilities. In response to Supervisor Deakin's inquiry, Ms. Duckett advised that the District Office doors will be unlocked beginning June 1, 2021, but residents could continue to make appointments. The wearing of masks will be a personal preference based on CDC guidelines.

FOURTH ORDER OF BUSINESS: District Manager Reports

There were no additional District Manager Reports.

FIFTH ORDER OF BUSINESS: District Counsel Reports

There were no District Counsel Reports.

SIXTH ORDER OF BUSINESS: Public Comment Period

There was no public comment received.

Supervisor Sternberg stated that he believes it was inappropriate for Supervisor Deakin to identify himself as a Supervisor of this Board at the MCBOCC meeting, which would indicate that he speaks on behalf of this Board. Additionally, a meeting to receive resident input on this proposal was not held, which also made it inappropriate for Supervisor Deakin to indicate to the MCBOCC that he was speaking on behalf of the residents of District 4. Supervisor Sternberg stated he would encourage all residents to attend the MCBOCC meetings to provide their personal opinion.

Supervisor Deakin stated that he believes the vast majority of residents have made it clear that they are in favor of the commercial portion of the plan, but against the development of apartments on the property. Ms. Duckett advised that included within the District's Rule pertaining to General Policies and Procedures it states that "No individual Board Supervisor shall direct the District Manager or District Staff to perform extensive research, take action on a policy matter, or make representations on behalf of the Board without formal direction from the collective Board of Supervisors at a meeting. No individual Board Supervisor may speak to an outside entity or person on behalf of the Board without receiving authorization from the Board at a meeting."

Supervisor Wiener concurred with Supervisor Sternberg and stated that a Board Supervisor should not identify themselves as a Supervisor, unless the Board has requested that they attend a function on behalf of the District.

Supervisor Deakin stated that the MCBOCC recognize him as a Supervisor, and the District's Liaison.

Supervisor Sternberg clarified that sharing data with the MCBOCC is acting as a Liaison, but sharing a personal opinion about a political issue that has not been addressed by this Board is inappropriate.

Chairman Murphy stated that Supervisor Deakin has been advised to attend future meeting as a private citizen, and not identify himself as a Supervisor of District 4.

SEVENTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 3:28 p.m.

On MOTION by Cliff Wiener, seconded by Mark Hayes, with all in favor, the Board adjourned the meeting.

Richard J. Baier
Secretary

James Murphy
Chairman