

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

The Boards of Supervisors of the Southern Hills Plantation I Community Development District, Southern Hills Plantation II Community Development District and Southern Hills Plantation III Community Development District held a Joint Public Meeting on November 29, 2022, at 10:00 a.m., at the Southern Hills Plantation Clubhouse, located at 4200 Summit View Drive, Brooksville, Florida 34601.

Present for Southern Hills Plantation I were:

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

Present for Southern Hills Plantation II were:

Jon Franz	Board Member
Cheryl Bernal	Board Member
Matt Pallardy	Board Member

Present for Southern Hills Plantation III were:

Jim McGowan	Chair
Bruce Noble	Vice Chair
Ellen Johnson	Assistant Secretary
Margaret Bloomquist	Assistant Secretary

Also present were:

Chuck Adams	District Manager, SHP I & SHP III
Lauren Gentry	District Counsel, SHP I
Brian Lamb	District Manager, SHP II
Michelle Reiss	District Counsel, SHP II
Jennifer Kilinski	District Counsel, SHP III
Wesley Chen (via telephone)	

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 10:01 a.m.

For Southern Hills Plantation I CDD (SHP I), all Supervisors were present.

Supervisors Frantz, Bernal and Pallardy were present for Southern Hills Plantation II CDD (SHP II).

Supervisors Noble, McGowan, Johnson and Bloomquist were present for Southern Hills Plantation III CDD (SHP III). Supervisor Miars was not present.

SECOND ORDER OF BUSINESS

Public Comments (*Agenda Items*)

No members of the public spoke.

THIRD ORDER OF BUSINESS

**Discussion: Cost-share Interlocal
Agreement Pertaining to the Operation
and Maintenance of Southern Hills**

Ms. Gentry stated this joint public meeting is being held because Florida Statute requires governmental entities that have a dispute to engage in conflict resolution processes before the matter can be brought to a court for resolution. This meeting is to allow the Boards of SHP I, SHP II and SHP III to talk through outstanding issues related to the Interlocal Maintenance Agreement that has been discussed at length in recent months. She distributed the updated, most recent redlined version of the proposed Agreement and stated Ms. Kilinski accepted some changes and provided comments on changes that still need to be resolved.

Ms. Reiss stated, from SHP II's perspective, there are four main issues.

The consensus was to discuss the four issues before reviewing the Agreement.

Ms. Reiss stated all parties agree that the Boulevard needs to be maintained and the issue is how to decide what is fair for each of the CDDs to do. She stated the Agreement was drafted by the Developer in 2004 and the CDDs evolved differently than originally contemplated. For ease of reaching a resolution, she suggested essentially starting from scratch regarding the Agreement. Fundamentally, in her opinion, the three CDDs utilize and should share in maintaining the Boulevard and the question is how to apportion that and how to decide what is appropriate maintenance because, over the duration, SHP I provided the bulk of the maintenance and determined the level of maintenance required. SHP II wants to ensure that, if an Agreement is made to apportion the cost, SHP II will also have a say regarding the level of maintenance and the expense.

A Board Member voiced their opinion that it should be understood that the level of maintenance is not what SHP I desired; it is what SHP I could afford with the funds available.

Ms. Reiss noted that, if any of the CDDs desires a much higher level of maintenance, it will come at a higher cost on which all three CDDs and owners should agree. If some want a higher level of maintenance, those CDDs can voluntarily contribute more but the same cannot be forced on the other CDDs. The CDDs must decide on the minimum acceptable level of maintenance agreeable for all three CDD, how much it will cost and then determine how to apportion the cost. Ms. Reiss stated the concern that arose, over time, is that the initial concept developed in 2004 changed and development did not occur as quickly or as originally contemplated and the communities are still in flux. SHP II and III are not fully developed, so there should be a document that takes into account that there might be changes in the future and does not apportion too much burden on any one owner.

Ms. Bloomquist opined that the new version of the Interlocal Agreement is very different than the original Interlocal Agreement, in terms of how expenses are apportioned.

Ms. Reiss stated SHP II's understanding is that SHP I developed out a bit further and has a lovely facility and a large golf course whose owner owns a big property in SHP I and benefits from the Boulevard. SHP II does not understand what contribution the Golf Club entity and owner, as a for-profit entity selling memberships, makes to the Boulevard.

Ms. Gentry noted there are currently a limited number of outside memberships but the intent for the Golf Club, at buildout, is to be comprised entirely of residents so, making them contribute separately for maintenance amounts to a double assessment on SHP I residents who already pay for maintenance through Operation & Maintenance (O&M) assessments.

Ms. Bloomquist stated all the golf memberships are recallable so, as a certain number of golfers is reached, those memberships will be recalled as the community grows. Social membership to the Club is mandatory and that number is increasing drastically, as 80 homes are under construction.

A Board Member voiced their opinion that more than 50% of the members do not use the road, as they already live behind the gate; they use the Boulevard to access their homes for which they pay for as part of their CDD assessment.

A Board Member felt that it might be difficult to add the Golf Club to the Agreement.

Discussion ensued regarding golf and social club memberships.

A Board Member thought the preponderance of golf members are SHP I residents and, while recallable memberships are sold to members of the public and some traffic is associated with those units, as the community develops, those memberships will decrease due to the cap on the membership base. A Board Member estimated that, within five to six years, only residents will be club members.

A Board Member felt that the ratio of lots to available golf memberships, at buildout, means that approximately 30% of new homes can access a full golf membership.

Ms. Bloomquist stated that new residents are advised that, if they do not join the club when purchasing their home, a membership might not be available later.

Membership caps, the agreement between the Golf Club and members and assessments paid by the Golf Club were discussed.

Discussion ensued regarding calculation of Equivalent Residential Units (ERUs).

The consensus was the Golf Club is assessed 6.57 ERUs toward O&M on SHP I's budget.

Ms. Reiss stated another issue is how and when SHP II can pay its contribution, as it is a small CDD with a small budget. She believed they should conceptualize a means of amending or changing the Agreement, in the future, without requiring unanimous consent, given the potential future changes in development, such as contracting SHP II.

A Board Member was open to reallocating the budget based on actual units built but he thought that it should be done when building is complete, not on an ongoing basis.

Ms. Reiss believed all agree that SHP II should contribute to the shared areas but one issue is, if land is removed from the boundaries of SHP II, the maintenance costs do not change and the land still has a benefit. She suggested a Covenant might run with the land to stipulate that whatever community that portion of land becomes is bound to make a contribution through HOA Covenants because someone must bear those costs,

Ms. Gentry recommended allocating expenses such that every lot pays a proportionate share of the maintenance cost so property owners in one CDD do not pay triple what an owner in another CDD is paying. If SHP II contracts from 400 to 200 units and it must still bear the same amount of maintenance so each of those lot owners would have to pay double what an owner in SHP I is paying.

A Board Member asked if the portion to be contracted out would have separate access off US-41. Ms. Gentry replied affirmatively.

Discussion ensued regarding methods of allocating the expenses.

A Board Member believed that the road is a public road and that the Agreement contemplated in 2004 was never recorded and is non-enforceable.

Discussion ensued regarding possible litigation if an agreement cannot be reached.

A Board Member expressed their opinion that Ms. Kilinski has a conflict based on her previous firm, Hopping Green & Sams.

A Board Member felt that attorneys do not get conflicted; law firms get conflicted.

Ms. Gentry stated the purpose of today's meeting is to try and reach an agreement. Many of the terms have been agreed to, including an amount SHP II proposes to pay for payments that are in arrears, an amount SHP II will share going forward and a provision for a committee to address maintenance. While Ms. Reiss outlined some of the major themes to be resolved, many of the issues in the Agreement have been discussed and agreed to.

Ms. Reiss stated the issues discussed so far include the golf course payment plan and the ability to amend the Agreement.

Discussion ensued regarding the Agreement.

An SHP I Board Member stated the SHP I Board approved an Agreement and sent it to SHP II and received an entirely new Agreement back from SHP II. He felt that the timing of the payments is the least important matter and the ability to unilaterally change the development and the units is somewhat onerous to SHP I, as the changes would impact SHP I.

Non-resident memberships were discussed.

Ms. Reiss stated, while she is not familiar with Southern Hills Golf Club's arrangement, in her experience, many golf club arrangements provide that the golf club owners can change their caps without necessarily obtaining resident approval. The Golf Club is paying an amount based on the concept at the time the Assessment Methodology was created and, if the Golf Club increases its cap and traffic increases significantly, so, in her opinion, the Golf Club might not be paying its share.

A. Proposed Agreement: SHPI & SHPIII

B. Proposed Agreement: SHPII

Discussion ensued regarding the updated version of the Interlocal Agreement.

Ms. Kilinski stated the areas that appear in color are changes that have not been agreed to and are issues that need to be resolved.

Discussion ensued regarding the timing of the payment noted in Section 2, originally proposed to be 20 days.

A Board Member suggested that, if the amounts can be agreed upon, the matter of timing for the payments can be deferred so that other issues can be addressed today. Those present were in agreement.

The following change was made:

Page 2, Section 2: Delete “provided, however, that if District II fails to comply with the provisions of this Agreement, District I reserves the right to file a new complaint and seek any available legal remedies.”

Section 3 pertaining to future “District II Share” payments to be made by District II, current unit counts and projected future growth of each CDD and how the future “District II Share” of 25% of the annual cost of maintenance of the Improvements was determined, were discussed at length.

Regarding the discussion of Section 3, Ms. Kilinski and the Board described how they arrived at this compromised amount of \$20,000 up until 2025 and 25% beginning in 2025. The amount is not tied to ERUs. The benefit of a fixed amount compromise is that it is a fixed amount. If the amounts were tied to units, they would need to determine an allocation.

Regarding Section 4, Ms. Kilinski believed that she and Ms. Reiss can work out the language offline.

Regarding Section 5, Ms. Kilinski stated CDD III objected to including “landscape lighting repair and replacement costs” because that is a cost of maintaining the Boulevard.

A Board Member voiced their opinion that the total cost of maintenance should be represented and that the Committee can address lighting costs.

Discussion ensued regarding decisions to be made by the Committee, the authority of the Committee and the role of the CDD Boards in approving Committee decisions.

Ms. Kilinski stated the consensus is to include the “landscape lighting and repair costs” in Section 5.

Discussion ensued regarding Section 5B, defining the expected level of maintenance.

The following change was made:

Page 3, Section 5B: Insert “at least at a maintenance level similar to that as of the execution of this Agreement, subject to change on recommendation by the Committee subject to approval of the Boards”

The consensus was that the Boards will have the final say and the intent of the Committee is to streamline the decision-making process and give all parties a chance to come together and have a say.

Discussion ensued regarding the Agreement.

The following changes were made:

Page 4, Section 6: Do not delete the last sentence, beginning with “Failure by District I to transmit an invoice...”

Page 4, Section 7: Change “without prejudice” to “with prejudice”

Page 5, Section 11: Delete the last two sentences, beginning with “In addition, this Agreement may be terminated...”

Page 6, Section 17: Change to “This Agreement shall automatically renew for five (5) additional twenty (20)-year periods.” Delete “upon written agreement of all of the Districts for each Renewal Term.”

Page 3, Section 3: Change “four equal” to “biannual”

Page 3, Sections 3 and 4: Delete “October 1,” and “April 1”

Page 3, Sections 3 and 4: Change “July” to “June”

Discussion ensued regarding the next steps, next meeting and a time frame for informing property owners.

The consensus was that community discussions can occur in January.

Ms. Kilinski stated Staff will work together on the revised Agreement. Another joint meeting can be scheduled, if necessary, subject to Board approval.

FOURTH ORDER OF BUSINESS

Supervisors’ Requests


There were no Supervisors’ requests.

FIFTH ORDER OF BUSINESS

Adjournment

There being nothing further to discuss, the meeting adjourned at 11:40 a.m.


Secretary/Assistant Secretary


Chair/Vice Chair