

**MINUTES OF MEETING
ARTISAN LAKES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of Artisan Lakes Community Development District was held on Thursday, August 4, 2016, at 3:30 p.m. at the Artisan Lakes Clubhouse, located at 4725 Los Robles Court, Palmetto, Florida 34221.

Present and constituting a quorum:

Andrew Miller	Board Supervisor, Chairman
JD Humphreys	Assistant Secretary
Ken Stokes	Assistant Secretary

Absent were:

Coby Hinkle	Vice Chairman
Karen Goldstein	Assistant Chairman

Also present were:

James Ward	District Manager
Jere Earlywine	District Counsel, Hopping Green & Sams

Others Present:

Numerous residents

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Ward called the meeting to order and read the roll.

SECOND ORDER OF BUSINESS

**Consideration of the Minutes of the
Regular Meeting held on June 3, 2016**

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, the Minutes described above were approved.
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THIRD ORDER OF BUSINESS

Public Hearings

Mr. Ward explained to the audience members present that since this is a Public Hearing meeting, there is a fixed agenda and the Board follows the agenda, with each agenda item

being discussed by the Board, after which the meeting will be open for audience comments. Mr. Ward requested that for the Public Hearings, comments be limited to just the agenda item that is being discussed. He explained that towards the end of the meeting there is an "Audience Comments" section, which is where any questions can be asked on items that may not be on the Agenda.

a. **FISCAL YEAR 2017 BUDGET**

Mr. Ward reported that the Board approved the Budget for the purpose of setting the public hearing for today. The District's fiscal year begins on October 1 of 2016 and ends on September 30 of 2017. Today the Board will consider the amount of the assessments that will be reflected on the tax bills from Manatee County in November. These tax bill rates will also be reflected on the TRIM notices from the County.

Mr. Ward explained how the Budget is derived, stating that there is a General Administrative Budget, which is called a general fund, which identifies all of the costs associated only with the administration of the District itself. Any facilities that are owned by the District, primarily the water management system, is operated, maintained and paid for through the Master Homeowners Association; the District does not have any operational structure in place to maintain any of the facilities. The Budget that the Board has before it today simply covers the minimum items necessary for operations of the District. The proposed budget for the upcoming fiscal year is approximately \$75,700, which equates to \$98.36 per unit.

The second part is the capital assessment for the infrastructure that the District built. In 2013 the District issued some bonds for the construction of the infrastructure in Artisan Lakes and an assessment was levied on all properties within the District. There is also a yearly assessment, also reflected on the County tax bill, which is dependent upon the size of the property owned within the District. That amount does not change every year; it stays the same for the term of the capital infrastructure program in place, which is 30-year financing. Those amounts range anywhere from roughly \$709 to \$1,240 per year, based upon the lot size, and the amount remains consistent over the life of the bond. Mr. Ward explained that the property owners have the ability to prepay the capital assessment in whole so that portion would no longer appear on the tax bill each year. He stated that it is rare that residents prepay an assessment, simply because when the property is sold, the assessment transitions automatically to the purchaser.

On MOTION made by Mr. Stokes, seconded by Mr. Miller, with all in favor, the Public Hearing as described above was opened.

i. **Public Comment and Testimony**

Ron Stephens, Lot 52, complimented Mr. Ward on the CDD website, and stated that the website would be enhanced by a link to the HOA website, and vice versa. Mr. Stevens also said that his assessment from last year to this

year was doubled, and that for the sake of transparency it would have been nice to receive notice of that increase in the June 22nd notice.

Audience member, Lot 77, stated that the debt service fund payout is at a pretty high coupon rate and wondered if that debt could be negotiated with all the interest rate changes going on. Mr. Ward explained that when a CDD or any governmental agency issues a series of bonds like this on undeveloped land, call protection is provided on the bonds, meaning there is a period of time between the date of issuance and a future date that the bonds are not able to be called. He stated that the future date is usually tied to what the development period would be, and is 10 years in this case, so in 2023 the bonds will be able to be refinanced at a lower interest rate.

Audience member asked if the interest rate is going to change. Mr. Ward stated the rate is currently 6.75% and in the current market a triple A bond is roughly 3.5%, 3.75%, but he does not know what it will be in 2023.

Audience member stated that he understood that last year's administrative fee was based on basically fracking the pool vs. the lot size, and asked what stimulated the idea of not fracking it, but using the lot size. Mr. Ward stated that there is no real differential in the costs and the size of the lot; all lot sizes should pay the same thing for an administrative assessment. He stated that a better way to levy an administrative assessment is equally across all lots, since everyone benefits the same from the administration operations. He said that it was probably him that stimulated the change. Audience member asked what the reserve number was for. Mr. Ward explained that the Board established a procedure last year where it keeps a small amount of reserves; generally the tax bills are not paid until the end of November and the District does not receive money until the first week of January. The reserve is essentially to cover three or four months' worth of operations of the District from October 1st through January 10th or so and can only be used for administrative operations of the District.

Audience member stated that the addition of narratives explaining some of the figures was very helpful. She asked for clarity of off-roll vs. on-roll. Mr. Ward explained that if it is a resident residing within the community, the assessment will be seen on the Manatee County tax bill. The off roller, what is called direct billing, is where Taylor Morrison is billed directly for their portion of the assessment.

Dave Truxton, developer with Taylor Morrison, stated that last year the District was still fairly in its infancy, and there was a large portion of the off-roll expenses that Taylor Morrison was paying for. He stated that some of those lots were not properly allocated to being on-roll, and as opposed to making it an issue for some of the homeowners who were not charged the correct on-roll assessment level, Taylor Morrison ended up paying a little more last year than what it was initially supposed to be.

Audience member asked if the per lot assessment takes into account the early discount due to paying before November 30th. Mr. Ward answered affirmatively.

Audience member expressed some confusion regarding the water management services that the CDD provides. Mr. Ward clarified that the operating side of the water management system is in the Master Homeowners Association.

Audience member asked why the line item for professional management for 2017 went up quite a bit from 2016. Mr. Ward reported that actually it went down; that Rosetta was the prior management company and their fee structures were broken down into four line items for a total of approximately \$35,000. Mr. Ward stated his total fee for this project is only one line item – \$20,000, so the total fee went down dramatically.

Audience member asked if, regarding the infrastructure, there was something he could look at to see what the bonds actually bought. He further inquired as to whether there are any plans to do more infrastructure at some point. Mr. Ward responded that he could provide the statement for the bond issue that details the corresponding infrastructure. Mr. Ward stated that there are currently no plans to build any infrastructure in the existing area of the District. There are plans to build additional infrastructure and there will be additional bonded debt, but on undeveloped Taylor Morrison property only.

Audience member asked if the processes would last as long as the 30 year bond or if any degradation to that would be covered by the HOA operation fees. Mr. Ward stated that the water management system will generally last forever and the utilities are dedicated on to Manatee County for ownership, operation, and maintenance once that part of it is finished. Regarding the reserves, yes, the Master HOA would deal with that side of it if they want to or it can be dealt with inside of the District at some point if the District desires.

Mr. Ward asked if there were any other comments from the public. There being none, he stated a motion to close the Public Hearing would be in order.

On MOTION made by Mr. Stokes, seconded by Mr. Miller, with all in favor, the Public Hearing as described above was closed.

- ii. Board Comment
- iii. Consideration of Resolution 2016-8 adopting the annual appropriation and Budget for Fiscal Year 2017.

On MOTION made by Mr. Humphreys, seconded by Mr. Miller, with all in favor, the Resolution as described above was approved.

- b. FISCAL YEAR 2017 IMPOSING SPECIAL ASSESSMENTS; ADOPTING AN ASSESSMENT ROLL, APPROVING THE GENERAL FUND SPECIAL ASSESSMENT METHODOLOGY AND SETTING AN OPERATIONS AND MAINTENANCE CAP FOR NOTICE PURPOSES ONLY.

Mr. Ward stated that this second public hearing includes the adoption of the assessment roll approving the methodology, which is simply the way that the assessment is being levied. It is essentially a per unit assessment equal across all of the lots within the District. He stated that inclusive with this hearing is setting an operations and maintenance cap. He reported that the operations and maintenance cap is set at 108.73, which means the mailed notice that is received this year would not be sent every year unless the cap rate is exceeded. He stated that the TRIM notices that include the proposed amount would still be received from the Tax Collector. He stated the reason this is attempted is to reduce operating costs of the District, but it is completely discretionary of the Board whether they want to do it or not.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, the Public Hearing as described above was opened.

Mr. Ward asked if there were any comments from the public.

Audience member asked if the O&M assessment is separate on the TRIM notice. Mr. Ward stated that they are combined with the debt service, but the debt service does not change so if there is a change it will be the O&M assessment. The gentleman requested that the District notify the HOA if there is a change in the rate and let the HOA as a matter of courtesy send an email to the residents. Mr. Ward agreed that this would be done.

There being no further comment from the public, Mr. Ward stated that a motion to close the Public Hearing would be in order.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, the Public Hearing as described above was closed.

- ii. Board Comment
 - There was no further Board comment.
- iii. Consideration of Resolution 2016-9 imposing special assessments, adopting an assessment roll and approving the general fund special assessment methodology

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, Resolution 2016-9 as described above was approved.

- iv. Consideration of Resolution 2016-10 setting an operations and maintenance cap for notice purposes only.

This resolution sets the operations and maintenance cap at 108.73.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, Resolution 2016-10 as described above was approved.

FOURTH ORDER OF BUSINESS

Public Hearings

Consideration of Resolution 2016-11, designating dates, time and location for regular meetings of the Board of Supervisors' Fiscal Year, 2017.

Mr. Ward stated that the law requires the District to adopt a Resolution designating schedule for Board meetings and advertise them at or around the beginning of the fiscal year. Mr. Ward stated that the Board meetings for next year are set for the first Thursday of November, February, April, and August at 3:30 p.m. at the Artisan Lakes Clubhouse. He stated that the agendas of the meetings are posted on the website seven days in advance of the meeting date.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, Resolution 2016-11 as described above was approved.

FIFTH ORDER OF BUSINESS

Staff Reports

- 1. Attorney

a. Legislative Updates effective October 1, 2016

Mr. Earlywine stated that there were only two bills that came through that had any real consequence for the District; one in respect to public records and the other regarding website requirements. Discussion ensued regarding the two bills.

b. Consideration of Resolution 2016-12 - Project Completion Certificate

Mr. Earlywine reported that at the first budget meeting of this year, there was a project completion certificate presented by the Engineer, and now there is a resolution that was emailed out. He explained that the resolution accepts the Engineer's certificate which would declare the project complete for purposes of the trust indenture.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, Resolution 2016-12 as described above was approved.

- 2. Engineer
There was no Engineer's Report.
- 3. Manager
There was nothing further from the Manager.

SIXTH ORDER OF BUSINESS

Audience Comments and Supervisor's Requests

Audience member recalled that last year a question was asked about when a resident could be elected to a seat on the Board and what the criteria is.

Mr. Ward stated that there are two criteria under the statute:

- 1) Six years from the date of establishment - and this District was established in 2007, so that threshold is met.
- 2) When there are 250 qualified electors residing within the District. A qualified elector is an individual who resides within the community, has permanent residence there, and is a registered voter in Manatee County. That threshold has not yet been met. Mr. Ward stated that elections are held on the first Tuesday of November in even numbered years only, by law.

Audience member thanked the Board members for waiving their fee and thanked Mr. Ward for the work on the Artisan Lakes CDD website.

Discussion ensued regarding assessment and property taxes imposed by Manatee County being tax deductible or not. Audience member asked if there is some portion of the bond that would be deductible. Mr. Earlywine stated that they obviously cannot provide financial advice, but he has heard it is not deductible. Mr. Ward stated that through all his years in the business, the most consistent answer he has heard is: the O&M piece is not deductible, the interest piece of the debt is deductible, the principal is addition to the basis on the sale of the home.

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, Resolution 2016-12 as described above was approved.

SEVENTH ORDER OF BUSINESS

Adjournment

On MOTION made by Mr. Miller, seconded by Mr. Humphreys, with all in favor, the meeting was adjourned.

The meeting was adjourned at 4:25 p.m.



James P. Ward, Secretary



Andrew Miller, Chairman