

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

The Regular Meeting of the Board of Supervisors of the Artisan Lakes Community Development District was held on Thursday, February 1, 2024, at 3:00 P.M. at Eaves Bend at Artisan Lakes, 5967 Maidenstone Way, Palmetto, FL 34221.

Present and constituting a quorum:

Vincent Sciarrabba	Chairperson
Peter Latessa	Vice Chairperson
Carol Sciarrabba	Assistant Secretary
Dee Zaenglein	Assistant Secretary
Deborah Reynolds	Assistant Secretary

Also present were:

James P. Ward	District Manager
Jere Earlywine	District Counsel
Victor Barbosa	District Engineer
Ben Steets	Grau and Associates
Matt Sawyer	Master HOA Manager

Audience:

All residents' names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

**PORTIONS OF THIS MEETING WERE TRANSCRIBED VERBATIM. ALL VERBATIM PORTIONS WERE
TRANSCRIBED IN *ITALICS*.**

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. James P. Ward called the meeting to order at approximately 3:00 p.m. He conducted roll call; all Members of the Board were present, constituting a quorum.

SECOND ORDER OF BUSINESS

Consideration of Minutes

May 4, 2023 – Public Hearing and Regular Meeting Minutes

Mr. Ward asked if there were any additions, corrections, or deletions to these Minutes; hearing none, he called for a motion.

On MOTION made by Carol Sciarrabba, seconded by Vincent Sciarrabba, and with all in favor, the May 4, 2023, Public Hearing and Regular Meeting Minutes were approved.

THIRD ORDER OF BUSINESS

Consideration of Audited Financial Statements

Consideration of the Acceptance of the Audited Financial Statements for the Fiscal Year ended September 30, 2023

Mr. Ward introduced Mr. Ben Steets.

Mr. Ben Steets with Grau and Associates indicated this audit was required by the State of Florida and the bond indentures. He reviewed the Audited Financial Statements indicating the first page declared the auditor's opinion which was clean, which meant Grau and Associates believed the financial statements were fairly presented in accordance with generally accepted accounting principles (GAP). He stated next was the Management's Discussion and Analysis which was a recap of the financial activity for the year comparing the current figures to the prior year. He stated page 4 contained the condensed statement of net position. He stated page 5 was the condensed statement of changes in net position, essentially the income statement. He indicated starting on page 7 were the Financial Statements including the government wide financials; statement of net position; statement of activities; balance sheet; and statement of revenues, expenditures, and changes in fund balance showing an ending fund balance of \$1,330,411 dollars across all three funds. He reported page 13 through 21 were the notes to the financial statements. He indicated page 19 showed the District's capital assets, mostly infrastructure improvements, and page 20 contained information on the long term debt which showed the bonds would be fully paid in 2049. He indicated page 22 showed the Budget to Actuals. He noted the District's expenditures were properly budgeted.

Mr. Peter Latessa asked about the revenues on page 22; he asked if the District was over budget.

Mr. Steets explained the Budget to Actuals showed the actual expenditures fell within the budgeted amounts. He discussed the remainder of the Audited Financial Statements which included various reports required by the State of Florida and the Florida Auditor General. He indicated the District was in compliance, Grau issued a clean opinion, and there were no findings.

Mr. Latessa asked if anyone at the State government level went through the Audited Financial Statements to ensure they were correct.

Mr. Steets explained the Florida Auditor General had a division which collected these reports and paid a lot of attention to the Report to Management and if a District had any financial emergencies or was carrying forward a deficit balance in the financial statements, then the State of Florida would put those entities on the watchlist. He stated most governmental entities across the State of Florida were financially stable, especially compared to some other states. He said he did not believe the Auditor General looked closely at all of the reports but did keep track when things went wrong.

On MOTION made by Peter Latessa, seconded by Dee Zaenglein, and with all in favor, the Audited Financial Statements for the Fiscal Year ended September 30, 2023 were accepted.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2024-1

Consideration of Resolution 2024-1, a Resolution of the Board of Supervisors Rescinding the July Meeting Date for Fiscal Year 2024 adopted by Resolution 2023-12, as the date is a Federal holiday; and providing for an effective date

Mr. Ward stated 2024-1 was a clean up item to rescind July 4th from the list of meeting dates.

On MOTION made by Carol Sciarrabba, seconded by Peter Latessa, and with all in favor, Resolution 2024-1 was adopted, and the Chair was authorized to sign.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2024-2

Consideration of Resolution 2024-2, a Resolution of the Board of Supervisors Designating new location for the remaining regular meetings of the Board of Supervisors of the District; providing for conflict; providing for severability and providing an effective date

Mr. Ward indicated 2024-2 redesignated the meetings of this fiscal year.

On MOTION made by Deborah Reynolds, seconded by Carol Sciarrabba, and with all in favor, Resolution 2024-2 was adopted, and the Chair was authorized to sign.

SIXTH ORDER OF BUSINESS

Consideration of Resolution 2024-3

Consideration of Resolution 2024-3, a Resolution of the Board of Supervisors Reaffirming, Restating and Re-Establishing the District’s adoption of an Electronic Records Policy and a policy on the use of Electronic Signatures; addressing severability, conflicts, and an effective date

Mr. Ward explained 2024-3 was also a clean up item. He explained in the State of Florida all governments, including CDDs, were required to have a procedure for records management. He noted these days records were all electronic. He indicated he had a records retention policy in place, but there have been a few changes to the statute in the last couple of years and he was simply reaffirming and restating the existing policies while bringing the policies into alignment with the new requirements under the law.

On MOTION made by Dee Zaenglein, seconded by Vincent Sciarrabba, and with all in favor, Resolution 2024-3 was adopted, and the Chair was authorized to sign.

SEVENTH ORDER OF BUSINESS

Consideration of Resolution 2024-4

Consideration of Resolution 2024-4, a Resolution of the Board of Supervisors Approving an Agreement with the Artisan Lakes East Community Development District and the Master Association relative to the Maintenance of certain Infrastructure Improvements; Authorizing the Chairman and Vice Chairman to approve changes; providing a severability clause; and providing an effective date

Mr. Ward indicated 2024-4 was an agreement with the Artisan Lakes East CDD and the Master Association. He stated he would change this later in the meeting, but he had to set this into place now in order to go through the process of making the necessary changes. He explained Resolution 2024-4 and 2024-5 basically indicated the agreements in place with the Master Association or Artisan Lakes East CDD were between all three entities, but essentially the entity responsible for the agreements was the Master Association. He stated this would not be the case and would be changed at a later point in the Agenda. He explained 2024-4 and 2024-5 were cleaning up old resolutions and agreements which needed to be cleaned up for various reasons with respect to the maintenance of certain infrastructure within both CDDs.

On MOTION made by Vincent Sciarabba, seconded by Peter Latessa, and with all in favor, Resolution 2024-4 was adopted, and the Chair was authorized to sign.

EIGHTH ORDER OF BUSINESS

Consideration of Resolution 2024-5

Consideration of Resolution 2024-5, a Resolution of The Board of Supervisors Approving An Agreement With The Artisan Lakes East Community Development District Relative to the Maintenance of Certain Stormwater Improvements; Authorizing the Chairman and Vice Chairman to Approve Changes; Providing A Severability Clause; and providing an effective date

Mr. Ward called for a motion.

On MOTION made by Dee Zaenglein, seconded by Peter Latessa, and with all in favor, Resolution 2024-5 was adopted, and the Chair was authorized to sign.

NINTH ORDER OF BUSINESS

Staff Reports

I. District Attorney

No report.

II. District Engineer

- a) Release of Wetland Mitigation Monitoring**
- b) Update of SWFWMD Permits (Status of Statements of Completion)**

Mr. Victor Barbosa stated he was working on the release of the wetland mitigation monitoring for both the County and SWFMD. He stated this was primarily for Esplanade North. He stated the County was coming out for one more inspection before approval. He indicated he had been working with SWFMD for the last couple of years and was close to getting things wrapped up. He stated he was working on some pond bank repairs which should be the last thing needed to get the permit modification approved and the Statement of Completion approved.

Ms. Reynolds asked if what Mr. Barbosa was getting finalized was part of the minutes and was supposed to be done in 60 to 75 days.

Mr. Barbosa responded in the affirmative; this was taking longer than anticipated. He discussed some of the things which slowed the process down. He stated he was also working with District Counsel to finalize the parcel conveyances. He said he believed there were a couple of lift station parcels which would be conveyed to the District and then the wetlands and stormwater systems from the recent phases which still needed to be conveyed to the District as well.

III. District Manager

- a) Florida Law changes to Form 1 Filings
- b) Discussion of FY 2025 Budget to move the CDD's operations for the water management system to the CDD
- c) Important Board Meeting Dates for Balance of Fiscal Year 2024:
 - 1) April 4, 2024, Proposed Fiscal Year 2025 Budget
 - 2) Proposed - June 6, 2024, Public Hearings – Approval of Budget Fiscal Year
 - 3) June 10 – June 14, 2024 – Candidate Qualifying period (Seats 2&3)
- d) Financial Statement for period ending October 31, 2023 (unaudited)
- e) Financial Statement for period ending November 30, 2023 (unaudited)
- f) Financial Statement for period ending December 31, 2023 (unaudited)

Mr. Ward: In July of this year, you will have to file your Form 1. The Form 1 you are filing for this year is for calendar year 2023. There are couple of changes to it. One is you will no longer be getting mailed forms from the Supervisor of Elections here in Manatee County. You will be required to file your forms on the Ethics Department's website. The memo that's in your backup provides you with the Ethics website to file it. We have already set all of you up in the State's database, so they know you are there. You have to set up your own username and password for the site. That will be your ongoing login for doing your Form 1 filings. Form 1 filings are going to be due July 1, 2024. I would suggest you do your filing in late May or early June. The one big change they made this year in the law is that previously the late filing fees were payable only if the Supervisor of Elections imposed that fine. Now, the fines are mandatory and accrue at \$25 dollars per day for every day that you do not file on time up to \$1,500 dollars. I can't waive the fee, Ethics can't waive the fee, nobody can waive the fee because that's now what the law says. You have to remember this is a personal obligation of each of you, so the District could not pay the fine even if we wanted to do something like that, or the Board voted to do that, it can't be done. So, I would strongly recommend that you file your form on time.

Mr. Sciarrabba: So, is the form on it, or is the filing actually done online.

Mr. Ward: Both. The Form is online. You can pull it off the website, fill it out, and file it online, and you're good to go. There is no fee for filing. There is only a fee if you do not file the form on time. Remember the due date is July 1, 2024, so make sure you do it on time. The other big change in the statute this year is you now have four hours of ethics training to be done this year. Ethics training is for your 2024 Form 1, so that's for the next year's filing in July of 2025. But you have to do it this year. This memo and my Staff will send you a Word version of this memo, so you have clickable links to use. You have to go on there and there are three subject matters you have to cover. It tells you on the website what the three subject matters are. You have to do the training, because you have to be able to check the box next year that you did the training. If you check the box that you did the training, but you didn't do the training, they will know it because you have to use these links to do the training. They are tracking you. I have to do the training myself, so we are all in the same boat. The other question I've gotten from recent board members is, do I have to file a Form 6? You do not have to file a Form 6, you file only a Form 1 which is not as intrusive as Form 6.

Discussion ensued regarding Form 6 and the intrusive financial disclosures Form 6 required.

Mr. Ward indicated he and his assistants, Cori and Katey, were available to assist with the Form 1 filing process in any way.

Mr. Latessa asked if the Form 1 could be filed this afternoon.

Mr. Ward responded he believed so, but he would double check.

Mr. Sciarrabba asked if the training had to be completed before the 2023 Form 1 could be filed.

Mr. Ward explained the 2023 Form 1 did not require ethics training for filing; however, the ethics training had to be completed this year for next year's 2024 Form 1 filing. He stated he would continue to remind the Board about the Form 1 deadlines and requirements.

Mr. Ward stated over the last 6 or 8 months a number of residents had come to the Board about the operations of the District's water management system and how this was being done, etc. He indicated his response has always been, currently the operation of the water management system was under an agreement between the District and the Master HOA, for both this CDD and the Artisan Lakes East CDD. He said he had come to learn this was untrue; the Esplanade HOA, the HOA just over Esplanade, not the Master HOA, was currently maintaining the water management system in Esplanade. He stated the local HOA for Eaves Bend was maintaining that portion of the water management system. He explained the water management system was one water management system over the entire community, not two separate water management systems; the water management system was under one permit for the entire community. He explained a decision needed to be made as the water management system maintenance responsibilities could not remain with the local HOAs. He discussed the reasons why this was a problem. He recommended building one operating budget for the entire stormwater management system and splitting the assessments between the two CDDs based upon the number of homes within Artisan Lakes and the number of homes within Artisan Lakes East. He stated the operations would be under the authority of the CDDs. He said, no disrespect to HOAs, but CDDs were a better entity to manage water management systems. He indicated he would build the budget in this fashion, and yes, the assessments would dramatically change for both CDDs. He stated he would work with Taylor Morrison establishing the implementation dates because the starting date of the Fiscal Year budget

was October 1, 2024, but no assessments came in until January 1, 2025; therefore, he would have Taylor Morrison continue with the maintenance until the District began to have a cash flow.

Ms. Dee Zaenglien asked why not have Esplanade maintain their part, Eaves Bend maintain their part, and Edgestone maintain their part.

Mr. Ward: Edgestone is not in either CDD, so there is nothing I can do about that problem. But it's one water management system, it's not two, and we don't want two separate, we want one operating budget for the entire water management system, not two separate budgets, because the water management system may be located in one District or the other, but it's one operating system. The District should maintain it. We are going to have to hire and maintain vendors and a team of people to do the operations and maintenance, similar to the way the association does now.

Mr. Latessa: Well, lets just say we get ours, Esplanade hired someone, and they do it, but I'm just picking on the East side, they hired somebody who wasn't very good to do theirs, yet, it's all under one umbrella.

Mr. Ward: It's all under one umbrella. So, because I manage both sides of the coin, we are going to have one contractor doing the entire system. There will be joint purchase orders or joint contracts with the vendors with one scope of services for the entire community. The thought is, we can't have different scopes of services for a water management system. You have to have the same scope, maintain it the same way, clean the pipes at the same time, make sure the littorals are in place when they are supposed to be, as one operating entity. All I am proposing to do is, we do that as one entity between the two CDDs, and then we split the cost.

Mr. Latessa: Who is going to be in charge? You?

Mr. Ward: We are going to retain a firm that can help us with the operating side. This is not unusual. I do this in many CDDs.

Ms. Reynolds: Where does the additional money come from to do this?

Mr. Ward: It will come from assessments.

Discussion ensued regarding assessments; where the money came from to maintain the water management system currently (through the HOAs).

Mr. Ward: You guys currently pay a fee to the HOA on a monthly basis. We will levy an assessment in October which will be on the November tax bills, but we would not start operations until January 2025, waiting for the HOA to finish out the collection process for what you've done for the remainder of this calendar year.

Ms. Sciarabba: So, the assessment has nothing to do with water usage, it's just the number of homes?

Mr. Ward: It's not water usage. You have a water management system. It's all of the ponds and lakes that serve this entire community. It doesn't serve just Esplanade, nor does it serve just Eaves

Bend. It is one water management system, and it has to be maintained, either in your Master HOA or it has to be maintained by the CDDs.

Mr. Latessa: We have a Master Association and up to this point in time, this water management system has been handled by the HOAs via Taylor Morrison. Taylor Morrison has been doing it. The HOAs have been paying for it with HOA dues. What you're saying is you want to bring all of this under one centralized water management system certificate which is the way it was set up initially when this was all platted. So, now, if I was in Eaves Bend, I would say, "Well, how many ponds have we got versus all the people over there. We should only pay for the ponds over here. You're making us pay for the more ponds which are over there." I'm just saying that's going to come up.

Mr. Ward: Of course, it's going to come up because you have two separate HOAs in one community. That's the entire problem with how it's being maintained right now. You have two HOAs in one community that have separate assessment levels for one asset. That's wrong. Under every single circumstance that's wrong. There are only two choices here. One, it has to go back to your Master Association for maintenance long term and forever. Or, it has to come to both CDDs and split the costs the way I said. But you can't have a debate about this pond is in Eaves Bend and this pond is in Esplanade, and this pond is in Edgestone. That doesn't work. You can't maintain one water management system under one permit that has operating requirements and not maintain it that way.

Mr. Latessa: Why would we not say, let's give it to the Master Association. They are the single overhead that is already maintaining and paying for infrastructure. Why don't they have it?

Mr. Ward: You can do that. That's not a problem. I will tell you, in 90% of the cases I have in CDDs, one of the biggest problems with HOAs maintaining underground infrastructure is they don't, and they don't do it well. They don't clean the pipes. They don't do the littorals. They don't do the work because they have too many other things to deal with. Whatever that may be, the infrastructure isn't maintained well. That's my experience in my many years of business. If that's what you want to do, we can do that.

Mr. Latessa: You can pop that balloon if you want. I was just thinking as a centralized point, the Master HOA. If we were to give it to the Master Association you are saying that, in the past, HOAs have not been very good at maintaining this scenario because it's a government scenario and government rules, and the HOA is good at its own rules, but is not very good at government rules. Is that a fair assumption?

Mr. Ward: Yes. That's a fair assumption. You guys are good at doing landscaping, like Artisan Lakes Parkway landscaping. I don't think we need to take that over. That can stay with the HOA. But this kind of infrastructure which requires drainage pipes to be cleaned on a yearly basis, they have got to be videoed, you've got to make sure your littorals meet permit regulations, you've got to do the permit requirements, it's a ton of very tedious, very engineering-y work. It is not HOA people who are good at that, whether it's an HOA board or HOA staff. They don't have the technical people to do this. A CDD does. We have District Engineers, we can hire firms to do this that are better at this work than any HOA ever will be.

Ms. Sciarrabba: Will our assessments go up or would it be a wash because what used to be handled by the HOA is now going to be handled by the CDD?

Mr. Ward: I will never tell you that an HOA will lower their assessments, but theoretically it would come out of the HOA budget and go into the CDD budget, but I can also tell you, based on experience, not related to this project because I don't know what the HOA pays, but in projects that I have taken over, I've had CDD boards say "We don't want the HOA to do it," and what the HOA's paid for maintenance was not even close to what was needed to maintain the system properly.

Mr. Sciarrabba: That's why you're saying we should expect a big hit on the assessment.

Mr. Ward: Yes. You guys are at like \$100 dollars a year. It definitely going to be a bigger assessment.

Mr. Sciarrabba: But we have been underpaying, is what you're saying, because of the lack of work and services being done up to this point.

Mr. Latessa: We are underpaying because Taylor Morrison and the HOA have been taking care of this. That's why all that crap is on social media; our good friend over there stirs it up because she thinks Taylor Morrison and the HOA – They've never even talked about that to the best of my knowledge at an HOA budget meeting. Is that a fair assumption?

Ms. Reynolds: No. They have talked about it, but you don't want to get into it too much because that particular person will cherry pick information from the reports, post it all over social media, to stir up trouble. She's an instigator.

Mr. Latessa: Okay, well the price is going to go up. What's going to happen is, it's all going to show up in the HOA meeting, or your CDD meetings will have 25 people sitting here wanting to complain about it. That's all I'm trying to say.

Mr. Ward: That's going to be true for the first year. I'm just going to tell you. Because based upon what I've heard in the last six months, there are things that need to be fixed. I think Victor and his team are working hard to make sure a lot of stuff is getting fixed, but that's not going to get solved tomorrow or three months from now, but clearly, I do not think the way the system is being maintained is right, and it's got to be changed. And there are only two avenues here. The Master Association takes it over, or the CDDs take it over. Those are your two options but leaving it in those sub associations isn't a good idea.

Mr. Latessa: Totally agree. One more thing. If Taylor Morrison is walking away in 2025, and currently within our HOA they are gathering information to make sure everything gets fixed before Taylor Morrison walks away. One of the things is the gates. I made everyone, including myself, send an email to Allen saying, if you can't fix the gates, you make sure Taylor Morrison leaves money to buy new gates, and that's being discussed. Well, the same scenario now is going to apply to this side of the thing. Taylor Morrison still is not done with fixing it, so we want to make sure that you are going to leave us funds in the CDD to cover any things that were not done correctly by you and your contract before it was turned over to us. Do you understand what I'm saying?

Mr. Ward: I do understand. This is the exact same discussion I have on every CDD that ever transitioned. What's important to remember is you already own this infrastructure. It is yours, and we already have the obligation to operate and to maintain it. All we have done is enter into an agreement with the Master Association to maintain it. If we terminate that agreement, which is

what we would do, it's ours to take care of. I'm sure Taylor Morrison will come to the plate with a few things, but I'm not going to sit here and blow smoke and say it's going to be perfect because it's not. When I have CDDs that take over operations and maintenance, what needs to be done is substantially more than what's being done now. I can tell you that. I know what's going to happen because I know what it takes to operate and maintain these drainage systems from a CDD perspective. What it takes to keep up with cleaning pipes, making sure things are done, littoral shelves need to be planted, all of this work has to be done and CDDs are the better instrument for this work to be done over HOAs. This is not going to be easy, this is not going to be cheap, and people are going to complain, but somebody has got to take the bull by the horns and fix the problem.

Mr. Latessa: Communication to the residents is going to be important. It is something we need to get in front of everyone and say this is how it is, and this is why it is, so don't come back in six months complaining that you paid an extra \$100 or \$200 on your CDD bill.

Mr. Ward: This is not a \$100 dollar a year thing. It will be much more.

Mr. Latessa: Then that's even more important to communication.

Mr. Ward: Water management systems are not cheap to take care of on a long term basis. The level of permits that you have, whether it's Corps or South Florida Water Management District permits these days, and you have a lot of preserves and a lot of littoral shelves. I can just see based on what I've heard in the last six months from people who have come to board meetings, there is a lot here to be done and I know what work it takes. It's a lot of stuff to do. And it's not going to change in the next few months, or 6 months or 12 months. But at some point, you've got to fix this problem.

Ms. Zaenglein: So, being the devil's advocate, why would Esplanade want to be forever tied to Eaves Bend on this water.

Mr. Ward: You can't think of it as Esplanade and Eaves Bend. It's not Esplanade and Eaves Bend. It's only one water management system. It's not a separate water management system for Eaves Bend and it's not a separate water management system for Esplanade. It's one water management system for your entire community, not for the separate HOAs, and they have got to be maintained the same way.

Ms. Reynolds: I thought that when we go through the turnover, that the ponds went to the CDD Board for their responsibility to take care of them moving forward.

Mr. Ward: Yes. We already own all of those assets.

Ms. Reynolds: I'm trying to ask, if you are going to take it over in 15 months anyway, where would the money come from in 15 months? Would you do an assessment then?

Mr. Ward: Don't say we, because at the moment it's in your Esplanade HOA, and your Eaves Bend HOA. You already have the responsibility for maintenance. All you have done is enter into an agreement with the Master HOA to maintain it, which they then kicked down to the local HOA for maintenance purposes. There is no turnover. There is no such thing as a turnover in a CDD.

Ms. Reynolds: I thought that when we have the Taylor Morrison turnover take place, and we have our HOA Board, I thought at one of the meetings it was said at that point in time the management of the ponds would fall under the responsibility of the CDD.

Mr. Ward: I would not be privy to that statement. I don't know that. At the moment, I do know they are being maintained by the separate HOAs. And I do know that's not a good thing.

Mr. Latessa: We own it, but they've been managing it, and that's why I've been saying because Taylor Morrison has been on the side trying to do something. Another thing, the ponds, I've been told, feed our irrigation system.

Discussion ensued regarding where the water for the irrigation system originated; it originated from a well.

Mr. Ward: If you don't want to do this, now is the time to tell me. It is months' worth of work to put an operations plan in place for these two CDDs. I'm not telling you this is the only choice. I'm not going to say that. I am going to tell you, the way it's being done now is not the way I would do it.

Mr. Sciarrabba: I don't want to see the community stuck with some huge bill down the road because it hasn't been maintained properly.

Mr. Latessa: That's why I was bringing up the point of what Taylor Morrison's going to do and what the HOA is going to do.

Mr. Matt Sawyer: Taylor Morrison is still working with SWFMD to correct the ponds. We've had this conversation numerous times. These communities are Taylor Morrison's legacy. We are not turning and running away. We are going to do what's right by the community and it's going to take working with the CDD and all of the associations to get it corrected.

Mr. Ward: That's a good thing. So, do you guys want to walk down this path?

Ms. Zaenglein: Can we table it until next time?

Mr. Ward: Not really. I mean if you want to think on it for a couple of weeks and I schedule another meeting, I'm good with that, but there's not enough time.

Ms. Zaenglein: I don't think we have enough information yet. The Master has been working on this all along. We have some major instigators that are telling people to sell their houses now before the turnover comes because we are going to take a big hit financially. I'm not ready to make a decision about this because I don't have enough information. Frankly, it kind of scares me, being tied at the hip to Eaves Bend for time eternal. I just think we need more time.

Ms. Sciarrabba: I agree. I hope you will table this. Being from the Master side I'm just saying Taylor Morrison has put in place maintenance through companies that have been serving us for 5 or 6 years for ecologic, for the preserves, for the ponds. We don't own the ponds. There was a notice that just came out today that Taylor Morrison has hired somebody to work on their ponds. There are only four ponds that need to be done. It works well now, and I think the biggest success hit we had was

getting rid of DTE and Mainscape. Mainscape is on top of our irrigation. Every month they are claiming (indecipherable). I do not think it should be tied to the CDD. That's my opinion. I would table it until you have more information.

Mr. Latessa: I'm not disagreeing with anyone, but what is the more information you would like, other than what Jim has provided?

Ms. Sciarrabba: Well, the whole thing is, you've got Eaves Bend and Esplanade already at each other about the thought of consumption and everything, and I agree, like Dee brought up, we have 30 ponds over here, we have 24 here, we have 4 over there. That's just my opinion. You really need to think about this. It's worked well. It's worked with the Master, and then each of the HOAs have paid their own. They pay for their own ponds.

Ms. Reynolds: Plus, if you're talking \$1,000 dollars more a year, that's like –

Mr. Latessa: Okay, let's say the decision is the CDD is not going to take over the maintenance of it with special contractors, that we flipped to the Master HOA. So, now then, 6 months or a year or two years into the Master, and SWFMD is saying "you guys are not doing what you said you were going to do." Can they force us to flip it back to the CDD because we are a governmental body versus the HOA which is not?

Mr. Ward: If the regulatory agencies come after anybody, it's going to be the Districts, the CDDs, because we are the owners and named on the permit.

Mr. Latessa: So, that's the key scenario. Who owns the ponds? The CDD owns the ponds. When Taylor Morrison leaves – we own them right now, it's just who is maintaining them that we've hired out. The CDD owns and is responsible for the ponds.

Mr. Ward: I want to make this perfectly clear. The CDD owns the water management system in totality. The District has an agreement with the Master Association for maintenance. It is not Taylor Morrison owned. They are owned by the CDD. The permits are in the District's name, not Taylor Morrison's name. I will point out that who maintains the system, be it vendor A or vendor B, that's immaterial. The District does not have to get rid of existing vendors, it can use the same one. My issue is twofold. One is that it is one water management system that should be maintained by one entity, not two entities, which it is right now being maintained by two entities. And, quality of maintenance, on a long term basis, based on my historical 40 years in this business, CDDs are better at maintaining horizontal infrastructure such as water management systems than any HOA in the state.

Mr. Latessa: What happens if this CDD says yes, we will do that. What happens if Eaves Bend says, no, we don't want to do that? What happens then?

Mr. Ward: I still believe the same thing.

Mr. Latessa: Who is the one responsible for the water management system?

Mr. Ward: The two CDDs.

Mr. Latessa: What happens if the other CDD over there says we don't want anything to do with it, we want the Master to take care of it?

Mr. Ward: Both CDDs would have to approve it.

Ms. Zaenglein: Then if one CDD did not agree it would stay the way it is.

Mr. Ward: Yes. We are having the other CDD meeting right after this.

Ms. Zaenglein: What would be wrong with having it stay as it is until that becomes problematic?

Mr. Sciarrabba: Because you have the risk of deterioration of the system if it is not maintained properly. And then we have a huge bill coming.

Discussion ensued regarding the ramifications of leaving the situation as it was until there was a problem; what other information might be needed to make an informed decision; wanting to know what the other CDD's decision was.

Mr. Ward: It is impossible to move a step forward, because I have to spend money to put plans in place to build an operating budget, to build a capital program, to build something that maintains this system correctly. This is not an easy thing to do. This is not, hey, lake maintenance is \$40,000 a year, and oh, littorals, we're going to spend \$5,000 this year. This is not that kind of a program. You have to build an operating budget.

Mr. Latessa: I think in the worst case, we have to wait to see what happens at your next meeting.

Mr. Ward: I don't think that's a problem.

Mr. Sciarrabba: Why would you say that?

Mr. Ward: Because I've already had this discussion with Taylor Morrison and they basically have said, whatever you want to do is fine. We could put it in the Master, we could put it in both of the CDDs.

Ms. Zaenglein: Why wouldn't the Master be preferable then?

Mr. Ward: I think it's probably more my preference because I don't think HOA is the right entity to maintain a water management system of this complexity.

Mr. Matt Sawyer: And, for what it's worth, we agree. It should be under the CDD. Taking into account the maintenance, the pond maintenance, the algae, the (indecipherable), to where that could potentially be reduced in the future with the CDD, then, yeah, chances of that going up is high going that route. But you have to look at the HOA's side of it, that that could potentially be a reduction on the HOA side.

Mr. Latessa: How many members are allowed to be on the Master Association once Taylor Morrison leaves.

Mr. Matt Sawyer: We were planning on 7, it will be 3 from Esplanade, 2 from Eaves Bend, and 2 from Edgestone.

Ms. Sciarrabba: So, you don't believe that the maintenance we have been doing has improved the system or maintained it?

Mr. Matt Sawyer: I can't comment on the stormwater system drainage, nor would I, but having engineers and counsel look at everything and come up with a plan, I think it would be beneficial for the CDDs to have oversight of that infrastructure maintenance. Each one of these sub associations, at the time of turnover, there is going to be a lot of work, and having another entity with engineers and counsel readily available, Jim and his staff, their knowledge and experience is going to be beneficial.

Mr. Latessa: How many people are on Eaves Bend CDD?

Mr. Ward: The same, 5.

Ms. Zaenglein: So, again, like Starkey Ranch and Lakewood Ranch, how do they handle this?

Mr. Ward: It's in their CDDs.

Ms. Zaenglein: So, this is standard operating procedure to do this prior to a turnover?

Mr. Ward: There are two ways to do it. Taylor Morrison and I have done other communities where we have done it differently. Assets of the CDD are always put into the CDD to begin with, and the Districts have been maintaining them. Districts generally maintaining larger stormwater systems like you have here, irrigation, some systems have either reuse irrigation systems, like you have in Sarasota, or just well systems and pump systems for irrigations. Those are in CDDs. And sometimes Districts have the landscaping. That's kind of an ancillary thing we have been doing the last couple of years. Those are the assets that are generally in there. I have had CDDs, not only with Taylor Morrison, but other Districts, where HOA boards have taken over and the first thing they do is pick up the phone, call the CDD, and go can you maintain all your own stuff going forward, like in the next 60 days, kind of thing and want it transitioned right away because they have so much other work to do with all of your assets, stormwater system are not a priority.

Ms. Zaenglein: From your experience, if this went into the CDD, what's a ballpark hit financially each resident would have?

Mr. Ward: Not a clue because I do not have any information about the size of the system. I can tell you, it's huge. I know this is a huge drainage system, but I can't tell you because I can't build a budget until I get the resources to build a budget. And I can't get the resources to build a budget until you make a decision.

Ms. Zaenglein: I don't like making a blind decision.

Mr. Ward: It's not a blind decision. The next step is to build the budget. If you don't want to do it at some point you always can say no.

Ms. Zaenglein: Okay, well the Taylor Morrison communities that have done it this way, what kind of financial hit for residents did they take?

Mr. Matt Sawyer: This is what I will say, be prepared. I can't tell you what it is because every stormwater system is different. They are extensive. What Jim is saying is, he can't move forward with direction until the Board decides because he has to utilize his resources, get the operating plan in place, hear from Engineers and Counsel, and then present it. And until he has the operational aspect of it, we are not truly going to know.

Mr. Sciarrabba: What happens if we all agree and say, okay, this is the direction we want to go, and then you build a budget and then we all collectively think it's way out of line.

Mr. Ward: If the budget is out of line, it is what it is. One of the problems with doing this is, I think you have to build a budget based on what's required to maintain the system. It's not a decision of lets throw \$200 dollars a year at a resident. It's a well thought out plan that says you have this many lakes, you have this many acres of littoral shelves, you have this many acres of lake banks, you have this many linear feet of drainage pipes. You build a budget based on those numbers, on how often you have to maintain it, how often you have to spray the littorals, how often you have to clean drainage pipes, how often you have to lake banks. It's just got to be done. The number will be what it will be. It's not some inflated number. But you won't know until you start to build the budget.

Mr. Matt Sawyer: Between the Master, Esplanade and Eaves Bend, I've calculated it's over 150,000 between the three communities that are going through this maintenance. That's going to be impacted. We can look at the individual HOA budgets and potentially have a reduction there.

Ms. Zaenglein: It's not a complete unknown what the cost will be though because we've been maintaining the systems –

Mr. Matt Sawyer: Not appropriately, though.

Mr. Ward: HOAs traditionally, and this is no reflection on Matt or Taylor Morrison, HOAs don't maintain systems to a standard that a CDD does. I will bet the drainage pipes in this community have never been cleaned. If lake bank restoration has been done it's been on Taylor Morrison's dollar, not the HOAs dollar.

Mr. Sciarrabba: We were under the impression that the HOA was funding them based on the contribution from the HOA funds going to them.

Mr. Matt Sawyer: No. Taylor Morrison Maintains that.

Mr. Ward: I've seen his budget. I know what they do. They are spraying the lakes and maybe doing some littoral shelves, but they are not maintaining lake banks, they are not cleaning pipes, that's not to say anything bad about Taylor Morrison or Matt or anybody else. That's normal in a community this young, but that's not normal on a going forward basis. A community this built out, with one water management system being maintained by two separate entities at the moment, so you can't use his numbers as being the right numbers. I don't know if they are right or wrong, but I'm guessing they are not right for a system of this size and magnitude.

Mr. Latessa: So, if we do go the CDD route, you as overseer, or manager of our CDDs, you would be managing and speaking to contractors for both CDDs.

Mr. Ward: The way I normally do this, I use another company or firm that handles the operation side of the CDD. From an engineering perspective, they prepare the strategic plans on a long term basis on the capital side of what the District needs to do to manage the capital we call a water management system. We put that in place. And then we put an operating budget in place, and then I have one individual under that firm that handles the management of that and reports directly to me. Then they manage the vendors. We can keep the same vendors. The vendors are not important. What is important is that the vendor doesn't manage the system. We manage the system and direct the vendors.

Discussion continued regarding whether the CDD should manage the water management system or if the HOAs should continue to manage the water management system; the increase of cost upsetting residents who were under the impression that the HOAs were doing a good job managing the water management system.

Mr. Latessa asked if the other CDD had communicated its willingness to take over the water management system.

Mr. Ward responded in the affirmative; the other CDD was all Taylor Morrison at this time and was willing to partner with the Artisan Lakes CDD in maintaining the water management system.

Discussion continued regarding this being a difficult decision; residents not being pleased with an assessment increase; the recent increase in assessments for the hurricane reserve account; the importance of explaining to the residents that the water management system was not the responsibility of the HOA; and assessments from the CDD being included on the tax rolls.

Mr. Latessa asked how long it would take Mr. Ward to determine what the assessment increase would be if the CDD maintained the stormwater management system.

Mr. Ward responded it would take three months. He would be able to present the numbers to the Board in April 2024.

Mr. Matt Sawyer indicated when the turnover occurred and Taylor Morrison was no longer involved on the various boards, there would no longer be any consistency between the HOAs, and the HOAs would truly be separate entities.

Mr. Ward agreed.

Ms. Sciarrabba: Right now, we have the Master. Mainscape takes care of every community in this place. West Coast takes care of the ponds. Ecologic takes care of every – so, why not leave it the way it is? Why hire all these additional people that you're going to need?

Mr. Latessa: Are you saying that they -- ? Which one do you think could maintain the stormwater system?

Ms. Sciarrabba: I think Mainscape does it. I think we have a good team together.

Mr. Matt Sawyer: Mainscape cannot maintain the stormwater system.

Ms. Sciarrabba: I'm not saying we are not going to have to hire one time engineers or something like that, but I'm not –

Mr. Ward: What she just said, I think, is the biggest problem that I see in transition. It is that you have a vendor, the guy who is actually doing the maintenance, telling you what to do. You can't do that in a water management system because you've got overlying permits that somebody needs to take care of. I've seen this time and time again. Ecologic is a good name, a good firm, but they are out there telling you what they think is best, and you're doing it, and you're spending the money to do it, but you put your apples in a bag for the vendor who you're paying to do it. So, you don't know whether it's ever right. That's not the way you should be maintaining the government assets of a CDD. I know HOAs do that all the time. That's their thing. But I think a structure where you can have multiple bids on vendors, you have a single sourced structure for the management of the system itself, and you are providing the Board with how to do this work and recommendations on the budgets to be established and the rest of it is just making sure the scopes are right and then giving it to the various vendors bid on it and do it. But it's you making the decisions on what's to be done versus the vendors telling you how to do it and building your budgets that way.

Mr. Sciarrabba: So, was this something we need to vote on?

Mr. Ward: No, you don't need to vote on it. I just need to have a sense of what you want to do. If you want to walk down the path, it does not bind you to it just yet, because I still have 90 days' worth of work to get a plan ready, but I do need to spend a ton of money to get a plan ready to go. That's the issue.

Mr. Sciarrabba: Why don't you go around the table then and get everyone's opinion?

Mr. Matt Sawyer: Before you do that, the plan that Jim is going to put together, regardless of whether the CDD or the Master do this, it is the same plan that will need to be implemented.

Discussion continued regarding whether the Board wished to move forward.

Ms. Sciarrabba stated having the CDD take responsibility would provide residents with a better recourse if things went wrong with the vendors.

Mr. Ward agreed.

Discussion continued regarding having the CDD manage the benefits of having the stormwater system versus the Master HOA; the costs associated with the CDD managing the stormwater system versus costs for the Master HOA managing the stormwater system; the CDD being better equipped to maintain a water management system; the CDD being a governmental body governed by state regulatory rules; the difficulties which might arise if a poor HOA board came into power; and how the residents would react at the upcoming meeting.

Mr. Ward indicated he had a sense from the Board to move forward. *It's not a permanent thing. We are going to discuss it, we are going to put a plan in place, we are going to figure out the numbers*

and we are going to figure out how to do this correctly. At the end of the day, if you don't want to do it, we get to say no.

TENTH ORDER OF BUSINESS

Audience Comments and Supervisor's Requests

Mr. Ward asked if there were any Supervisor's requests; there were none. He asked if there were any other audience questions or comments; there were none.

ELEVENTH ORDER OF BUSINESS

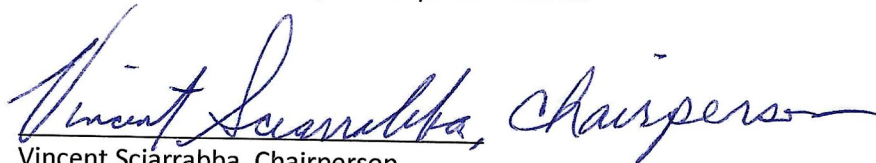
Adjournment

Mr. Ward adjourned the meeting at approximately 4:30 p.m.

On MOTION made by Vincent Sciarrabba, seconded by Deborah Reynolds, and with all in favor, the meeting was adjourned.

Artisan Lakes Community Development District


James P. Ward, Secretary


Vincent Sciarrabba, Chairperson