

**MINUTES OF MEETING
SARASOTA NATIONAL
COMMUNITY DEVELOPMENT DISTRICT**

A Regular Meeting of the Sarasota National Community Development District's Board of Supervisors was held on **Tuesday, July 11, 2016 at 2:00 p.m.**, at the **Sarasota National Clubhouse**, 25500 National Boulevard, Venice, Florida 34293.

Present at the meeting were:

Richard Barber	Chair
Barry Ernst	Vice Chair
Brad Soule	Assistant Secretary
Josh Grant	Assistant Secretary
Chris Gore	Assistant Secretary

Also present were:

Chuck Adams	District Manager
Michael Eckert	District Counsel
Bill Conerly	District Engineer
Steve Atkins (<i>via telephone</i>)	Keefe, McCullough
Dave Caldwell	Developer
Shelly DiJiacomo	Association Manager
Lon Matthews	Resident
Emmett Cooney	Resident
Pam Harvey	Resident
Norm Batey	Resident
Mark Champion	Resident

FIRST ORDER OF BUSINESS

Call to Order/Roll Call

Mr. Adams called the meeting to order at 2:02 p.m., and noted, for the record, that all Supervisors were present, in person.

For the benefit of the attendees, Mr. Barber briefly explained that the CDD's principal responsibility is the lakes and wetlands. Mr. Gore is the Construction Supervisor, Mr. Barber is Vice President of Community Development, CDD Chair and President of the HOA, Mr. Soule is the WCI Land Development Manager, Mr. Ernst is the Vice Chair and handles entitlements and permits and Mr. Grant is the General Manager.

SECOND ORDER OF BUSINESS

Public Comments

There being no public comments, the next item followed.

THIRD ORDER OF BUSINESS

Presentation of Audited Financial Statements for Fiscal Year Ended September 30, 2015, Prepared by Keefe, McCullough

This item was presented following the Sixth Order of Business.

FOURTH ORDER OF BUSINESS

Consideration of Resolution 2016-4, Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2015

This item was presented following the Sixth Order of Business.

FIFTH ORDER OF BUSINESS

Consideration of Resolution 2016-5, Designating a Date, Time and Location for a Landowners' Meeting; Providing for Publication; Providing for an Effective Date

Mr. Adams presented Resolution 2016-5 for the Board's consideration. As discussed at the previous meeting, the District did not meet the criteria necessary to begin the transition to General Elections, having less than the required 250 qualified electors residing within the District, as of April 15; therefore, a Landowners' Election would be scheduled. Seats 2, 3 and 4, currently held by Mr. Ernst, Mr. Barber and Mr. Gore, respectively, would be up for election.

Mr. Adams suggested holding the election during the November 15, 2016 meeting, at 2:00 p.m., at this location. With regard to Section 3, of Resolution 2016-5, the District's local Office of Record, which is the District Engineer's office, should be added, along with the meeting date.

On MOTION by Mr. Barber and seconded by Mr. Ernst, with all in favor, Resolution 2016-5, designating November 15, 2016 at 2:00 p.m., at this location, for the Landowner's Election, was adopted.

SIXTH ORDER OF BUSINESS

Continued Discussion: Proposed Budgets for Fiscal Year 2016/2017

Mr. Adams recalled that, previously, the Fiscal Year 2017 budget discussion centered on the new facilities being developed, in the form of new lake and wetland acreage. As a result, an increase in assessments would trigger a mailed notice to all property owners, advising of an increase in the operation and maintenance (O&M) assessment. Proposals were secured, for budgeting purposes. A revised budget was distributed. The biggest change was on Page 1, under "Water management & wetland maintenance", with an increase of approximately \$25,000 in "Other contractual services", which covered eight additional lakes and the extra wetland acreage, including reporting requirements.

*****Mr. Steve Atkins joined the meeting via telephone.*****

Mr. Adams stated that an adjustment was made in the "On-roll" assessments. The Assessment Summary, on Page 2, reflected 463 On-roll units versus the previous 275 units and 1,121 "Off-roll" units versus the previous 1,309 units. The "Number of Units" remained the same, as "Off-roll" units were shifted to "On-roll". The On-roll property owners would be assessed on the property tax bill, whereas, the "Off-roll" assessments would continue to be direct billed. An adjustment was noted on Page 1 in assessment levy revenues, both on-roll and off roll.

Mr. Adams noted that, with the proposed Fiscal Year 2017 with the budget changes, the "On-roll" assessment was \$167.40 and the "Off-roll" assessment was \$155.68. The fund balance was projected to be \$30,000. Mr. Adams suggested increasing the assessment to \$175 per on-roll unit, and \$162.75, per on-roll unit, which would generate an additional \$11,201, in fund balance, with the goal of building up to 25% of the annual budget appropriation, over the next three years, to enable the District to meet Generally Accepted Accounting Principles (GAAP) funding requirements. The \$25 assessment increase was annually, not monthly. Residents would recognize that the bill was paid to the District, once per year, as part of the property tax bill.

On MOTION by Mr. Barber and seconded by Mr. Soule, with all in favor, the District's proposed Fiscal Year 2017 budget, as amended, with "On-roll" Assessments in the amount of \$175 and "Off-roll" Assessments in the amount of \$162.75, was approved.

- **Presentation of Audited Financial Statements for Fiscal Year Ended September 30, 2015, Prepared by Keefe, McCullough**

*****This item, previously the Third Order of Business, was presented out of order.*****

Mr. Steve Atkins, of Keefe, McCullough, presented the Annual Financial Report for Fiscal Year ended September 30, 2015. The auditor’s opinion was a clean opinion and the audit was conducted in accordance with Government Auditing Standards. On Page 22, no material weaknesses or deficiencies were identified in “Internal Control Over Financial Reporting and on Compliance and Other Matters”. On Page 26, the “Independent Auditor’s Report on Compliance” indicated that the District was found to be compliant with the requirements of Section 218.415, Florida Statutes.

Mr. Atkins briefly described the financial statements, on Pages 9 through 13, noting that the “Special Purpose Entity” showed a minor negative balance of (\$86), on Page 9, and a slight overage in the physical environment, on Page 13, as wetland maintenance costs were higher than projected.

Mr. Atkins referred to the Notes, on Pages 14 through 18, stating that the most important note was “Note 5 – Long-Term Debt”, which detailed the long term debt and future commitments of that debt.

- **Consideration of Resolution 2016-4, Accepting the Audited Financial Statements for the Fiscal Year Ended September 30, 2015**

*****This item, previously the Fourth Order of Business, was presented out of order.*****

<p>On MOTION by Ms. Barber and seconded by Mr. Grant, with all in favor, Resolution 2016-4, Accepting the Audited Basic Financial Statements for the Fiscal Year Ended September 30, 2015, as presented, was adopted.</p>
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Mr. Adams stated, for the record, that the Audited Financial Statements were submitted, as required, by the June 30, 2016 deadline.

SEVENTH ORDER OF BUSINESS

Acceptance of Unaudited Financial Statements as of May 31, 2016

Mr. Adams presented the Unaudited Financial Statements as of May 31, 2016.

EIGHTH ORDER OF BUSINESS

Approval of April 19, 2016 Regular Meeting Minutes

Mr. Adams presented the April 19, 2016 Regular Meeting Minutes and asked for any additions, deletions or corrections.

Line 177: Change “Ernst” to “Eckert”

Mr. Eckert previously submitted changes to Mr. Adams.

On MOTION by Mr. Barber and seconded by Mr. Ernst, with all in favor, the April 19, 2016 Regular Meeting Minutes, as amended and incorporating the changes previously submitted to Management, were approved.

NINTH ORDER OF BUSINESS

Other Business

Mr. Michael Eckert, District Counsel, presented a Temporary Construction & Access Easement Agreement, from WCI, for the Venice East Boulevard right-of-way (ROW). The prior developer caused the CDD to acquire certain ROWs, within the community, which included the Venice East Boulevard extension. The current developer is in the process of obtaining approvals to build the road, which requires CDD authorization to build on CDD property. The temporary easement was prepared and WCI’s exhibits were reviewed and found to be in order. Mr. Caldwell was seeking Board approval to execute the temporary construction easement, giving the developer the right to build the road. The District was adequately protected, in granting this easement, as the insurance and indemnification requirements were met.

Mr. Barber explained that construction in the area was the earthwork to create stormwater facilities required for the road and road bed. The actual road would not be constructed for at least another year.

On MOTION by Mr. Barber and seconded by Mr. Soule, with all in favor, the Temporary Construction and Access Easement for the Venice East Boulevard ROW, was approved.

TENTH ORDER OF BUSINESS

Staff Reports

A. District Counsel

Mr. Eckert was working with developer’s Counsel regarding possible available credits upon road completion; however, the issue was in the preliminary stages.

B. District Engineer

Mr. Conerly stated that conservation easements were being drafted, as required by the Army Corps of Engineers (Corps) permit. This would place wetlands under ownership of the District and conservation easements to either benefit the Southwest Florida Water Management District (SWFWMD), Sarasota County or the Corps.

C. District Manager

Mr. Adams continues to work with Mr. Soule regarding washouts and garbage clean up, related to ongoing construction. Contractors are required to pick up trash, surrounding the lakes, on a weekly basis but, as lakes are turned over, the District’s contractor would perform maintenance.

i. NEXT MEETING DATE: August 16, 2016 at 2:00 P.M.

Mr. Adams stated that the next meeting will be held on August 16, 2016 at 2:00 p.m., at this location. The primary agenda item was expected to be the Public Hearing for final budget adoption. Prior to the Public Hearing, notices regarding the O&M assessment increase would be mailed to property owners.

ELEVENTH ORDER OF BUSINESS

**Audience
Requests**

Comments/Supervisors’

Mr. Lon Matthews, a resident, asked if it was common practice to submit Audited Financial Statements, prior to Board approval. Mr. Adams explained that Board approval, prior to submittal, was not a requirement. Customarily, the Board approves the audit prior to submission, when received before the June 30 deadline. Management has authority to submit it without approval but would prefer otherwise. A revised audit can be submitted, if material changes were made, after Board review.

Mr. Adams urged homeowners to overlook the “harsh” and legally required language contained in the assessment notices being mailed this week. The special assessment was not new; however, the notice was triggered due to a \$25.36 per year increase.

Mr. Emmett Cooney, a resident, commented that the increase was about 13% and asked how the amount was derived. Mr. Adams explained that the figure was related, primarily, to the lake and wetlands. Lakes and wetland acreage were being added to the District, which would require maintenance and reporting. From the beginning, all units were included to pay assessments, with only a part of the system constructed. As more of the system is built, revenues must be raised to pay for the expenditures, which was why the assessments increased.

Mr. Cooney asked when the property was expected to look better. Mr. Adams stated that, due to construction, the water table was very low because de-watering occurred. Since that was an anomaly, the water table would return to control level by the end of the rainy season.

Ms. Pam Beatty, a resident, asked if current lakes would be affected by the new lakes. Mr. Conerly responded there were not many lakes left to build; one lake was being modified. 12 lakes were being constructed, with eight excavated and filling up. Lake controls are managed at different levels and exit to the wetlands or off property. Water table height would vary, based on climate, rain and time of year.

Regarding a lake, Ms. Beatty stated that "this is worse than it has ever been". Mr. Conerly explained that "her" lake was being monitored and was filling up. When the rainy season ends, the lake should return to normal level, as no additional de-watering should occur, because de-watering activity ended.

Mr. Adams explained that this was the effect of long periods of de-watering.

Mr. Norm Batey, a resident, asked if lakes that are 5' to 6' below would depend on rain return to normal levels. Mr. Adams replied affirmatively and explained that lakes were a window into the water table elevation. The water table rises and falls, naturally, during certain times of the year. Rain is the only resource available to replenish the water table.

Mr. Mark Champlin, a resident, believed that washouts near his condo could cause serious injury to someone mowing around the edges of the pond. Since washouts occur every time it rains, he requested that someone check on the mowing, in that area, during the rainy season. Mr. Champlin asked if anything was known about the white pipe that periodically runs water into the pond. Mr. Conerly explained that the pipe was an auto flusher for potable water, as required by the County. Mr. Adams added that, during low flow season, it helps draw fresh water through the line, which would otherwise stagnate. In response to a comment by Mr. Champlin about the large amount of fish in that pipe, Mr. Conerly acknowledged that Mr. Champlin was referring to a flushing line for the irrigation system, not the potable water auto flush. The District pulls water from a reclaimed pond, which, at certain times of the year, was populated by small fish. The fish clog the filters, which require flushing. In response to Mr. Champlin's first question, Mr. Adams stated that Mr. Soule, as Head of Development, has been periodically hiring contractors to perform the reshaping. Mr. Soule stated that periodic reshaping would continue and the grass was sprayed last week, because the lake was higher than normal during pumping activity, resulting in wetland grass growth. Next week, the grass would be

“knocked down” and trimmed, followed by monitoring.

Mr. Cooney asked for an explanation of the “Debt Service Schedule”, on Page 6 of the proposed budget, which doubled from approximately \$500,000 to \$1.6 million. Mr. Adams explained that the item was the CDD’s annual principal and interest payment. Interest is paid twice, yearly; 50% on November 1 and 50% on May 1, along with 100% of the annual principal payment. Mr. Cooney commented that the debt did not appear to reduce. Mr. Adams explained that, the amortization schedule was updated, yearly, removing the prior year’s payments, followed by a reduction, at the bottom of the page. Originally, the bonds were approximately \$61 million and, then, WCI purchased and re-structured them to \$24 million. A principal reduction, in the last two years, resulted in a balance of \$22.6 million.

Mr. Adams stated that the District has a website, www.sarasotationalcdd.net. Audits, budgets, meeting schedules, agenda packages, are included within the website.


TWELFTH ORDER OF BUSINESS

Adjournment

There being no other further business to discuss, the meeting adjourned.

On MOTION by Mr. Barber and seconded by Mr. Soule, with all in favor, the meeting adjourned at approximately 2:37 p.m.


Secretary/Assistant Secretary


Chair/Vice Chair