

**ASTURI COMMUNITY DEVELOPMENT DISTRICT
GENERAL INFORMATION PRESENTATION
July 2017**

THE FOLLOWING INFORMATION IS GENERAL IN NATURE. EXACT LEVELS OF ASSESSMENTS, PAYOFF BALANCES ETC. FOR A SPECIFIC LOT OR PROPERTY MUST BE OBTAINED BY CONTACTING THE DISTRICT'S OFFICE.

CDD AND HOW IT DIFFERS FROM A HOA

A community development district is a special purpose form of local government described as an "independent special taxing district" and as such is "public". A homeowners association is a "not-for-profit corporation" which is made up of "members" or homeowners, within a specific geographic boundary and it is considered "private".

The Asturia Community Development District is intended to own and operate a stormwater drainage system, landscaped common areas, irrigation system, and recreation facilities. Asturia Homeowners' Association oversees the "Deed Restriction Enforcement and Architectural Control" of the Association. Each of these entities is distinctly different and operated at "arms length" of each other.

What is a CDD? It's Function etc.

As mentioned above the District is a form of government that exists under Florida Statute, Chapter 190, which is considered its enabling statute and serves as its charter. Districts the size of Asturia, becomes official after a petition of all landowners, within its proposed boundaries, is approved, by an ordinance of the local general-purpose government (city or county). In the case of Asturia, Pasco County established the District by way of Ordinance #14-17, which became effective on August 5, 2014.

The District functions as any local government. The District is governed by a Board of five Supervisors. Districts have similar powers as other local governments, with the exception of, "police powers". Therefore it can not have its own police department, building, zoning and compliance codes, etc. This would also include "deed restrictions and architectural control", which is why community development districts have homeowners' associations organized over its boundaries.

The District is an "independent special taxing district" and therefore is not "dependent" on the next level of local general-purpose government, in the case of Asturia, Pasco County, for funding, governance, etc. Standard municipal grade services are delivered to the residents by way of Pasco County and paid by way of their real estate tax bill and its ad valorem portion. The District's operation is funded by way of non-ad valorem assessments on an owner's real estate tax bill. The District itself is tax exempt for most of its property with the exception of property that may be income producing.

Districts, such as Asturia, provide for some or all of the funding to construct the “public infrastructure improvements”, needed for the development of their “Capital Improvement Program”. Therefore a district is providing those facilities and improvements necessary to support the “private lot and land development” within its boundaries. Districts may do this with funds from bonds specifically issued for this purpose as will be covered later.

The District, as a form of government in Florida, must operate within the confines of the “Sunshine Laws” of the State. This means that all meetings must be duly and publicly noticed based on various requirements for the various types of meeting functions. All meetings are open to all members of the public. Board Members are not allowed to meet to discuss any business items currently in front of the Board and or anticipated to come before the Board at any future date and time. In addition these statutory requirements also allow the right of inspection and obtaining of public records as any other form of government in Florida is required to do.

Districts like other forms of government in Florida are also covered by “sovereign immunity from lawsuits and claims. This limits claims and losses to a cap of \$200,000 per claim of loss with an aggregate of \$300,000.00 for all claims from the same loss. This is a vast improvement from other community entities such as Community Associations, which do not have sovereign immunity or any other kind of immunity.

Public Facilities and Public Access

Some Districts will dedicate their roads to the county or city where they are located in or they maintain ownership themselves. In the case of Asturia the ownership of the roads remains with the CDD and as a public entity the roadways are considered public. With this in mind, the roadways must allow for access to the “public” at large, not just the “public” of Asturia as there are no different classes of public nor can the District or a county create different classes.

Also, due to its governmental nature, all of the other facilities owned by and operated by the District are also public, which means the District can’t restrict access to those facilities or amenities either. They can however, set usage rates for such facilities and amenities for non-resident users, in accordance with the provisions of Chapter 190, Florida Statute and in the same vein as other governmental entities such as a city or county set non-resident user rates for some or all of their facilities and amenities.

Does the CDD ever go away?

As many believe, the District does not cease to exist or go away when its bonds have been paid off. The District will continue to exist for perpetuity. It may be dissolved by way of several events, such as merger with another community development district, or by the local general- purpose government taking over all of the ownership of a district’s facilities and financial responsibilities. There are several other events or criteria which do not apply to Asturia as it now stands.

Supervisor Election Process

From its initial establishment until after its sixth year in existence, the Board of Supervisors is elected by way of a “landowner” election, wherein, all landowners of the District may participate and are entitled to one vote per acre or fraction thereof. By Statute, there are 5 Supervisors, no more or less.

The first landowner election is held within 90 days of establishment, the next must be held on the first Tuesday of November of that election year. Thereafter they can be held on any date during the month of November of an election year. The Board shall announce the date of the election during an election year at least 90 days prior to the date of the election, at which time they will also adopt a form of ballot and proxy for the election.

There are no specific requirements for candidates to meet during the landowner election phase except they must be citizens of the United States and the State of Florida. Candidates may be whoever is placed into candidacy and can obtain enough votes to take a seat. After the sixth year as long as there are more than 250 “qualified electors” (registered voters) who reside within the confines of the District, the elections begin a transition.

The District is also required to obtain the number of registered voters on or before April 15, of each to monitor its progress toward the 250 registered voter mark. For Asturia, the District had 148 registered voters as of April 15, 2017, this voter count is provided directly from the Pasco County Supervisor of Elections.

Once a District has met the 250 registered voter mark, they either extend or truncate the term of the current Board to allow for their terms to expire in an even numbered year to coincide with the regular general election held by the County. In the case of Asturia no such action was necessary as they are already on an “even year” cycle.

At the next election after the sixth year mark with the prerequisite minimum number of registered voters (250), two of the three seats up for election, are held through the “general election” process by the Supervisor of Elections of the County. Candidates must be registered voters residing within the confines of the District and who have met the criteria of being a candidate on the ballot, as required by the Pasco County Supervisor of Elections. Landownership is not a requirement.

The criteria and filing requirements as mentioned above, for general election candidates, include but are not limited to the filing of a financial disclosure form, known as a Form 1, Statement of Financial Interests. In brief this form outlines the sources of a candidates income and business interests. In addition there are filing fees, declaring of a campaign treasury, etc. These details are best addressed by contacting the Pasco County Supervisor of Elections Office.

Candidates run for a “seat” number such as Seat 1 or Seat 2, etc. In the first general election both of the seats are a four year term. The remaining position is still elected by way of landowner election and is a 4 year seat as described by Statute.

In the eighth year after establishment and thereafter (as long as 250 registered voters continue to exist), all candidates must be registered voters, residing within the confines of the District. Once again, there are no landownership requirements. Those seats are also 4 year seats.

Description of Bonds

The District issued its first series of bonds in 2014. The bonds are typical municipal grade bonds, due to the public nature of the issuing entity and the improvements constructed with the proceeds of the bond sale. The CDD’s 2014 bonds are commonly referred to as the Series 2014A-1 and Series 2014A-2 Bonds (together the “Series 2014A Bonds”). Prior to platting the Bonds were allocated over unplatted parcels on a per acre basis. The Series 2014A Bonds, which had a combined total principal amount of \$11,950,000, at an average interest rate of 5.8567%, were issued to construct a portion of the Capital Improvement Project (roadways, stormwater system, amenity center and recreational facilities, sanitary sewer lift station, entry signage, etc.), which was adopted by the District. The Series 2014A-1 Bonds are “long term bonds” with a 30 year maturity and run with the land from the date of issuance through the maturity date, and have been absorbed by the units within Phases 1-3. The Series 2014A-2 Bonds were absorbed by Phase 1 units only and have been completely paid off as of November 1, 2016. The Series 2014A-2 Bonds were considered “pay-down” bonds, which means the principal portion of those bonds was always expected to be paid in full by The Development Entity, or possibly assumed by a builder before lots were conveyed to end users (homeowner, or retail buyer). These bonds are repaid from non ad-valorem assessments and payments each year and include both principal and interest components, with principal and interest due to bondholders on May 1 of each year and interest due on November 1 of each year, until final maturity.

In 2016 the District issued another series of bonds, the Series 2016A-1 and 2016A-2 Bonds (together the “Series 2016A Bonds”). These bonds are also municipal grade bonds, as mentioned above. Prior to platting the Bonds were allocated over remaining unplatted parcels on a per acre basis. The Series 2016A Bonds, which had a combined total principal amount of \$4,985,000, at an average interest rate of 5.314%, were issued to construct an additional portion of the Capital Improvement Project (roadways, stormwater system, parks, trails, etc.), which was adopted by the District. The Series 2016A-1 Bonds are “long term bonds” with a 30 year maturity and run with the land from the date of issuance through the maturity date, and will be absorbed by the units within Phase 4. The Series 2016A-2 Bonds are expected to be absorbed by the units in Phase 2 only and are considered “short term bonds”, with a 5 year maturity. The Series 2016A-2 Bonds are similar to the Series 2014A-2 Bonds in that the principal portion of these bonds is expected to be paid in full by The Development Entity, or possibly assumed by a builder before lots are conveyed to end users (homeowner, or retail buyer). The 2016A-1 Bonds are repaid from non ad-valorem assessments and payments each year and include both principal and interest components, with principal and interest due to bondholders on

May 1 of each year and interest due on November 1 of each year, until final maturity. However, unlike the Series 2014A-2 Bonds, the Series 2016A-2 Bonds have payments that include interest only, due each May 1 and November 1, until final maturity, when the full principal is due as a balloon payment in the year 2021.

The non ad-valorem assessments that are and will be passed on to end users are the Series 2014A-1 Assessments and the Series 2016A-1 Assessments, which are used to repay the Series 2014A-1 Bonds and the Series 2016A-1 Bonds, respectively. Landowners are able to pay off their debt at any time, which would then leave only the O&M portion of their annual assessment on their non ad-valorem tax bill.

In addition because these assessments run with the land the owner of the land will pay the assessments during the time they own the land during the term of the bonds. The debt assessments are collected by way of the District's Non-ad Valorem Assessments on a property owners tax bill, along with the Operation and Maintenance Assessment referred to later herein.

In accordance with Florida Statutes and provisions contained in the bond transactions themselves, any owner of land may make a one-time partial principle reduction payment along with the applicable interest, or pre-pay the total principle debt with applicable interest at anytime during the term of the bonds.

Bond repayment unlike other types of installment loans, are repaid by way of semi-annual payments which are normally due on May 1 and November 1 each year. The May 1 payment normally contains the principle reduction component for the year along with the applicable interest due for the prior six months. November 1, is typically and interest only payment. An owner wishing to pre-pay a portion or all of their principle debt would need to have submitted the amount owed along with the amount of principle, at least 45 days prior to the next payment date of either May 1 or November 1. If payment is made less than 45 days before the closet payment period, interest will be due up through the next payment period and not simply through the closet payment date.

For those owners who may want to consider a pre-payment either in full or partial, you are urged to submit a written request to the District Office for confirmation of amounts due including interest, payment conditions, etc. This will be confirmed in writing and only in writing.

OPERATIONS AND MAINTENANCE ASSESSMENT

The District annually adopts its General Fund Budget more commonly referred to as its Operations and Maintenance Budget. This is the budget that deals with the daily needs of the District, for its administration and operation of its facilities and infrastructure. Districts follow the budgeting process as described in FS. 190.008.

As part of this process the District must adopt a proposed budget which is transmitted to the Clerk of the Board of County Commissioners. The District after a minimum of 60 days after the submittal to the County must conduct at least one public hearing, to allow

for public comment and testimony relating to the budget. After the public hearing, the Board of Supervisors will make their final deliberations and will adopt the budget and the assessments necessary to fund the budget as approved by the Board of Supervisors.

The Operations and Maintenance Assessment, is the second component that makes up the non-ad valorem assessments property owners with the District will see on their annual Real Property Tax Bill from the County. The County gives the District limited space and therefore we can only show the total number, which includes the O&M and the Debt Service Assessments combined. In addition the assessments have to be “grossed up” to include the cost of collection charged by the County along with the “early payment discount” allowance. In Pasco County the total of these two is 6%., 2% for collection costs and 4% for early payment discounts.

Attached you will find an exhibit, which depicts the total annual assessment for debt, operation and maintenance which will be assessed on the November 2016 tax bill for the various product types for your additional information.