

CDD 101



KILINSKI | VAN WYK

Lakes at Bella
Lago
Community
Development
District

GENERAL BACKGROUND

CLAYTODAY

BOCC approved Lakes
at Bella Lago CDD



What is a Community Development District (CDD)?

- **Local unit of special purpose government**
 - Established under the Uniform Community Development Act of 1980 (Chapter 190, F.S.)
 - Primary functions:
 - Provide a mechanism to finance, construct and maintain high-quality improvements and amenities
 - Issue tax-exempt bonds to finance cost of public infrastructure
 - Maintain roadways, facilities, amenities, common areas, and other public improvements
 - Collect revenues and pay operating expenses
 - Levy assessments on lands benefited by improvements
- 

Powers of CDDs



Allowed by Chapter 190

- Construct and maintain public infrastructure
- Issue long-term bonds
- Issue short-term bonds
- Levy and collect non-ad valorem assessments for debt service
- Levy and collect operating and maintenance assessments
- Contract for services
- Provide security/recreational services
- Etc.



Not allowed by Chapter 190

- Regulate land use/zoning
- Issue building permits
- Issue development orders
- Provide police services
- Enforce code compliance
- Enforce traffic regulations
- Etc.

Unit of Government

As a unit of government, a CDD is:

Subject to the Government in the Sunshine Law

Subject to Public Records laws

Subject to certain reporting and disclosure requirements

Subject to bidding requirements for certain projects

Able to issue tax-exempt bonds to finance public improvements

Able to enjoy the protections of sovereign immunity

Exempt from sales tax

CDDs vs HOAs

CDDs

- Unit of government.
- Subject to open government and public records laws.
- CDD assessments are co-equal with County taxes, making them very secure.
- Able to finance large improvements through bonds, resulting in less financial burden on homeowners.
- Required to hold public hearings for certain actions.
- Board begins turnover to resident Board members as early as 6 years from establishment.
- Tax-exempt.

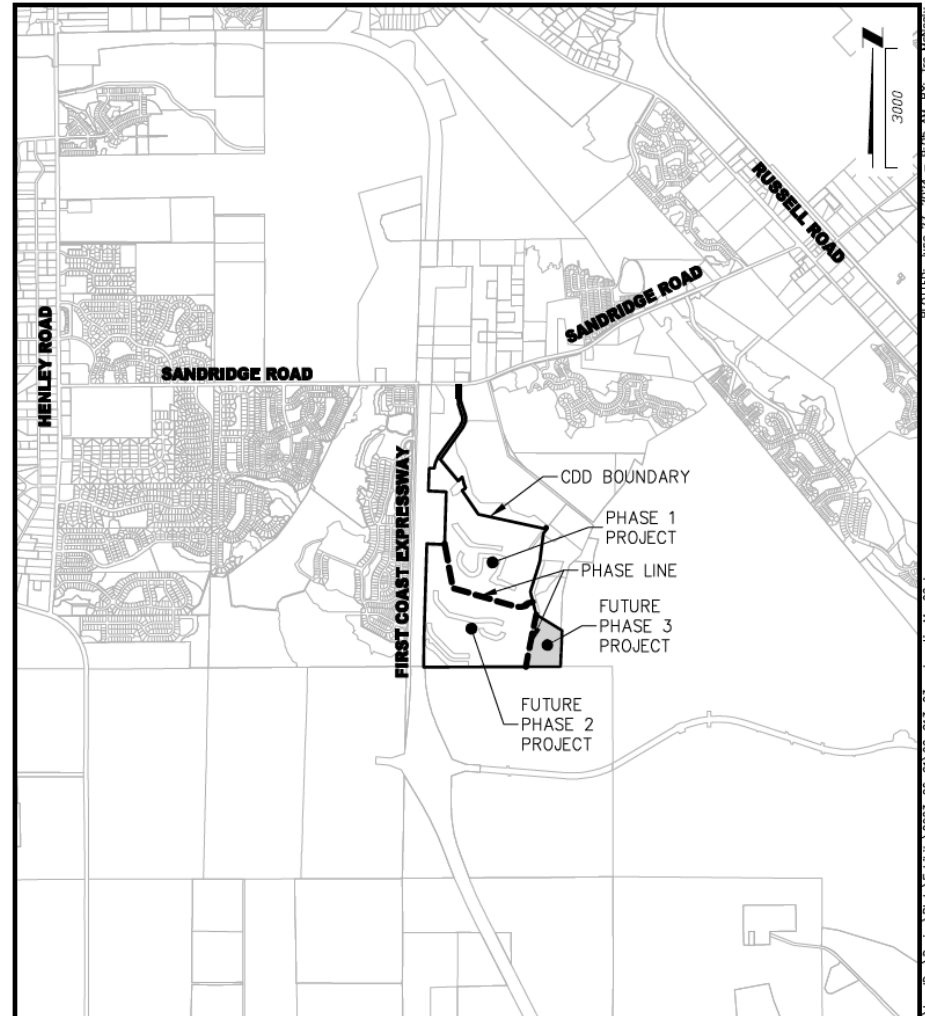
HOAs

- Private entity (not-for-profit corporation).
- Financing limited to annual assessments, shorter-term loans, and other private financing.
- Required to hold homeowner votes for certain decisions.
- Turnover to resident control usually occurs over a longer period (based on percentages of sold lots).
- Has control over deed restrictions on private lots.

Lakes at Bella Lago Community Development District

Basic Facts

- ▶ Established 2023
- ▶ 245.16 acres
- ▶ <https://Lakes at Bella Lagocdd.net/>



Responsibilities and Control (Lakes at Bella Lago CDD)



CDD

- Stormwater Management System (ponds and drainage systems)
- Common Area Landscaping/Irrigation
- Roadways and Sidewalks
- Amenities

HOA

- Deed restriction enforcement
- Community architectural control
- Homeowners' driveways and lawns



Key Legal Considerations for Supervisors



Chapter 190, Florida Statutes



Sets forth all powers and responsibilities of CDDs.



If Chapter 190 does not grant the power, the CDD cannot do it.

Comply with the Law - Sunshine Law

The Government in the Sunshine Law, Ch. 286, F.S. & Art. I, s. 24, Fla. Const.

Constitutional and statutory right of public access to governmental proceedings, at state or local level

Applies to any gathering of two or more members of the same Board to discuss some matter which may foreseeably come before that Board for action.

- Includes phone calls, text messages, emails, social media
- Applies to conversations with other Board members, not with Staff

Such discussions can only take place at a meeting that is (1) noticed, (2) open to the public, and (3) where minutes are taken.

A quorum (3/5 Supervisors) must be physically present to make any decisions.

Other Sunshine Law Considerations

Do not use other individuals (Staff, neighbors, etc.) as a conduit to have a conversation between Supervisors.

Reasonable notice is required for all Board meetings. This means notice must be published in the newspaper and an agenda should be posted at least 7 days in advance.

An opportunity for public comment is required before the Board takes action.

The public must be allowed to attend meetings. NOT required to provide a means for electronic attendance for the public.

Secret voting is not allowed.

Minutes do not have to be a verbatim transcript.

Committees may be subject to the Sunshine Law if they have decision-making authority.

Narrow Exceptions



Pending litigation.



Security and fire safety system details.



(these can be discussed in a private session of the Board outside of the public attendance)

Penalties

Criminal penalties -
Knowing violation is a
2nd degree
misdemeanor (60 days
imprisonment and fine
of up to \$500).

Civil fines up to \$500.

Civil lawsuits - Must pay
attorneys' fees (can be
in your individual
capacity)

Removal from office.

Action is considered to
be invalid but can cure.



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2/26

"Let's start with five years ... if you need more
time, come back and see me later."

Comply with the Law - Public Records

With limited exceptions, documents related to District business must be preserved as public records and produced when requested.

- We recommend using a separate email address for all District business and keeping any hard copy files in a separate and easy-to-access place.

Forward any public records requests from the public to the District Manager for processing.

Comply with the Law - Ethics Law



Supervisors are subject to many of the same ethics laws as county and city officials.



Make required financial disclosures. The District Manager will provide the required forms (Form 1).



Do not accept a bribe.



Avoid conflicts of interest.

If there is ever an item before you for a vote that would provide a special benefit to you, a business associate, or a close family member, notify District Counsel so proper steps may be taken.



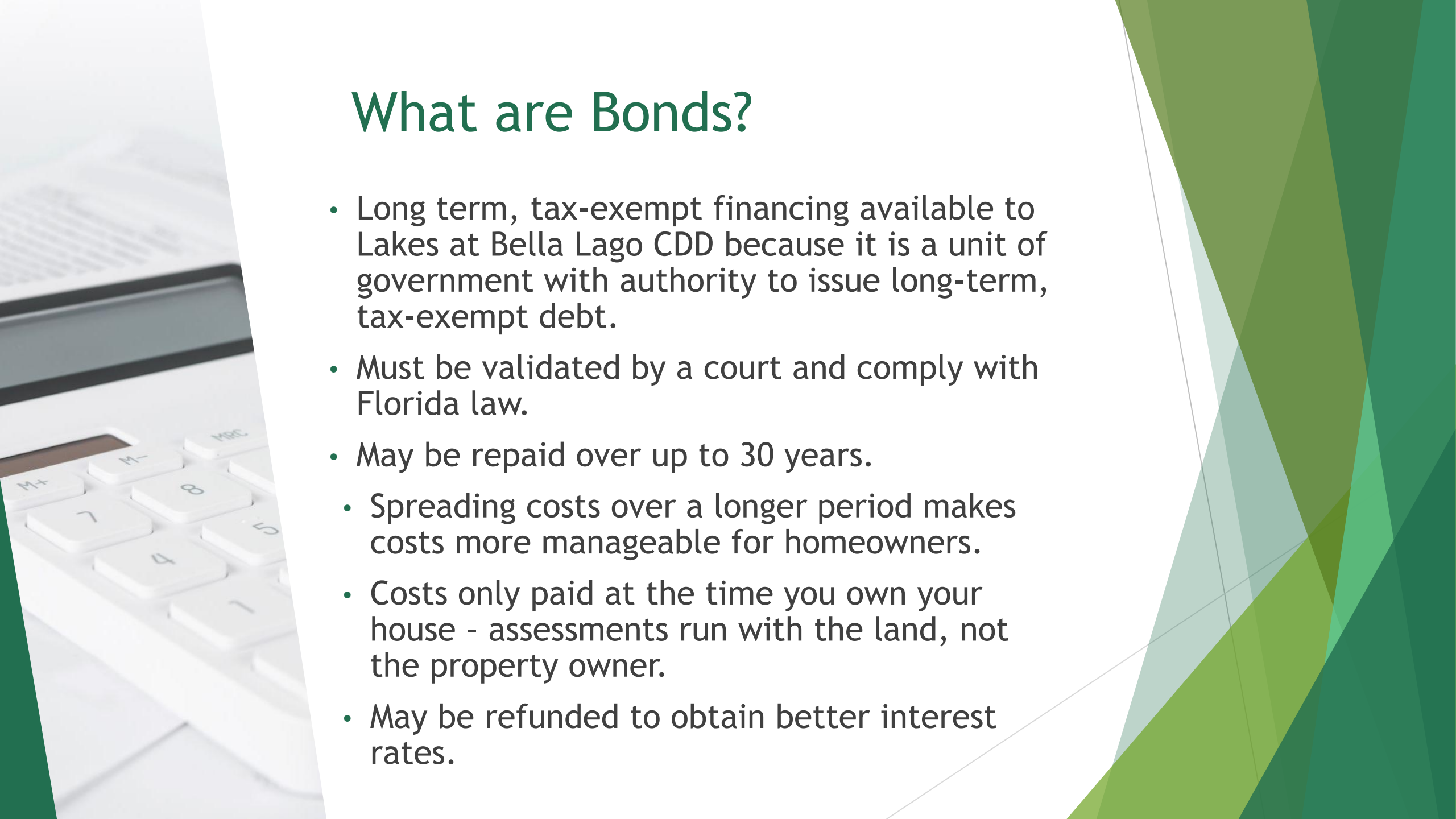
See Chapter 112, Florida Statutes, for other ethical considerations.

Finance Basics



Annual Budget

- Fiscal Year runs from October 1 to September 30.
- Proposed budget must be adopted before June 15 each year
- Final budget must be adopted after a public hearing before October 1 each year (or earlier if required by the County for assessment collection).
- Describes anticipated expenditures and sources of funds.
- Available on the District's website:
<https://Lakes at Bella Lagocdd.net/documents>
- Funds may be moved amongst line items by motion, but large changes may require an amendment by resolution.



What are Bonds?

- Long term, tax-exempt financing available to Lakes at Bella Lago CDD because it is a unit of government with authority to issue long-term, tax-exempt debt.
- Must be validated by a court and comply with Florida law.
- May be repaid over up to 30 years.
- Spreading costs over a longer period makes costs more manageable for homeowners.
- Costs only paid at the time you own your house - assessments run with the land, not the property owner.
- May be refunded to obtain better interest rates.

What are Assessments?



Debt Assessments

Levied to repay bonds.

One-time mailed and published notices + public hearing required.

Usually collected on the tax roll.



Operations & Maintenance Assessments

Levied to pay annual administrative, operational, and general maintenance costs of the District - adopted annually with budget.

Includes reserves and amounts for maintaining current infrastructure.

Mailed and published notices + public hearing required to increase above last noticed amount.

Usually collected on the tax roll.

Annual Audit



Required by statute.



Must be completed by June 30 each year (unless an earlier deadline applies for bonds).



Available on the Florida Department of Financial Services website.

Management and Control of the District



Staff Roles and Responsibilities

- **District Manager**
 - Receives authority from the same sources as the Chair, plus the agreement between the District and the management company.
 - The Board makes policy, and the District Manager implements the Board's policies.
 - Has “charge and supervision of the works of the District” and is responsible for preserving, operating and maintaining improvements, facilities, and equipment and for performing such other duties as may be prescribed by the Board.
 - May hire and fire professional, supervisory, and clerical employees as may be necessary and authorized by the Board. 190.007(1), *Florida Statutes*.

Staff Roles and Responsibilities (cont.)

- **District Counsel**
 - Works for the Board, not the District Manager or any Board member.
 - Works with the District Manager and Staff to help protect the District from legal perils and achieve its goals.
- **District Engineer**
 - Assists with the construction of the District's Capital Improvement Plan.
 - Assists in the acquisition and conveyance of infrastructure.
 - Assists with permit compliance.
 - Assists with maintenance of infrastructure.

Board of Supervisors

The CDD is controlled by an elected 5-member Board of Supervisors.

► Phase 1: Landowner Elections

- Initially, Supervisors are elected on an at-large basis by those owning property within the CDD.
- 1 acre of land = 1 vote (partial acres are rounded up).
- Candidates must be Florida residents and U.S. citizens.

Phase 2: General Qualified Electors

- Beginning six years after the initial appointment of Supervisors and once the CDD has at least 250 qualified electors, Supervisors begin to be elected through the general election process.
- Supervisors elected through the General Election process must be qualified electors (residents of the District who are at least 18 years old and registered to vote in Clay County) and serve four-year terms with staggered expiration dates.

Role of the Board

- Chapter 190 of Florida Statutes
- Policy making
- Retention of staff to implement policy
- Holding staff accountable for policy implementation
- Making material business decisions for the District (example, whether to issue bonds or enter into significant contracts)

NOT the role of the Board:

- Directing on-site staff. Individual board members generally are not supposed to be operating the District unless delegated some limited authority by the Board.

Role of Individual Supervisors

Receive

Receive input from constituents

Propose

Propose new policies or policy changes

Vote on

Vote on proposals brought before the Board at meetings

District Officers

Chair

Elected by the Board; has certain powers to sign documents, convene meetings, authorize emergency expenditures, and take other actions permitted by law/rule/policy.

Vice Chair/ Assistant Secretaries

- Vice Chair fulfills the duties of the Chair when the Chair is absent.
- Assistant Secretaries who are Board members can fulfill the role of Chair when the Chair and Vice Chair are both absent.
- Assistant Secretaries who are not Board members have certain signing/attestation authority.

Treasurer

Statutory position; has charge of the funds of the District. Required to provide a bond and/or insurance. Does not need to be a Board member.

Secretary

Does not need to be a Board member. Responsible for maintaining minutes, retaining records, coordinating certain disclosures. Required to provide a bond and/or insurance.



Meeting Procedures

- Call meeting to order
 - Roll Call
 - Public Comment (3 minutes, not a Q&A)
 - District Business
 - Decisions are made by a majority vote of the Supervisors present (may vote by phone if a physical quorum is present)
 - Motion, second, all in favor
 - District has not adopted Robert's Rules of Order but does follow procedures to maintain decorum
- Public hearings (rules, assessments, etc.)
- Separate published notice
 - Separate public comment opportunity

Contact - District Counsel

- For additional information, please contact

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DISCLAIMER: Nothing in this presentation should be interpreted as legal advice. This presentation is intended to provide a framework of general legal principles so that a person can ask the right questions to an attorney of their choice. This information is not intended to substitute for professional legal advice for any specific situation and does not create an attorney-client relationship. You should accept legal advice only from a licensed legal professional with whom you have established an attorney-client relationship. For questions about the CDD itself, contact the District Manager's office as set forth on the website.