Venetian Community Development District (VCDD)

Fiscal Year 2013-2014

Budget Hearing Presentation

August 26, 2013
Legislated Budget Process

• F.S. 190.008 provides that on or before each July 15, the CDD Board shall prepare a proposed budget for the ensuing fiscal year that includes an estimate of all necessary expenditures of the District and an estimate of income from the taxes and assessments.

• The Board reviews the proposed budget item by item and subsequently approves the budget by resolution and calls for a hearing on the budget as approved.

• Notice of the budget hearing is then published in the local newspapers and a notice is sent to all residents within the District.
  – This is the notice that was sent on 07/25/13 and represents the maximum amount the budget can be for the next fiscal year.

• At the budget hearing, the Board shall hear all objections to the budget as proposed and may make such changes as the Board deems necessary.

• At the conclusion of the budget hearing, the Board shall, by resolution, adopt the final budget.
Objectives Of This Budget Hearing

• To describe the elements that the VCDD Board considered in developing the FY 2013-2014 budget which commences October 1, 2013.

• To hear and consider any comments that the homeowners might have concerning the budget.
Forces That Impact The VCDD’s Budget

Current Conditions

Resident Input from
- Advisory Committees
- Feedback from Surveys
- Meeting Attendees

Fiscal Year 2013-2014 Budget

Strategic Directions of the Board
VCDD Strategic Direction

• Board has drafted a Strategic Direction document that outlines the
  – Mission,
  – Vision,
  – Values,
  – Goals and Objectives, and
  – Specific Initiatives to be undertaken over the next 3 years.

• A number of these elements are impacting the budget.
Strategic Goals Impacting Budget

• Goal 1: To Maintain and Enhance the Community’s Infrastructure.

• Goal 3: To Maintain and Enhance the River Club.

• Goal 5: To Ensure that VCDD Funds and Operations are Managed and Administered in an Efficient, Effective, and Economical manner.
Major Components of the Budget

- **VCDD Expenses**
  - Bond Payments
    - Type A Bonds – Used to build the Venetian Infrastructure
    - River Club Bonds – To purchase the River Club Amenity
  - Annual Expenditures
    - Operations Expenses
    - Maintenance Expenses
    - River Club Expenses

- **VCDD Revenues**
  - Debt Assessments – Used to meet this year’s Bond Payments
  - Operations and Maintenance Assessments – Used to pay this year’s Annual Expenses
    - VCDD O&M Assessment
    - River Club O&M Assessment
    - River Club Reserve
Bond Payment Expenses

• Type A Bonds were refinanced last year to take advantage of lower interest rates.

<table>
<thead>
<tr>
<th></th>
<th>2011/2012</th>
<th>2012/2013</th>
<th>2013/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$265,000</td>
<td>$325,000</td>
<td>$345,000</td>
</tr>
<tr>
<td>Interest</td>
<td>$889,819</td>
<td>$678,575</td>
<td>$661,825</td>
</tr>
<tr>
<td>Total A Bond</td>
<td>$1,154,819</td>
<td>$1,008,575</td>
<td>$1,008,575</td>
</tr>
<tr>
<td>River Club Bond</td>
<td>$0</td>
<td>$462,912</td>
<td>$462,912</td>
</tr>
<tr>
<td>Total Bond Payments</td>
<td>$1,154,819</td>
<td>$1,471,487</td>
<td>$1,471,487</td>
</tr>
</tbody>
</table>

• Budget Reflects No Change in Bond Payment Assessments from Last Year.
VCDD Operations Expenses

• Represent the cost of running the VCDD.

<table>
<thead>
<tr>
<th></th>
<th>2012-2013</th>
<th>2013-2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operation</td>
<td>$311,305</td>
<td>$350,855</td>
<td>$39,550</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• Note:
  – Complexity of operations and transitional matters are adding to Legal, Audit, Management, and Supervisor fees.
  – Continuing with $100,000 new Capital Projects and $50,000 in Contingency Fund.
    • Adding to reserves for future projects.
VCDD Maintenance Expenses - Background

• These maintenance activities are by law the responsibility of the VCDD and include maintaining the following District Systems and Facilities:
  • Roads and sidewalks,
  • Landscaping of common grounds,
  • Irrigation facilities,
  • Pond and wetland water management and drainage,
  • Street lights,
  • Security/privacy access control gates, systems, and personnel.

• In 2003, the VCDD, while controlled by the developer, contracted with the Venetian Golf & River Club Property Owners Association (POA) to perform these activities.

• The expenses associated with these activities have been included in homeowner’s POA quarterly fees not VCDD assessments, except for funding of major capital repairs, additions, or replacement of the above items.
VCDD Maintenance Expenses

- The VCDD Board believes it would be advantageous to the homeowners if the VCDD managed these activities and has reflected this decision in next year’s budget.
  - The change in responsibility should result in some economic and operational efficiencies,
    - state and local tax savings,
    - elimination of bad debt expenses,
    - consolidation of management functions currently being provided by two different companies.
  - Homeowners who pay their property tax bill in November will receive a 4% discount.
  - Homeowners, through the VCDD Board, will have direct responsibility for maintenance throughout the community.
VCDD Maintenance Expenses – Impact on Homeowners

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner POA Expense</td>
<td>$1396</td>
</tr>
<tr>
<td>Homeowner Share of VCDD System and Facilities Expenses</td>
<td>-$639</td>
</tr>
<tr>
<td>Remaining POA Expense</td>
<td>$757</td>
</tr>
</tbody>
</table>

VCDD Increase in Maintenance Expenses $687
Why is the POA Necessary?

• Florida State law prohibits a CDD from performing certain functions if a POA has been established:
  – **Architectural Review Committee Function**
  – **Covenant Enforcement, including Lease Enforcement**

• Florida State law only allows specific functions to be performed by a CDD; if not specifically articulated, CDD’s cannot perform.
  – **Cable TV Contract**
River Club O&M and Reserve Expenses

• Budget increasing over last year’s budget by $147,511 however, O&M fee per homeowner is staying the same because of
  – Increased number of residents
  – Increased restaurant and other revenues

• Note:
  – Residents are being assessed for 12 months of expense this year vs. 9 months last year during change in ownership.

• River Club Expense includes $62,404 contribution to River Club Reserve Fund.
# River Club Improvements

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roof Repair</td>
<td>$31,000</td>
</tr>
<tr>
<td>Clubhouse Painting</td>
<td>$29,500</td>
</tr>
<tr>
<td>New Television for Bar Area</td>
<td>$879</td>
</tr>
<tr>
<td>Three Computer Replacements</td>
<td>$4240</td>
</tr>
<tr>
<td>Upgrade Locker Room Flooring</td>
<td>$1,284</td>
</tr>
<tr>
<td>New Storage Shed</td>
<td>$6,999</td>
</tr>
<tr>
<td>Five New Treadmills</td>
<td>$22,032</td>
</tr>
<tr>
<td>Gas Pool Heater</td>
<td>$2,534</td>
</tr>
<tr>
<td>New Refrigerator</td>
<td>$2,348</td>
</tr>
<tr>
<td>ADA Pool Lifts</td>
<td>$9,428</td>
</tr>
<tr>
<td>New Security Access System and Member Cards</td>
<td>$30,000</td>
</tr>
<tr>
<td>Parking Lot Resurface and Restriping</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$150,244</strong></td>
</tr>
</tbody>
</table>
Other River Club Achievements

• Successfully transitioned vendor agreements and accounts over with tax exempt status.
• Separated Staff allocations from Golf Club, including GM position.
• Purchased tools, maintenance supplies, kitchen supplies, etc. to be self reliant from Golf Club.
• Increased number of fitness classes, tiki & dining hours.
• Became private at all food & beverage Member events & dining, excluding banquets.
Summary: Year-to-Year Tax Assessment Comparison

- Increase in Operation Expense $30
- Increase in Maintenance Expense $687
- Full Year River Club $394
- Total $1,111
Questions and Comments?