

My name is Bruce St.Denis and I am the District Manager for the Palms of Terra Ceia Bay Community Development District (CDD).

My disclaimer on this email is that no one on the Board asked me to write it nor have I asked for or taken any direction on how it should be written.

This is my attempt to clarify some of the issues that are being brought to my attention as the discussion regarding the funding of operations receives more attention.

The statements and thoughts are mine and do not necessarily reflect those of the CDD Board or of any one of the Board Members.

Glad that's over with...

The decision of the CDD Board of Supervisors to try to resolve how day to day operations are funded has generated a great deal of interest, discussions and speculation.

The way I see it there are two basic questions that can help drill down to the real issue the board is addressing and why it is being investigated.

1. Do you think that it is fair for you to subsidize someone else's taxes so you pay more so they can pay less?
 - I think that it is reasonable for most people to say no, they would rather not pay more so someone else can pay less.
2. Do you think that it is fair for someone else to subsidize your taxes by paying more so you can pay less?
 - This one is a little tougher to answer quickly.
 - Sounds like a good deal, right?
 - But how did you answer questions 1?

The second question describes the reality of the taxation situation as it currently relates to funding the operations of the Palms of Terra Ceia Bay CDD.

The CDD operations (on-going expenses such as road and pond maintenance, landscaping, gatehouse expenses, etc.) are currently paid for using what is referred to as Ad Valorem collections.

That means that these expenses are funded based on the value of the individual unit rather than being divided equally among all units.

So if you live in a unit that is assessed by the property appraiser on your tax bill at twice the value of your neighbor, you would pay twice as much for CDD operation expenses than they would.

Conversely, if your property is assessed at half as much as someone else's you would pay half as much as they do.

Whether you feel this is an issue that needs to be addressed depends on your answers to Questions #1 and #2 above.

Regardless of individual feelings this subject has been an issue since 2011 and the CDD Board has decided to try to bring it to a resolution.

Here is a table from a 2012 study that compared the estimated average Ad Valorem and estimated Flat Rate Non-Ad Valorem tax collections from each Village within Palms of Terra Ceia Bay that illustrates the point.

While it has a different name Non-Ad Valorem funding is essentially how HOA's and COA's fund their expenses.

The cost of operations is divided by the total number of units and that is your HOA/COA assessment.

The estimated average residential tax assuming the CDD converted to Non-Ad Valorem and if everyone paid the same would have been \$425 per unit.

However, on average three communities paid more and all the rest paid less.

	2012
	5.00 mills
Bay Club	1,077
Bay Estates North	322
Bay Pointe	681
Captain's Court	396
Estuaries	365
Estuaries II	437
Fairway Oaks	268
Fairway Palms	380
Fairway Trace	364
Fiddler's Bend	421
Greens at Edgewater	375
Lantana	343
Ten Downing	295
Terra Ceia Club	281
Waterford Court	369
Waterford Way	429
High	1,077
Average	425
Low	268

This table is shown to illustrate the differences in how much individuals were estimated to have paid at that time and what they might have paid using a simple Non-Ad Valorem assessment.

The question the CDD Board is facing is whether funding formula shown in the table is a fair and acceptable situation for the Palms of Terra Ceia Bay community.

And if it is not what, if anything, should be done to address it?

That is where we are now.

If there is a decision to address our Funding Methodology then we will talk about other specific proposals for consideration.

However, at this time there are no specific proposals to change the current funding methodology under consideration.

Regarding Homestead Exemptions

If the CDD does go to a Non-Ad Valorem funding system any homestead exemptions you have would not apply to the Palms of Terra Ceia part of your tax bill.

That is no different than when you pay your HOA/COA assessments.

However the change in the homestead status **would apply ONLY to the Palms of Terra Ceia Bay portion of your tax bill.**

Please be assured that whatever Tax Exemptions you currently have **would still apply to all other Ad Valorem assessments on your tax bill.** (County, School Board, etc.)

Also the removal of the Homestead Tax Exemptions for the Palms of Terra Ceia portion of the bill is factored into the 2012 estimate of \$425 in the table above.

* Please note that because of recent decisions regarding how capital funding is collected (actually by using Non-Ad Valorem assessments) it is estimated that the average total Non-Ad Valorem assessment based on a simple calculation has risen to approximately \$493. The average Ad Valorem estimates shown on the table would also have risen correspondingly over time. All assessment estimates will be recalculated if a decision is made to go to the next step in the study.

Questions?

I am available to meet with any group or answer phone calls from individuals with questions.

Please use my contact information shown below.

Please forward this email to your neighbors that have an interest in the subject.

More in-depth information on both the Funding and Mangrove questions are available on the Palms of Terra Ceia Bay website.

www.palmsofterraceiabaycdd.org

I hope that you all are having a great Holiday Season and I wish you a Happy, Healthy and Prosperous New Year!

Bruce

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