



**PRELIMINARY MASTER ASSESSMENT
METHODOLOGY
POINCIANA COMMUNITY
DEVELOPMENT DISTRICT
AND POINCIANA WEST COMMUNITY
DEVELOPMENT DISTRICT
RECREATION FACILITIES
ACQUISITION**

February 10, 2017

Prepared for:

Members of the Board of Supervisors,
Poinciana Community Development District

Prepared by:

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1.0 Introduction

1.1 Purpose

This "Preliminary Master Assessment Methodology" dated February 10, 2017 ("Methodology") provides a system for the allocation of non-ad valorem special assessments securing the repayment of bond debt planned to be issued by the Poinciana Community Development District ("PCDD") to fund the Recreational Facilities Acquisition ("RFA") for the PCDD and Poinciana West Community Development District ("PWCDD"); collectively the "Districts". The recreational, cultural, and educational facilities include but are not necessarily limited to the following: clubhouses, pools, fitness facilities, tennis courts, pickleball courts, etc...

The Methodology described herein has two goals: (1) quantifying the special benefits received by properties within the Districts as a result of the acquisition of the recreational facilities, and (2) equitably allocating the costs incurred by the Districts to provide these benefits to properties in the Districts. The District plans to fund the acquisition of the existing recreational facilities as well develop additional recreational facilities through bond debt financing. This bond debt will be repaid from the proceeds of non-ad valorem special assessments levied by the District and via an inter-local agreement between the District and the Poinciana West CDD. This Methodology is designed to conform to the requirements of Chapters 170, 190, and 197 of the Florida Statutes with respect to special assessments and is consistent with our understanding of the case law on this subject.

1.2 Background

The PCDD includes approximately 3,240 acres and will include 3,945 residential units and 128,000 square feet of non-residential square feet. The PWCDD encompasses approximately 949 acres of land which will include 1,650 single family detached residential units developed over seven (7) phases and 19,000 square feet of recreational structures. Avatar Properties, Inc. ("Developer") plans to develop 5,595 residential units in aggregate within the District and Poinciana West, combined. Three (3) units are not within the PCDD and not subject to the debt assessments associated with the RFA.

At this time, all homeowners within the Districts are subject to Club Membership fees which provides access and use of all recreational facilities within the Districts. These fees are paid to the Developer to operate the existing recreational facilities. The special assessments levied by the Districts as part of the RFA will replace the existing Club Membership fees. The Club will terminate at closing on the sale to the PCDD. There will be additional Operation and Maintenance ("O&M") assessments levied by the Districts which will take the place of Club Operation Fees, but those O&M assessments are not subject to this report.

1.3 Requirements of a Valid Assessment Methodology

Improvements undertaken by the Districts create both special benefits and general benefits to property owners located within and surrounding the Districts. However, the general benefits to the public at large are incidental in nature and are readily distinguishable from the special benefits which accrue to property located within the Districts.

For special assessments to be valid under Florida law, there are two requirements. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides some latitude to legislative bodies, such as the Districts' Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that the mathematical perfection of calculating special benefit is likely impossible. Only if the Districts' Board was to act in an arbitrary, capricious, or grossly unfair fashion would its assessment methods be overturned.

2.0 Recreational Facilities Acquisition - Plan of Finance

2.1 Recreational Facilities Valuation and New Improvements

The District based its acquisition decision on the Supplemental Report: Recreational Amenities Asset Valuation Study prepared by Environmental Financial Group (“EFG”) dated October 20, 2016. This same document detailed the estimated costs of the proposed new improvements. The Purchase and Sale Agreement (“PSA”) reflects the currently negotiated maximum price of the recreational facilities to date. Also included in Table 1 is the amount the PCDD expects to borrow and spend on building new amenities. Table 1 summarizes the total.

Table 1. Recreational Facilities Total

Purchase Price (Existing Recreational Facilities)	\$73,700,000
New Improvements	\$11,185,543
Total	\$84,885,543

Source: PSA Agreement, date December 5, 2016

As part of the negotiation process and the EFG report, monthly assessment rates associated with the RFA were presented to the District for its review and approval. Since that report was issued, three significant changes have occurred: 1) the interest rate environment has become more volatile, 2) the initial debt structure of a senior / subordinate structure has been modified with the inclusion of three (3) assessment areas and 3) a “wrapped” financing structure has been implemented for the undeveloped lands in Poinciana and the Poinciana West CDD:

- Area 1a – developed units and platted lots within Poinciana
- Area 1b – developed unit and platted lots within Poinciana West
- Area 2 – Undeveloped land within Poinciana (includes some platted lots)
- Area 3 – Undeveloped land within Poinciana West (includes some platted lots)

The assessment areas more properly allocate the risk to undeveloped land within Poinciana and Poinciana West with Area 1a and Area 1b yielding a lower interest rate compared to the interest rate associated with the riskier undeveloped lands.

2.2 Assessment Equalization Payment

A goal included in the negotiation of the RFA involved keeping the existing Club Membership fees consistent with the structure of the existing 2016 Club Membership fee for each developed lot. Various neighborhoods have different Club Membership fees based on the agreed upon contract rates when the initial homeowner purchased a lot within the community. This is accomplished through a contribution of infrastructure reflected in a deduction from the purchase price, as described herein. Table 2 provides a summary of the neighborhoods/phases and the current Club Membership rate in each location.

Table 2. Neighborhood/Phase Club Membership Rates and Unit Counts

Phase	Name	Updated Planned Units	2016 Base Fee	Total Monthly Fee (incl 7% Club Tax)	Total Yearly Fee (2016)	Assessment Area**
1B	Rainbow Lakes	401	\$65.00	\$69.55	\$834.60	1a
2A, 2B	Candlewood	271	\$65.00	\$69.55	\$834.60	1a
1D-1	Bella Vista	24	\$74.00	\$79.18	\$950.16	1a
1D-2	Bella Vista	41	\$74.00	\$79.18	\$950.16	1a
1E	Lago Vista	84	\$74.00	\$79.18	\$950.16	1a
2C, 2D	Terra Vista	422	\$75.00	\$80.25	\$963.00	1a
4A	Portofino	92	\$75.00	\$80.25	\$963.00	1a
4B-1	Capri	19	\$75.00	\$80.25	\$963.00	1a
4B-2	Capri	147	\$75.00	\$80.25	\$963.00	1a
5F & 5F Unit 1	Montelena	170	\$84.00	\$89.88	\$1,078.56	1a
1C	Treviso	36	\$85.00	\$90.95	\$1,091.40	1a
1F Unit 1 55'	Oak Hammock	42	\$85.00	\$90.95	\$1,091.40	1a
1F Unit 1 65'	Oak Hammock	33	\$85.00	\$90.95	\$1,091.40	1a
1F Unit 2 55'	Oak Hammock	60	\$85.00	\$90.95	\$1,091.40	2
1F Unit 2 65'	Oak Hammock	35	\$85.00	\$90.95	\$1,091.40	1a
1G 25' TH		32	\$85.00	\$90.95	\$1,091.40	2
1H (40'-45' LOTS)	Lago Vista	23	\$85.00	\$90.95	\$1,091.40	2
1H (50'-65' LOTS)	Lago Vista	16	\$85.00	\$90.95	\$1,091.40	1a
3A, 3B	Venezia	507	\$85.00	\$90.95	\$1,091.40	1a
4C	Flora Vista	370	\$85.00	\$90.95	\$1,091.40	1a
4D	Flora Vista	70	\$85.00	\$90.95	\$1,091.40	1a
5A,B		251	\$85.00	\$90.95	\$1,091.40	2
5C		242	\$85.00	\$90.95	\$1,091.40	2
5E(S)		66	\$85.00	\$90.95	\$1,091.40	2
5E(W)		77	\$85.00	\$90.95	\$1,091.40	2
5H		165	\$85.00	\$90.95	\$1,091.40	2
5I 80'	Portofino	22	\$85.00	\$90.95	\$1,091.40	1a
5J 80'	Portofino	8	\$85.00	\$90.95	\$1,091.40	1a
6A (55' & 65' LOTS)*	Bella Viana	120	\$85.00	\$90.95	\$1,091.40	1a
6B (80' LOTS)*	Bella Viana	102	\$85.00	\$90.95	\$1,091.40	1a
Poinciana Total		3,948				
7A	Valencia	259	\$85.00	\$90.95	\$1,091.40	1b
7B	Vizcaya	446	\$85.00	\$90.95	\$1,091.40	1b
7C	Portofino	202	\$85.00	\$90.95	\$1,091.40	1b
7D	Mira Vista	203	\$85.00	\$90.95	\$1,091.40	1b
7E (65' LOTS)	Alta Vista	77	\$85.00	\$90.95	\$1,091.40	1b
7E (65' LOTS)	Alta Vista	88	\$85.00	\$90.95	\$1,091.40	3
7F 40'		92	\$85.00	\$90.95	\$1,091.40	3
7G1	Volare	5	\$85.00	\$90.95	\$1,091.40	1b
7G Unit 1	Volare	97	\$85.00	\$90.95	\$1,091.40	1b
7G2 (55' & 65' LOTS)	Verona	181	\$85.00	\$90.95	\$1,091.40	1b
Poinciana West Total		1,650				
Totals		5,598				

Source: AV Homes, Inc. (2017); *3 units in Phase 6A are not included in the Districts

**Assessment Area 1a includes developed units within the PCDD, Assessment Area 1b included developed units within the PWCCD, Assessment Area 2 is comprised of vacant lands and some platted lots within the PCDD and Assessment Area 3 includes undeveloped platted lots within the PWCCD

To effectively equalize these rates, the Developer agreed to an Assessment Equalization Payment (“AEP”) which allows the current Club Membership rate structure to be proportionately maintained. An AEP of \$3,935,533.49 was calculated based on the RFA total of \$84,885,543 and forecast develop program for the District and Poinciana West CDD. Table 3 summarizes the calculation of the AEP.

Table 3. Assessment Equalization Payment

Planned Units	Club Fee Per Unit (incl tax)	Club Fee Per Unit/Month (incl tax)	% of max	Net Proceeds Allocation	Net Proceeds / Unit (unadjusted)	Adjusted Allocation / Unit	Variance (Buydown) / Unit	Total Buydown
672	\$834.60	\$69.55	76.47%	\$10,195,368.17	\$15,171.68	\$11,601.87	\$3,569.81	\$2,398,910.16
149	\$950.16	\$79.18	87.06%	\$2,260,580.14	\$15,171.68	\$13,208.29	\$1,963.39	\$292,545.67
680	\$963.00	\$80.25	88.24%	\$10,316,741.60	\$15,171.68	\$13,386.78	\$1,784.90	\$1,213,734.31
170	\$1,078.56	\$89.88	98.82%	\$2,579,185.40	\$15,171.68	\$14,993.19	\$178.49	\$30,343.36
3,924	\$1,091.40	\$90.95	100.00%	\$59,533,667.69	\$15,171.68	\$15,171.68	\$0.00	\$0.00
5,595				\$84,885,543.00				\$3,935,533.49

Source: Fishkind and Associates, Inc.

The calculations in Table 2 estimate the total supportable revenue on a per unit (unadjusted) basis via the existing Club Membership fee structure and forecasted residential development within the District and Poinciana West CDD. Based on the allocation of units at the various existing rate structure for existing and future residential units, a “buydown per unit” calculation was made and this resulted in the “total buydown” for the aggregate 5,595 units which is the AEP of \$3,935,533.49. The AEP was then applied to the total in Table 1, resulting in a net Acquisition Fund of \$80,950,010. Table 5 summarizes the total.

Table 4. Recreational Facilities Total

Purchase Price (Existing Recreational Facilities)	\$73,700,000
New Improvements	\$11,185,543
Total	\$84,885,543
Assessment Equalization (via Developer)	\$3,935,533
Acquisition Fund	\$80,950,010

2.3 Bond Requirements

The District intends to finance the acquisition of the recreation facilities by issuing bonds. A number of component funds and expenses comprise the total principal of the bonds to be issued by the District. These funds and expenses may include, but are not limited to, acquisition and construction, capitalized interest, a debt service reserve, underwriter's discount, and issuance costs. An estimate of the bond issuance associated with the District's RFA is found in Table 5. The construction/acquisition funds raised by the District's bonds will fund the acquisition.

Table 5. Series 2017 Bonds for District RFA

Description	Series 2017 Bonds
Construction/Acquisition Fund	\$80,952,118
Capitalized Interest (CAPI)	\$2,998,783
Debt Service Reserve	\$2,849,088
Costs of Issuance	\$3,705,840
Underwriters Discount	\$1,378,425
Original Issuers Discount (OID)	\$0
Rounding	\$10,746
Total Debt Principal	\$91,895,000

3.0 Assessment Methodology

3.1 Assessment Foundation

The assessment methodology associated with the RFA is a three-step process. First, the PSA determined the purchase price for the District's and Poinciana West's recreational facilities. Second, an estimate of the amount of bonds required to finance the infrastructure improvements is calculated. Third, the as-financed costs of the infrastructure and related improvements are allocated to the benefited properties based on the relative benefit each unit receives as expressed by that unit's adjusted allocation per dwelling unit. Table 6 summarizes the benefit received on a per unit basis.

Table 6. District RFA Benefit Per Unit Summary

Assessment Area	Units	Total Benefit by Area	Benefit Per Unit	Equalization	Net Proceeds	Total Net Proceeds/Unit
1a	3,029	\$45,955,015.15	\$15,171.68	-\$3,935,533.49	\$42,019,481.66	\$13,872.39*
1b	1,470	\$22,302,367.87	\$15,171.68		\$22,302,367.87	\$15,171.68
2	916	\$13,897,257.80	\$15,171.68		\$13,897,257.80	\$15,171.68
3	180	\$2,730,902.19	\$15,171.68		\$2,730,902.19	\$15,171.68
Total	5,595	\$84,885,543.00			\$80,950,009.51	

*Average of PCDD Units

In allocating special assessments to benefited property, Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, and acreage. Fishkind & Associates, Inc. has determined that an assessment methodology based on single dwelling units is appropriate. The use of single dwelling units to estimate the benefit derived from the RFA is recognized as a simple, fair, and reasonable method for apportioning benefit. Single dwelling units are a commonly accepted method for calculating special benefit assessments in Florida.

Here, a single dwelling unit is defined as a single-family unit, townhome unit, condominium unit and/or any other residential unit, regardless of the size of the unit. The Districts' recreational facilities are designed to serve as an amenity to the Districts' residents, which benefit from the use and enjoyment of the facilities. The properties within the Districts receive a special benefit from the RFA in the form of the following:

1. Ownership and control of the existing facilities by the residents
2. Additional recreational facilities in the amount of an estimated \$11.2 million
3. The Districts are not burdened by most private ownership costs (e.g. federal income tax, state sales tax, local property taxes)
4. The Districts provide low cost tax-exempt financing
5. The RFA results in a bond debt assessment less than the 2016 Club Membership fees for existing members and is not subject to future increases as are current Club Fees
6. The bond debt assessments can be refinanced resulting in potential additional savings to residents
7. Elimination of Club Fees
8. Payoff of replaced "Club Fees" in 30 years compared to perpetual Club Fees
9. Increased use and enjoyment
10. Reduced need for personal recreation facilities and equipment

3.2 Assignment of Assessments

The acquisition costs and terms are outlined in Table 1. The estimated amount of bonds required to fund the RFA has been calculated and is shown in Table 5. The bond principal and related annual debt service assessments will then be equally divided among the number of residential units located within the Districts as adjusted by the AEP. The resulting maximum bond principal and annual assessments for each unit planned for the District, based upon the 2016 Club Fees for each unit, are shown in Table 7. Table 7 becomes important because as the vacant land for residential units within the District is platted, the specific bond debt service assessments will be assigned to the individual platted lots.

Table 7. Summary of Series 2017 Bonds and Assessments

Description	Est. Series 2017-1a Bonds LEVEL	Est. Series 2017-1b Bonds LEVEL	Est. Series 2017-2 Bonds WRAPPED	Est. Series 2017-3 Bonds WRAPPED	Est. Series TOTAL Bonds
Purchase Price					\$73,700,000
Assessment Equalization Payment					(\$3,935,533)
New Improvements Fund					\$11,185,543
Acquisition Fund	\$42,042,572	\$22,290,348	\$13,889,768	\$2,729,430	\$80,952,118
CAPI	\$791,949	\$419,884	\$1,491,300	\$295,650	\$2,998,783
Debt Service Reserve	\$1,282,938	\$680,750	\$720,600	\$164,800	\$2,849,088
Cost of Issuance	\$2,252,384	\$1,194,183	\$216,377	\$42,897	\$3,705,840
Underwriter's Discount	\$706,200	\$374,400	\$248,550	\$49,275	\$1,378,425
Original Issuers Discount (OID)	\$0	\$0	\$0	\$0	\$0
Rounding	\$3,958	\$435	(\$3,405)	(\$2,948)	(\$1,959)
Total Debt Principal	\$47,080,000	\$24,960,000	\$16,570,000	\$3,285,000	\$91,895,000
Total Debt Service	\$77,692,298	\$41,191,186	\$39,691,300	\$7,985,700	\$166,560,484
Max Annual Debt Service (1)	\$2,565,876	\$1,361,500	\$1,059,300	\$217,850	\$5,204,526
Max Annual Debt Service (2)	\$2,565,876	\$1,361,500	\$1,441,200	\$329,600	\$5,698,176
Average Coupon Rate	3.61%	3.61%	6.00%	6.00%	4.20%
Wrapped Debt Service Final Year	-	-	2031	2037	-
Final Debt Service Payment Owed	May 1, 2047	May 1, 2047	May 1, 2048	May 1, 2048	-
Final Maturity (Years)	30	30	31	31	-

(1) MADS for WRAPPED debt in Assessment Area 2 through 2031 & and Assessment Area 3 through 2037

(2) MADS for WRAPPED debt in Assessment Area 2 from (2032-2048) and Assessment Area 3 from (2038-2048)

**Table 7 (continued). Summary of Series 2017 Bonds and Assessments
(Areas 1a/1b, Area 2 and Area 3)**

Projected Maximum Annual Collections of 2017 Assessments Areas 1a/1b (1)

Residential Unit - Existing		% of Adjusted Net Proceeds (4)	Max Annual Assmt. per Category	Est. Net Annual Assmt./Unit	Est. Gross Annual Assmt./Unit (2)	Est. 2017 Bonds	Preadjusted Allocation/Unit	Assessment Equalization Payment/Unit (3)	Series 2017 Bond Principal/Unit
Recreational Base Fee	Units/ERUs*								
\$65 Fee Units	672.00	12.12%	\$476,038	\$708.39	\$761.71	\$8,731,975.82	\$16,992.17	\$3,998.16	\$12,994.01
\$74 Fee Units	149.00	3.06%	\$120,165	\$806.47	\$867.18	\$2,204,184.19	\$16,992.17	\$2,198.99	\$14,793.18
\$75 Fee Units	680.00	14.15%	\$555,813	\$817.37	\$878.89	\$10,195,301.44	\$16,992.17	\$1,999.08	\$14,993.09
\$84 Fee Units	170.00	3.96%	\$155,628	\$915.46	\$984.36	\$2,854,684.40	\$16,992.17	\$199.91	\$16,792.26
\$85 Fee Units	2,828.00	66.70%	\$2,619,733	\$926.36	\$996.08	\$48,053,854.14	\$16,992.17	\$0.00	\$16,992.17
Total	4,499.00	100.00%	\$3,927,376			\$72,040,000.00			

Projected Maximum Annual Collections of 2017 Assessments Area 2 (1)

Residential Unit - Existing		% of ERUs	Max Annual Assmt. per Category Thru 2031	Est. Net Annual Assmt./Unit Thru 2031	Est. Gross Annual Assmt./Unit Thru 2031 (2)	Max Annual Assmt. per Category 2032-2048	Est. Net Annual Assmt./Unit 2032-2048	Est. Gross Annual Assmt./Unit 2032-2048 (2)	Est. 2017 Bonds	Series 2017 Bond Principal/Unit
Recreational Base Fee	Units/ERUs*									
\$85 Fee Units	916.00	100.00%	\$1,059,300	\$1,156.44	\$1,243.48	\$1,441,200	\$1,573.36	\$1,691.79	\$16,570,000.00	\$18,089.52
Total	916.00	100.00%	\$1,059,300			\$1,441,200			\$16,570,000.00	

Projected Maximum Annual Collections of 2017 Assessments Area 3 (1)

Residential Unit - Existing		% of ERUs	Max Annual Assmt. per Category Thru 2037	Est. Net Annual Assmt./Unit Thru 2037	Est. Gross Annual Assmt./Unit Thru 2037 (2)	Max Annual Assmt. per Category 2038-2048	Est. Net Annual Assmt./Unit 2038-2048	Est. Gross Annual Assmt./Unit 2038-2048 (2)	Est. 2017 Bonds	Series 2017 Bond Principal/Unit
Recreational Base Fee	Units/ERUs*									
\$85 Fee Units	180.00	100.00%	\$217,850	\$1,210.28	\$1,301.37	\$329,600	\$1,831.11	\$1,968.94	\$3,285,000.00	\$18,250.00
Total	180.00	100.00%	\$217,850			\$329,600			\$3,285,000.00	

(1) Preliminary, subject to change, based on the final pricing details of the 2017 Bonds.

(2) Gross assessment includes 7% gross up to account for current Property Appraiser and tax collector fees and the statutory early payment discount (statutory max is 8%)

(3) Includes use of Assessment Equalization Factor of 1.11999 which is the Area 1a & Area 1b Bond Par divided by Adjusted Net Proceeds (Equalization Prior to Bond Par)

(4) % of Adjusted Net Proceeds used due to application of Assessment Equalization Payment via Developer

It is important to note that the non-residential properties and the golf course do not receive a special benefit from the amenities because they do not use the amenities. Fishkind and Associates, Inc. analysis indicates that the benefit exceeds the amount being assessed. Table 8 provides the monthly assessments in PCDD and PWCCD based on the maximum annual debt service (MADS).

**Table 8. Summary of Series 2017 MADS and Monthly Assessments
(Area 1a/1b, Area 2 and Area 3)***

Assessment Area	Units	Bond Sizing	Net Proceeds	Net Proceeds/Unit	MADS	MADS/Unit (annual)	MADS/Unit (monthly)
1a/1b	4,499	\$72,040,000	\$64,332,920	\$14,299.38	\$3,927,375.63	\$872.94	\$72.75
2	916	\$16,570,000	\$13,889,768	\$15,163.50	\$1,441,200.00	\$1,573.36	\$131.11
3	180	\$3,285,000	\$2,729,430	\$15,163.50	\$329,600.00	\$1,831.11	\$152.59
Total	5,595	\$91,895,000	\$80,952,118.00	\$44,626.38	\$5,698,176		

*represents MADS for entire series through 2048

**Table 8 (cont.) Summary of Series 2017 Detailed MADS and Monthly Assessments
(Area 1a/1b, Area 2 and Area 3)***

Assessment Area	2016 Club Fee	Units	MADS Thru 2031/2037	MADS/Unit (annual)	MADS/Unit (monthly)
1a	\$65	672	\$476,037.60	\$708.39	\$59.03
1a	\$74	149	\$120,164.62	\$806.47	\$67.21
1a	\$75	680	\$555,813.14	\$817.37	\$68.11
1a	\$84	170	\$155,627.68	\$915.46	\$76.29
1a/1b	\$85	2,828	\$2,619,732.59	\$926.36	\$77.20
2		916	\$1,059,300.00	\$1,156.44	\$96.37
3		180	\$217,850.00	\$1,210.28	\$100.86
Total		5,595	\$5,204,525.63		

Assessment Area	2016 Club Fee	Units	MADS Thru 2047/2048	MADS/Unit (annual)	MADS/Unit (monthly)
1a	\$65	672	\$476,037.60	\$708.39	\$59.03
1a	\$74	149	\$120,164.62	\$806.47	\$67.21
1a	\$75	680	\$555,813.14	\$817.37	\$68.11
1a	\$84	170	\$155,627.68	\$915.46	\$76.29
1a/1b	\$85	2,828	\$2,619,732.59	\$926.36	\$77.20
2		916	\$1,441,200.00	\$1,573.36	\$131.11
3		180	\$329,600.00	\$1,831.11	\$152.59
Total		5,595	\$5,698,176.63		

*Wrapped debt for Assessment Area 2 - PCDD extends through 2031 and for Assessment Area 3 - PWCDD through 2037, beyond those years, MADS increases when existing bond debt service is extinguished, Level Debt Service in Assessment Areas 1a and 1b remain unchanged through 2047

3.3 True-Up Mechanism

In order to assure that the Districts' debt will not build up on the unplatted land within the Districts, the Districts shall conduct the following true-up test at the time of the approval of each plat and/or site plan approval. The test is that the debt per acre remaining on the unplatted land or site plan is never allowed to increase above the initial maximum debt per acre level. Initially, the maximum level of debt per acre is calculated as the par amount of the bonds issued divided by the number of developable yet undeveloped acres remaining within the District. The developable property that currently remains unplatted will be the subject of a true-up analysis for the Series 2017 Bonds principal assessment assignment. An examination of the remaining unplatted developable properties is found in Table 9.

Table 9. Unplatted Parcels Within District – Initial Net Developable Acreage Assessments*

<u>Parcel ID</u>	<u>Developable Unplatted Acres*</u>	<u>% of Rem. Undev. Dev. Acres</u>	<u>Bond Principal Assessment per Parcel</u>
28-27-14-933530-001000	75.9	38.5%	\$5,805,606
28-27-14-933530-042000	93.9	47.7%	\$7,182,430
28-27-14-933541-004050	3.0	1.5%	\$229,471
28-27-14-933541-004170	20.0	10.2%	\$1,529,804
28-27-14-933543-001730	<u>4.2</u>	<u>2.1%</u>	<u>\$321,259</u>
Totals	197.0	100.0%	\$15,068,570

*Vacant lands are located in PCDD (specifically Assessment Area 2); Poinciana West has fulfilled the platting of all its residential units

The allocation of the 197 remaining net developable unplatted acres among the parcels listed in Table 9 is based upon the best information available at this time and is subject to change over time as development proceeds within the District. However, the Series 2017 Bonds true-up calculation will always be based on the total 197 remaining unplatted developable acres. As outlined in Table 10, there are 833 planned units remaining to be developed within these 197 acres. As also shown in Table 8, this produces a remaining unit per unplatted developable acre count of 4.2 and an initial Series 2017 Bonds principal assessment per remaining unplatted developable acre of \$76,490.

Table 10. True-Up Threshold

Unassigned Units*	833
Total Net Unplatted Acres	197
Units/Net Acre	4.2
Bonds Principal/Net Acre	\$76,490

*60 lots in Phase 1F and 23 lots in Phase 1H are included in Assessment Area 2, but are currently platted and not included in the True Up calculation

Thus, each unplatted developable acre will be assigned a Series 2017 Bonds principal assessment of \$76,490 at the time of the adoption of this Methodology. As outlined above, the assignment of Series 2017 Bonds assessments to the 197 unplatted developable acres within the Districts will convert from an acreage to a per-unit basis when some or all the acreage has been included in a plat or approved site plan. Units assigned an assessment by the Districts to a parcel pursuant to one of these two steps will be subtracted proportionately from the remaining unplatted developable acreage.

Future plats and site plans for the remaining 197 unplatted developable acres must absorb at least 4.2 units per acre. Plats or property transfers which cause the unit density on the remaining unplatted developable land to exceed 4.2 units per acre shall trigger a true-up payment. However, a true-up payment may be suspended at the District's sole discretion if the property owner can demonstrate to the Districts, and the Districts finds its sole discretion, that all necessary land use approvals, including applicable zoning, can reasonably and economically support a density higher than 4.2 units per remaining unplatted developable acre.

If additional land, not currently subject to the debt assessments, is developed in such a manner as to receive special benefit from the Districts' RFA, it is contemplated that this Methodology will be re-applied to include such new parcels. The additional land, as a result of applying this Methodology, will be allocated an appropriate share of the special assessments, while all then-assessed parcels will receive a relative adjustment in their assessment levels.

4.0 Preliminary Assessment Roll

Table 11 outlines the maximum bond principal assessment within each of the defined assessment areas within the District. The legal description of the parcels and undeveloped land within the District is found in Exhibit "A."

Table 11. Preliminary Assessment Roll by Assessment Area (1)

<u>Assessment Area</u>	<u>Units</u>	<u>2016 Club Fee</u>	<u>RFA Debt Assessment 2031 (net)</u>	<u>RFA Debt Assessment 2031 (gross) (2)</u>	<u>RFA Debt Assessment Thru 2048 (net)</u>	<u>RFA Debt Assessment Thru 2048 (2) (gross)</u>
1a	672	\$65	\$476,037.60	\$511,868.39	\$476,037.60	\$511,868.39
1a	149	\$74	\$120,164.62	\$129,209.27	\$120,164.62	\$129,209.27
1a	680	\$75	\$555,813.14	\$597,648.54	\$555,813.14	\$597,648.54
1a	170	\$84	\$155,627.68	\$167,341.59	\$155,627.68	\$167,341.59
1a	1,358	\$85	\$1,257,990.40	\$1,352,677.85	\$1,257,990.40	\$1,352,677.85
2	916		\$1,059,300	\$1,139,032	\$1,441,200	\$1,549,677
Poinciana	3,945	Subtotal	\$3,624,933	\$3,897,778	\$4,006,833	\$4,308,423

<u>Assessment Area</u>	<u>Units</u>	<u>2016 Club Fee</u>	<u>RFA Debt Assessment 2037 (net)</u>	<u>RFA Debt Assessment 2037 (gross) (2)</u>	<u>RFA Debt Assessment Thru 2048 (net)</u>	<u>RFA Debt Assessment Thru 2048 (2) (gross)</u>
1b	1,470	\$85	\$1,361,742.19	\$1,464,238.91	\$1,361,742.19	\$1,464,238.91
3	180		\$217,850.00	\$234,247.31	\$329,600.00	\$354,408.60
Poinciana West	1,650	Subtotal	\$1,579,592.19	\$1,698,486.22	\$1,691,342.19	\$1,818,647.51
	5,595	TOTAL	\$5,204,525.63	\$5,596,264.12	\$5,698,175.63	\$6,127,070.57

<u>Assessment Area</u>	<u>Units</u>	<u>2016 Club Fee</u>	<u>Net Assessment Per Unit (2031)</u>	<u>Gross Assessment Per Unit (2031) (2)</u>	<u>Net Assessment Per Unit (Thru 2047/2048)</u>	<u>Gross Assessment Per Unit (Thru 2047/2048) (2)</u>
1a	672	\$65	\$708.39	\$761.71	\$708.39	\$761.71
1a	149	\$74	\$806.47	\$867.18	\$806.47	\$867.18
1a	680	\$75	\$817.37	\$878.89	\$817.37	\$878.89
1a	170	\$84	\$915.46	\$984.36	\$915.46	\$984.36
1a	1,358	\$85	\$926.36	\$996.08	\$926.36	\$996.08
2	916		\$1,156.44	\$1,243.48	\$1,573.36	\$1,691.79
Poinciana	3,945	Subtotal	\$918.87	\$988.03	\$1,015.67	\$1,092.12

<u>Assessment Area</u>	<u>Units</u>	<u>2016 Club Fee</u>	<u>Net Assessment Per Unit (2037)</u>	<u>Gross Assessment Per Unit (2037) (2)</u>	<u>Net Assessment Per Unit (Thru 2047/2048)</u>	<u>Gross Assessment Per Unit (Thru 2047/2048) (2)</u>
1b	1,470	\$85	\$926.36	\$996.08	\$926.36	\$996.08
3	180		\$1,210.28	\$1,301.37	\$1,831.11	\$1,968.94
Poinciana West	1,650	Subtotal	\$957.33	\$1,029.39	\$1,025.06	\$1,102.21
	5,595	TOTAL	\$930.21	\$1,000.23	\$1,018.44	\$1,095.10

1. Preliminary, subject to change, based on the final pricing of 2017 Bonds
2. Gross Assessment includes 7% gross up to account for current Property Appraiser and tax collector fees (statutory maximum is 8%)

EXHIBIT "A"
Preliminary Assessment Roll

COMMUNITY	PARCEL ID	PROP DSCR1	Units	Acres	2016 Base Fee	Phase	Assessment Area	RFA Debt Assessment 2031/2037 (net)	RFA Debt Assessment 2031/2037 (gross)	RFA Debt Assessment Thru 2047/2048 (net)	RFA Debt Assessment Thru 2047/2048 (gross)
Poinciana West	282722933916000750	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000760	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000770	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000780	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000790	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000800	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000810	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000820	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000830	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000840	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000850	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000860	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000870	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000880	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000890	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000900	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000910	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000920	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000930	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000940	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000950	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000960	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000970	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39	1		85	7G Unit 1	1b	\$926.36	\$996.08	\$926.36	\$996.08
Poinciana West	282722933916000980	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39									
Poinciana West	282722933916000990	SOLIVITA PHASE 7G - UNIT 1 PB 153 PG 36-39									
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Poinciana West	28272700000031010	THAT PT OF SEC LYING WITHIN AVATAR'S ACTIVE ADULT									
								\$5,204,525.63	\$5,596,264.12	\$5,698,175.63	\$6,127,070.57