



DEVELOPMENT PLANNING & FINANCING GROUP, INC.

***AVALON GROVES
COMMUNITY
DEVELOPMENT DISTRICT***

Agenda Package

***Board of Supervisors
Meeting***

***Date & Time:
Thursday
December 22, 2016
11:30 a.m.***

***Location:
Cagan Crossing
Community Library
16729 Cagan Oaks
Clermont, Florida***

Note: The Advanced Meeting Package is a working document and thus all materials are considered DRAFTS prior to presentation and Board acceptance, approval or adoption.

Avalon Groves Community Development District

Development Planning and Financing Group

[X] 1060 Maitland Center Commons, Suite 340
Maitland, Florida 32751
321-263-0134

[] 15310 Amberly Drive, Suite 175
Tampa, Florida 33647
813-374-9105

December 15, 2016

Board of Supervisors
**Avalon Groves Community
Development District**

Dear Board Members:

The Regular Meeting and Public Hearing of the Board of Supervisors of the Avalon Park Community Development District is scheduled for Thursday December 22, 2016 at 11:30 a.m. at the Cagan Crossing Community Library 16729 Cagan Oaks Clermont, Florida.

The advanced copy of the agenda for the meeting is attached along with associated documentation for your review and consideration. Any additional support material will be distributed at the meeting.

The balance of the agenda is routine in nature. Staff will present their reports at the meeting. If you have any questions, please contact me. I look forward to seeing you there.

Sincerely,

Patricia Comings-Thibault

Patricia Comings-Thibault
District Manager

cc: Attorney
Engineer
District Records

District: AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
Date of Meeting: **Thursday December 22, 2016**
Time: 11:30 a.m.
Location: Cagan Crossing Community Library
16729 Cagan Oaks
Clermont, FL

Dial-in Number: 712-775-7031
Guest Access Code: 109-516-380

Agenda

I. Roll Call

II. Audience Comments

III. Administrative Matters

- A. Approval of Minutes of November 22, 2016 Meeting Exhibit 1
- B. Acceptance of the November 2016 Financials Exhibit 2

IV. Business Items

- A. Public Hearing on Special Assessment Area One Exhibit 3
 - 1. Open Public Hearing
 - 2. Public Comment & Testimony
 - 3. Close Public Hearing
 - 4. Adoption of Resolution 2017-08 Imposing and Levying Special Assessments Area One
- B. Public Hearing on Special Assessment Area Two Exhibit 4
 - 1. Open Public Hearing
 - 2. Public Comment & Testimony
 - 3. Close Public Hearing
 - 4. Adoption of Resolution 2017-09 Imposing and Levying Special Assessments Area Two
- C. Public Hearing on Special Assessment Area Three Exhibit 5
 - 1. Open Public Hearing
 - 2. Public Comment & Testimony
 - 3. Close Public Hearing
 - 4. Adoption of Resolution 2017-10 Imposing and Levying Special Assessments Area Three

D. Additional Matters

V. Staff Reports

A. Manager

B. Attorney

C. Engineer

VI. Supervisors Requests

VII. Adjournment

EXHIBIT 1

**MINUTES OF MEETING
AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Board of Supervisors of the Avalon Groves Community Development District was held on Thursday, November 22, 2016 at 11:30 a.m. at the Cagan Crossing Community Library, 16729 Cagan Oaks, Clermont, Florida

FIRST ORDER OF BUSINESS - Roll Call

Ms. Comings-Thibault called the meeting to order.

Present and constituting a quorum were:

Jim Harvey	Board Supervisor, Chairman
Greg Meath	Board Supervisor, Vice Chairman
Brad Walker	Board Supervisor, Assistant Secretary

Also present were:

Patricia Comings-Thibault	District Manager
Gary Miller	District Engineer (<i>via phone</i>)
Alyssa Wilson	Hopping, Green & Sams (<i>via phone</i>)

SECOND ORDER OF BUSINESS – Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS – Administrative Matters

A. Approval of Minutes of October 27, 2016 Meeting Minutes

Ms. Comings-Thibault presented the Minutes of the October 27, 2016 Meeting Minutes and asked for comments, questions or corrections.

On a MOTION by Mr. Harvey, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board approved the Minutes of the Meeting held on October 27, 2016 for the Avalon Groves Community Development District.

FOURTH ORDER OF BUSINESS – Business Items

A. Approval of Project Manual – Serenoa, Phase 1A

Ms. Comings-Thibault presented the Project Manual – Serenoa, Phase 1A and asked for comments or questions.

Discussion ensued.

On a MOTION by Mr. Harvey, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board approved the Project Manual – Serenoa, Phase 1A for the Avalon Groves Community Development District.

B. Consideration of the Evaluation Criteria

Ms. Wilson recommended the following Evaluation Criteria:

➤ Personnel	5 Points
➤ Experience	15 Points
➤ Understanding Scope of Work	10 Points
➤ Financial Capability	10 Points
➤ Geographic Location	10 Points
➤ Schedule	25 Points
➤ Price	25 Points*
➤ TOTAL POINTS	100 Points

*15 points of the 25 points would be awarded to the proposer submitting the lowest cost proposal, and all other proposals would receive a percentage of this amount, based upon the difference between the proposer's bid and the low proposer. The other 10 points of the 25 points would be for the reasonable debt of the unit prices and balance of the proposer.

On a MOTION by Mr. Harvey, SECONDED by Mr. Walker, WITH ALL IN FAVOR, the Board approved the Evaluation Criteria, and authorization to issue an RFP using the adopted criteria as recommended by District Counsel, for the Avalon Groves Community Development District.

FIFTH ORDER OF BUSINESS – Staff Reports

A. Manager

There being none, next item followed.

B. Attorney

There being none, next item followed.

C. Engineer

There being none, next item followed.

SIXTH ORDER OF BUSINESS – Supervisor Request

There being none, next item followed.

SEVENTH ORDER OF BUSINESS – Adjournment

On a MOTION by Mr. Meath, SECONDED by Mr. Walker, WITH ALL IN FAVOR, the Board adjourned the meeting for the Avalon Groves Community Development District.

**Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.*

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Meeting minutes were approved at a meeting by vote of the Board of Supervisors at a publicly noticed meeting held on _____.

Signature

Signature

Printed Name

Printed Name

Title: ☐ **Secretary** ☐ **Assistant Secretary**

Title: ☐ **Chairman** ☐ **Vice Chairman**

EXHIBIT 2

Avalon Groves Community Development District

Summary Financial Statements
(Unaudited)

Period Ending
November 30, 2016

Avalon Groves Community Development District
Balance Sheet
Unaudited
November 30, 2016

	<u>GENERAL FUND</u>
<u>ASSETS:</u>	
CASH	\$ 735
INVESTMENTS:	
ACCOUNTS RECEIVABLE	15,189
TOTAL ASSETS	<u>\$ 15,924</u>
 <u>LIABILITIES:</u>	
ACCOUNTS PAYABLE	\$ 15,189
 <u>FUND BALANCE:</u>	
NONSPENDABLE:	
PREPAID AND DEPOSITS	-
ASSIGNED:	
OPERATING RESERVES	-
RESERVES - ROADWAYS	-
UNASSIGNED:	735
 TOTAL LIABILITIES & FUND BALANCE	<u>\$ 15,924</u>

Avalon Groves Community Development District
Statement of Revenue, Expenditures And Change In Fund Balance
For The Period Ending November 30, 2016

	FY2017 ADOPTED BUDGET	BUDGET YEAR-TO-DATE	ACTUAL YEAR-TO-DATE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
SPECIAL ASSESSMENTS (LANDOWNER OFF-ROLL)	\$ 220,035	\$ 36,673	\$ 34,517	\$ (2,155)
TOTAL REVENUES	220,035	36,673	34,517	(2,155)
EXPENDITURES				
GENERAL ADMINISTRATIVE				
DISTRICT MANAGEMENT SERVICES	32,000	5,333	8,000	(2,667)
BANK FEES	150	25	15	10
AUDITING SERVICES	5,500	917	-	917
REGULATORY & PERMIT FEES	175	175	175	-
LEGAL ADVERTISEMENTS	750	125	-	125
ENGINEERING SERVICES	10,000	1,667	-	1,667
LEGAL SERVICES	10,000	1,667	3,525	(1,859)
TECHNOLOGY & WEBSITE ADMIN.	960	160	160	-
MISC. OFFICE (PRINTING)	500	83	-	83
TOTAL GENERAL ADMINISTRATIVE	60,035	10,152	11,875	(1,723)
INSURANCE				
INSURANCE (PUBLIC OFFICIALS)	3,300	-	-	-
INSURANCE (PROPERTY & CASUALTY)	7,500	2,410	2,410	-
TOTAL INSURANCE	10,800	2,410	2,410	-
DEBT SERVICE ADMIN.				
DISCLOSURE REPORT	5,000	-	-	-
ARBITRAGE REBATE	700	-	-	-
TRUSTEE FEES	3,500	-	-	-
TOTAL DEBT ADMINISTRATION	9,200	-	-	-
UTILITIES				
UTILITIES-ELECTRICITY	2,500	-	-	-
TOTAL UTILITIES	2,500	-	-	-
PHYSICAL ENVIRONMENT				
LAKE & POND MAINTENANCE	2,500	417	-	417
LANDSCAPE MAINTENANCE	25,000	4,167	-	4,167
LANDSCAPE - MISCELLANEOUS	5,000	833	-	833
WETLAND MITIGATION & MAINTENANCE	5,000	833	-	833
FIELD CONTINGENCY	100,000	16,667	-	16,667
TOTAL PHYSICAL ENVIRONMENT EXPENDITURES	137,500	22,917	-	22,917
TOTAL EXPENDITURES	220,035	35,478	14,285	21,193
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	20,232	20,232
FUND BALANCE - BEGINNING	-	-	(19,497)	(19,497)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 735	\$ 735

Avalon Groves Community Development District
General Fund - Bank Reconciliation
Operating Accounts
November 30, 2016

	<u>BU</u>
Balance Per Bank Statement	\$ 910.20
Less: Outstanding AP Checks	(175.00)
<i>Adjusted Bank Balance</i>	<u><u>\$ 735.20</u></u>
Beginning Bank Balance Per Books	\$ 1,607.69
Deposits & Interest	-
Cash Disbursements	(872.49)
<i>Balance Per Books</i>	<u><u>\$ 735.20</u></u>

Avalon Groves CDD
Check Register
Operating Account
FY 2017

DATE	CK NO.	PAYEE	TRANSACTION	DEPOSIT	DISBURSMT	BALANCE
9/30/2016	EOM		Balance			0.00
10/21/2016		Deposit	Funding Request 01	19,448.99		19,448.99
10/26/2016 9997		DPFG	CDD Management		8,000.00	11,448.99
10/26/2016 9999		Egis Insurance Risk Advisors	Insurance - FY 2017		2,410.00	9,038.99
10/26/2016 9998		Hopping Green & Sams	Legal Services		7,416.50	1,622.49
10/26/2016 ACH102616		BANK UNITED	New Acct. Checks Ordered		14.80	1,607.69
10/31/2016	EOM		Balance	19,448.99	17,841.30	1,607.69
11/11/2016 1001		FLORIDA DEPT OF ECONOMIC OPPORTUNIT	Annual Filing FY 2016		100.00	1,507.69
11/11/2016 1002		Orlando Sentinel	Legal Ad		260.50	1,247.19
11/11/2016 1003		Venturesin.com, Inc.	Web Site/Domain		256.99	990.20
11/14/2016 1004		Venturesin.com, Inc.	Web Site Hosting - Nov		80.00	910.20
11/29/2016 1005		FLORIDA DEPT OF ECONOMIC OPPORTUNIT	Annual Filing Fee - FY 2017		175.00	735.20
11/30/2016	EOM		Balance	0.00	872.49	735.20

EXHIBIT 3

RESOLUTION 2017-08

A RESOLUTION OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING DISTRICT PROJECTS FOR CONSTRUCTION AND/OR ACQUISITION OF INFRASTRUCTURE IMPROVEMENTS; EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON ASSESSMENT AREA 1 PROPERTY SPECIALLY BENEFITED BY SUCH PROJECTS TO PAY THE COST THEREOF; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170, 190 AND 197, FLORIDA STATUTES; CONFIRMING THE DISTRICT'S INTENTION TO ISSUE SPECIAL ASSESSMENT BONDS; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

RECITALS

WHEREAS, Avalon Groves Community Development District ("District") previously indicated its intention to construct certain types of infrastructure improvements and to finance such infrastructure improvements through the issuance of bonds, which bonds would be repaid by the imposition of special assessments on benefited property within the District; and

WHEREAS, the District Board of Supervisors ("Board") noticed and conducted a public hearing pursuant to Chapters 170, 190 and 197, *Florida Statutes*, relating to the imposition, levy, collection and enforcement of such assessments.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapters 170, 190 and 197, *Florida Statutes*, including without limitation, Section 170.08, *Florida Statutes*.

SECTION 2. FINDINGS. The Board hereby finds and determines as follows:

(a) The District is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, *Florida Statutes*, as amended.

(b) The District is authorized by Chapter 190, *Florida Statutes*, to finance, fund, plan, establish, acquire, install, equip, operate, extend, construct, or reconstruct roadways, stormwater management facilities, water, sewer and irrigation utilities infrastructure, offsite improvements, landscaping, lighting and recreational facilities, and other infrastructure projects and services necessitated by the development of, and serving lands within, the District.

(c) The District is authorized by Chapter 190, *Florida Statutes*, to levy and impose special assessments to pay all, or any part of, the cost of such infrastructure projects and services and to issue special assessment bonds payable from such special assessments as provided in Chapters 170, 190 and 197, *Florida Statutes*.

(d) It is necessary to the public health, safety and welfare and in the best interests of the District that (i) the District provide the improvements to Assessment Area 1 (the "Project"), the nature and location of which was initially described in Resolution 2017-01 and is shown in the *Preliminary Engineer's Report*, dated October 11, 2016 (the "Engineer's Report"), and which Project's plans and specifications are on file in the offices of the District Manager located at Development Planning and Financing Group, 1060 Maitland Center Commons, Suite 340, Maitland, Florida 32751, and the local records office located at the offices of the City Clerk, City of Tavares, 550 West Main Street, Tavares, Florida 32778; (ii) the cost of such Project be assessed against the lands specially benefited by such Project; and (iii) the District issue bonds to provide funds for such purposes pending the receipt of such special assessments.

(e) The provision of said Project, the levying of such Special Assessments (hereinafter defined) and the sale and issuance of such bonds serves a proper, essential, and valid public purpose and is in the best interests of the District, its landowners and residents.

(f) In order to provide funds with which to pay a portion of the costs of the Project which are to be assessed against the benefitted properties, pending the collection of such Special Assessments, it is necessary for the District from time to time to sell and issue its Special Assessment Bonds, in one or more series (the "Bonds").

(g) By Resolution 2017-01, the Board determined to provide the Project and to defray the costs thereof by making Special Assessments on benefitted property in Assessment Area 1 and expressed an intention to issue Bonds, notes or other specific financing mechanisms to provide a portion of the funds needed for the Project prior to the collection of such Special Assessments. Resolution 2017-01 was adopted in compliance with the requirements of Section 170.03, *Florida Statutes*, and prior to the time it was adopted, the requirements of Section 170.04, *Florida Statutes*, had been met.

(h) As directed by Resolution 2017-01, said Resolution 2017-01 was published as required by Section 170.05, *Florida Statutes*, and a copy of the publisher's affidavit of publication is on file with the Secretary of the Board.

(i) As directed by Resolution 2017-01, a preliminary assessment roll was adopted and filed with the Board as required by Section 170.06, *Florida Statutes*.

(j) As required by Section 170.07, *Florida Statutes*, upon completion of the preliminary assessment roll, the Board adopted Resolution 2017-02 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to (i) the propriety and advisability of making the infrastructure improvements constituting the Project, (ii) the cost thereof, (iii) the manner of payment therefore, and (4) the amount thereof to be assessed against each specially benefited property or parcel and provided for publication of notice of such public hearing and individual mailed notice in accordance with Chapters 170, 190 and 197, *Florida Statutes*.

(k) Notice of such public hearing was given by publication and also by mail as required by Section 170.07, *Florida Statutes*. Affidavits as to such publications and mailings are on file in the office of the Secretary of the Board.

(l) On December 22, 2016, at the time and place specified in the resolution and notice referred to in paragraph (k) above, the Board met as an Equalization Board and heard and considered all complaints and testimony as to the matters described in paragraph (j) above. The Board has made such modifications in the preliminary assessment roll as it deems necessary, just and right in the making of the final assessment roll.

(m) Having considered the estimated costs of the Project, estimates of financing costs and all complaints and evidence presented at such public hearing, the Board of Supervisors of the District further finds and determines:

(i) that the estimated costs of the Project is as specified in the Engineer's Report (attached as **Exhibit A** hereto and incorporated herein by this reference), which Engineer's Report is hereby adopted and approved, and that the amount of such costs is reasonable and proper; and

(ii) it is reasonable, proper, just and right to assess the cost of such Project against the properties within Assessment Area 1 of the District specially benefited thereby using the method determined by the Board set forth in the *Master Assessment Methodology Report*, dated October 27, 2016 for the Bonds (the "Assessment Report," attached hereto as **Exhibit B** and incorporated herein by this reference), which results in the special assessments set forth on the final assessment roll (the "Special Assessments"); and

(iii) it is hereby declared that the Project will constitute a special benefit to all parcels of real property listed on said final assessment roll and that the benefit, in the case of each such parcel, will be equal to or in excess of the Special Assessments thereon when allocated as set forth in Exhibit B; and

(iv) it is in the best interests of the District that the Special Assessments be paid and collected as herein provided.

SECTION 3. AUTHORIZATION OF DISTRICT PROJECT. That certain Project for construction of infrastructure improvements initially described in Resolution 2017-01, and more specifically identified and described in Exhibit A attached hereto, is hereby authorized and approved and the proper officers, employees and/or agents of the District are hereby authorized and directed to take such further action as may be necessary or desirable to cause the same to be made.

SECTION 4. ESTIMATED COST OF IMPROVEMENTS. The total estimated costs of the Project and the costs to be paid by Special Assessments on all specially benefited property are set forth in Exhibits A and B, respectively, hereto.

SECTION 5. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF SPECIAL ASSESSMENTS. The Special Assessments on the Assessment Area 1 parcels specially benefited by the Project, all as specified in the final assessment roll set forth in Exhibit B, attached hereto, are hereby equalized, approved, confirmed and levied. Immediately following the adoption of this Resolution these Special Assessments, as reflected in Exhibit B, attached hereto, shall be recorded by the Secretary of the Board of the District in a special book, to be known as the "Improvement Lien Book." The Special Assessment or assessments against each respective parcel shown on such final assessment roll and interest, costs and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims. Prior to the issuance of any bonds, including refunding bonds, the District may, by subsequent resolution, adjust the acreage assigned to particular parcel identification numbers listed on the final assessment roll to reflect accurate apportionment of acreage within the District amongst individual parcel identification numbers. The District may make any other such acreage and boundary adjustments to parcels listed on the final assessment roll as may be necessary in the best interests of the District as determined by the Board by subsequent resolution. Any such adjustment in the assessment roll shall be consistent with the requirements of law. In the event the issuance of bonds, including refunding bonds, by the District would result in a decrease of the Special Assessments, then the District shall by subsequent resolution, adopted within sixty (60) days of the sale of such bonds at a publicly noticed meeting and without the need for further public hearing, evidence such a decrease and amend the final assessment roll as shown in the Improvement Lien Book to reflect such a decrease.

SECTION 6. FINALIZATION OF SPECIAL ASSESSMENTS. When the entire Project has both been constructed or otherwise provided to the satisfaction of the Board, the Board shall adopt a resolution accepting the same and determining the actual costs (including financing costs) thereof, as required by Sections 170.08 and 170.09, *Florida Statutes*. Pursuant to the provisions of Section 170.08, *Florida Statutes*, regarding completion of a project funded by a particular series of bonds, the District shall credit to each Special Assessment the difference, if any, between the Special Assessment as hereby made, approved and confirmed and the actual costs incurred in completing the Project. In making such credits, no credit shall be given for bond financing costs, capitalized interest

or bond discounts. Such credits, if any, shall be entered in the Improvement Lien Book. Once the final amount of Special Assessments for the entire Project has been determined, the term "Special Assessment" shall, with respect to each parcel, mean the sum of the costs of the Project.

SECTION 7. PAYMENT OF SPECIAL ASSESSMENTS AND METHOD OF COLLECTION.

(a) The Special Assessments may be paid in not more than thirty (30) substantially equal consecutive annual installments of principal and interest. The Special Assessments may be paid in full without interest at any time within thirty (30) days after the completion of the Project and the adoption by the Board of a resolution accepting the Project; provided, however, that the Board shall at any time make such adjustments by resolution, at a noticed meeting of the Board, to that payment schedule as may be necessary and in the best interests of the District to account for changes in long and short term debt as actually issued by the District. All impact fee credits received shall be applied against the outstanding indebtedness of any debt issuance that funded the improvement giving rise to the credits which application may be addressed by such resolutions. At any time subsequent to thirty (30) days after the Project has been completed and a resolution accepting the Project has been adopted by the Board, the Special Assessments may be prepaid in full including interest amounts to the next succeeding interest payment date or to the second succeeding interest payment date if such a prepayment is made within forty-five (45) calendar days before an interest payment date. The owner of property subject to Special Assessments may prepay the entire remaining balance of the Special Assessments or a portion of the remaining balance of the Special Assessment at any time if there is also paid, in addition to the prepaid principal balance of the Special Assessment, an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding interest payment date, or, if prepaid during the forty-five day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date. Prepayment of Special Assessments does not entitle the property owner to any discounts for early payment.

(b) The District may elect to use the method of collecting Special Assessments authorized by Sections 197.3632 and 197.3635, *Florida Statutes* (the "Uniform Method"). The District has heretofore taken or will use its best efforts to take as timely required, any necessary actions to comply with the provisions of said Sections 197.3632 and 197.3635, *Florida Statutes*. Such Special Assessments, with the consent of the Trustee, may be subject to all of the collection provisions of Chapter 197, *Florida Statutes*. Notwithstanding the above, in the event the Uniform Method of collecting its special or non-ad valorem assessments is not available to the District in any year, or if determined by the District to be in its best interest, the Special Assessments may be collected as is otherwise permitted by law. The District may collect Special Assessments by directly assessing landowner(s) and enforcing said collection in any manner authorized by law. Such special assessments shall at all times be collected in a manner consistent with applicable trust indenture.

(c) For each year the District uses the Uniform Method, the District shall enter into an agreement with the Tax Collector and/or Property Appraiser of Lake County who may notify each owner of a lot or parcel within the District of the amount of the special assessment, including interest thereon, in the manner provided in Section 197.3635, *Florida Statutes*.

SECTION 8. APPLICATION OF TRUE-UP PAYMENTS.

(a) There may be required from time to time certain true-up payments as specified in the Assessment Report, as such may be amended or supplemented. As parcels of land or lots are platted, the Special Assessments securing the Bonds shall be allocated as set forth in such reports. In furtherance thereof, at such time as parcels or land or lots are platted, it shall be an express condition of the lien established by this Resolution that any and all initial plats of any portion of the lands within the District, as the District's boundaries may be amended from time to time, shall be presented to the District Manager for review, approval and calculation of the percentage of acres and numbers of units which will be, after the plat, considered to be developed. No further action by the Board of Supervisors shall be required. The District's review shall be limited solely to this function and the enforcement of the lien established by this Resolution. The District Manager shall cause the Special Assessments to be reallocated to the units being platted and the remaining property in accordance with such supplemental assessment methodology reports, cause such reallocation to be recorded in the District's Improvement Lien Book, and shall perform the true-up calculations described in the Assessment Report, which process is incorporated herein as if fully set forth. Any resulting true-up payment shall become due and payable that tax year by the landowner(s) of record of the remaining property, in addition to the regular assessment installment payable with respect to the remaining developable acres.

(b) The District will take all necessary steps to ensure that true-up payments are made in a timely fashion to ensure its debt service obligations are met. The District shall record all true-up payments in its Improvement Lien Book.

(c) The foregoing is based on the District's understanding with the developer, that it intends to develop the unit numbers and types shown in Exhibit B, on the net developable acres in Assessment Area 1 and is intended to provide a formula to ensure that the appropriate ratio of the Special Assessments to developable acres is maintained if fewer units are developed. However, no action by the District prohibits more than the maximum units shown in Exhibit B from being developed. In no event shall the District collect Special Assessments pursuant to this Resolution in excess of the total debt service related to the Project, including all costs of financing and interest. The District recognizes that such events as regulatory requirements and market conditions may affect the timing and scope of the development in the District. If the strict application of the true-up methodology to any assessment reallocation pursuant to this paragraph would result in Special Assessments collected in excess of the District's total debt service obligation for the Project, the Board shall by resolution take appropriate action to equitably reallocate the Special Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated Special Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

(d) The application of the monies received from true-up payments or special assessment payments to the actual debt service obligations of the District, whether long term or short term, shall be set forth in the supplemental assessment resolution adopted for each series of Bonds actually

issued. Such subsequent resolution shall be adopted at a noticed meeting of the District, and shall set forth the actual amounts financed, costs of issuance, expected costs of collection, and the total amount of the assessments pledged to that issue, which amount shall be consistent with the lien imposed by this Resolution. Each such supplemental resolution shall also address the allocation of any impact fee credits expected to be received from the provision of the project funded by the corresponding series of bonds issued or to be issued.

SECTION 9. GOVERNMENT PROPERTY; TRANSFERS OF PROPERTY TO UNITS OF LOCAL, STATE, AND FEDERAL GOVERNMENT. Property owned by units of local, state, and federal government shall not be subject to the Special Assessments without specific consent thereto. In addition, property owned by a property owners association or homeowners association that is exempt from special assessments under Florida law shall not be subject to the Special Assessments. If at any time, any real property on which Special Assessments are imposed by this Resolution is sold or otherwise transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of Special Assessments thereon), all future unpaid Special Assessments for such tax parcel shall become due and payable immediately prior to such transfer without any further action of the District.

SECTION 10. ASSESSMENT NOTICE. The District's Secretary is hereby directed to record a general Notice of Assessments for Assessment Area 1 in the Official Records of Lake County, Florida, which shall be updated from time to time in a manner consistent with changes in the boundaries of the District.

SECTION 11. SEVERABILITY. If any section or part of a section of this Resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

SECTION 12. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

SECTION 13. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED AND ADOPTED THIS 22ND DAY OF DECEMBER, 2016.

Secretary/Assistant Secretary

Chairperson, Board of Supervisors

Exhibit A: *Preliminary Engineer's Report*, dated October 11, 2016

Exhibit B: *Master Assessment Methodology Report*, dated October 27, 2016

Exhibit A

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
PRELIMINARY ENGINEER'S REPORT**

Prepared for:

**Board of Supervisors
Avalon Groves Community Development District**

Prepared by:

**Heidt Design, LLC
5806-B Breckenridge Parkway
Tampa, Florida 33610
813-253-5311**

October 11, 2016

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INTRODUCTION

Avalon Groves is a residential development project located on property totaling approximately 985 acres in size, located East of U.S. 27 in eastern Lake County. The Vicinity Map is contained in Appendix B. The Avalon Groves community will consist of multiple residential neighborhoods and recreational amenities.

The Avalon Groves Community Development District ("District") is located in Sections 13, 14, 23, & 24, Township 24 South, Range 26 East, Lake County, Florida. The District consists of approximately 972 acres situated in the South Lake County area to the West of the western limits of Orange County. The legal description of the property is attached in Appendix A. The portion of Avalon Groves, which is located in the District, is referred to as the "development".

The District is being created to provide an efficient funding and long-term maintenance mechanism for the public infrastructure associated with the portion of the Avalon Groves community planned within the boundaries of the District. A series of exhibits are included in Appendix C of this report, including a Zoning Map, a Future Land Use Map, and an Aerial Map of the overall Avalon Groves project.

The current plan of development for the Avalon Groves community within the District contains approximately 1,352 housing units, various recreational facilities and an amenity site. The current Planned Unit Development (PUD) approval allows for these uses, with more detailed permit information being found in the "Permit Status" section of this report.

The purpose of this report is to provide a description of the improvements and land acquisition that may be financed by the District ("the Total Project"). Refer to Table 1 for a costs summary of the Total Project. Public infrastructure and land improvements needed to service the development within the District include the construction of the extension of Sawgrass Bay Boulevard to the northwest project boundary and through the planned development. Also included are wetland mitigation creation, listed species habitat mitigation creation and costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities. Construction of the Total Project is scheduled to commence in Q4 of 2016, and is anticipated to be complete by December 2021.

The Engineer's Report reflects the District's present intentions. The implementation and completion of any land purchase and any improvement outlined in this report requires final approval by the District's Board of Supervisors, including the award of contracts for the construction of the improvements. Cost estimates contained in this report have been prepared based on the best available information. Actual costs will vary based upon final plans, design, planning, approvals from regulatory authorities, inflation, etc. Nevertheless, all costs contained herein may be reasonably expected to adequately fund the improvements described, and contingency costs as included are reasonable.

INFRASTRUCTURE IMPROVEMENTS

The District presently intends to undertake certain public infrastructure improvements necessary for the development of the Avalon Groves community within the boundaries of the District. As mentioned, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. There is a Planned Unit Development (PUD) zoning approval in place that mandates a portion of these improvements. The construction and maintenance of the proposed improvements are necessary and will benefit the property within the District. A more specific description of each of these items follows and the related costs are provided in Table 1.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that will comprise the proposed District. Each assessment area will realize a benefit from the land acquisition needed to meet regulatory requirements related to wetland systems, stormwater management systems, wetland setbacks, open space, and other infrastructure improvements. All assessment areas benefit from the land and will be allocated by the District as needed.

MASTER ROADS AND STREETS

The District presently intends to provide the master transportation facilities within and adjacent to the District boundaries. A description of each facility follows:

Sawgrass Bay Boulevard: Sawgrass Bay Boulevard is the central collector roadway through the development and will serve as the primary project entrance roadway. The proposed cross-section consists of 106-foot wide right-of-way with four lanes of pavement divided by a central median; however, only two lanes will be constructed. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway. No improvements have been made at this time, but all plans and permitting are nearly complete and funded by the Developer. The improvements are planned to commence construction in the 4th quarter of 2016, pending receipt of all required regulatory approvals.

MASTER WATER AND WASTEWATER

Utilities, Inc., the private utility owner for the subject project area, has indicated that water, and wastewater capacity for this project is available. Utilities, Inc. has indicated that, until such time that residential development increases to support greater wastewater flows, reclaimed water supply will not be reliable to meet demands on a continuous basis. As development occurs in the surrounding areas, reclaimed water supply will grow proportionally, and their ability to meet the common area irrigation needs of the community will increase.

Water Distribution System: The Developer will fund and construct the water distribution system for the Avalon Groves project located within the District. The water distribution main lines will have multiple points of connection to the Utilities, Inc. system within the Sawgrass Bay Blvd. right-of-way. The water mains will loop through the Avalon groves project to provide water to all portions of the development.

Sanitary Sewer Collection System: The Developer will fund and construct the master sanitary sewer collection system. The Avalon Groves project will consist of a system of gravity sewer mains, several pump stations and the associated force main to provide sanitary sewer service to the project. The forcemain will run the length of Sawgrass Bay Blvd. through the project.

Reuse Water Distribution System: The Developer will fund and construct the master reuse water distribution system. The reuse water mains will loop through the Avalon Groves project to provide reuse water service to the project. At such time that Utilities, Inc. has sufficient capacity to serve the community, meters will be set and reclaimed water may be made available to the residents.

MASTER SURFACE WATER MANAGEMENT

The District will provide the master surface water management infrastructure for the Avalon Groves project within the District in accordance with St. Johns River Water Management District (SJRWMD) and U.S. Army Corps of Engineers (ACOE) permit approvals. Any surplus of excavated material is anticipated to be used within the development for road sub base, perimeter landscape berms, and/or site grading. Components of the surface water management infrastructure are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Avalon Groves project. Components of the mitigation plan are summarized below:

Environmental Impact Compensation Plan: The proposed wetland impacts are being compensated for by creating wetlands in mitigation areas located within the District and mitigation credits from mitigation bank purchases.

Wetland Enhancement and Preservation: Numerous isolated wetlands are being preserved on the site. Enhancement for a portion of these wetland systems is to be achieved by removing nuisance species and restoring the historic hydroperiods.

Threatened and Endangered Species Mitigation: The District will also provide for the cost of relocation and/or mitigation credit purchases for the adversely affected gopher tortoise and sand skink population or other protected species within the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential

portion of the Avalon Groves project. Subdivision infrastructure improvements include roadway, utilities and stormwater management facilities and associated grading necessary for the stormwater system to function. The current land plan shows approximately 28,000 lineal feet (5.3 miles) of local roadway construction within the residential neighborhoods.

The CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map. Assessment Area 1 will be established as a residential active adult community with approximately 556 lots. The proposed product may be a mix of attached 45-foot and detached 50-foot and 60-foot wide single family residential lots. Assessment Area 1 is approximately 303 acres and lies in the northernmost portion of the District property.

Assessment Area 2 contains approximately 328 acres and is located in the central portion of the District property. The two residential tracts (Villages 1 and 2) are separated by the Sawgrass Bay Boulevard Right-of-Way. The two Villages contain 479 single family detached (SFD) residential units. The proposed product mix in Assessment Area 2 is: 83 SFD 40-foot lots, 294 SFD 50-foot lots, and 102 SFD 60-foot lots.

Assessment Area 3 is located in the southern portion of the District property. It is approximately 354 acres in total land area. The approximate lot yield in Assessment Area 3 is 317 SFD 50-foot wide lots but could increase based on current entitlements.

Each of the three assessment areas will contain retention ponds and floodplain compensation ponds as part of the overall stormwater management system for the project. Impacts to isolated wetlands are proposed in order to allow for the efficient implementation of the development footprint.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Avalon Groves project. These improvements may include landscaping and irrigation, retaining walls, common signage, stormwater management and treatment areas with landscape enhancements. The collector roadway network (rights-of-way and medians) and stormwater management facilities will also be landscaped consistent with the theme of the Avalon Groves project.

Entrance Landscaping and Signage: The District collector roadway will be landscaped with special attention given to the primary entrance, which may include monument walls and signage.

Monument Walls: The individual neighborhoods will be identified with specific signage and monuments in combination with landscape tracts will be used to buffer the neighborhoods from the adjacent collector roadway.

Common Area Irrigation System: The extensive landscaping areas and the collector road right-of-way will be irrigated with a common system of irrigation distribution lines.

PARKS AND RECREATION FACILITIES

The District presently intends to provide numerous parks and recreation facilities within the project.

Neighborhood Park Facilities: The park facilities include the construction of neighborhood parks to be accessed by the public, some with play equipment. The District intends to provide hard surface pedestrian and bicycle trails throughout the project.

Recreation Facilities: The recreation facilities include an Amenity Center to be centrally located within the project. This may be funded by the Developer and if so, it would remain a private facility.

DRY UTILITIES FACILITIES

The dry utilities improvements include undergrounding of facilities needed to serve the residential development within the project.

PROFESSIONAL FEES

Professional Fees include civil engineering costs for site design, permitting, inspection, and master planning, survey costs for construction staking and as-builts as well as preparation of preliminary and final plats, geotechnical costs for pre-design soil borings, underdrain analysis and construction staking, and architectural costs for landscape and recreation design. Also included in this category are fees associated with environmental consultation and permitting. The professional fees are a proportionate amount of the overall costs to design, permit, and construct the project relating to the public infrastructure to be financed by the District. Design fees associated with the private utilities funded by the Developer are not included in these estimate fee projections.

The infrastructure, as outlined above, is necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The infrastructure will provide their intended function so long as the construction is in substantial compliance with the design and permits.

The Engineer recommends that in addition to the annual non-ad valorem assessments to be levied and collected by the District to pay debt service on its bonds, the District should levy and collect an annual "Maintenance Assessment" to be determined, assessed, and levied by the District's Board of Supervisors upon the assessable real property within the District for the purpose of defraying the cost and expenses of maintaining District-owned improvements.

OWNERSHIP AND MAINTENANCE

Ownership and maintenance of the improvements* is anticipated as set forth below:

IMPROVEMENT

OWNERSHIP/MAINTENANCE

Stormwater Management System	Community Development District (with Drainage Easements to Lake County)
Public Roadway Systems (Collector Roads)	Lake County/Community Development District
Public Roadway Systems (Local Roads)	Lake County / HOA (Private Roads)
Master Sewer Facilities	Utilities, Inc. (Private)
Master Water Facilities	Utilities, Inc. (Private)
Master Reuse Water System	Utilities, Inc. (Private)
Master Dry Utilities	Community Development District / Utility Companies (with Utility Easements)
Parks and Recreational Facilities	Community Development District / HOA
Landscaping and Signs	Lake County / Community Development District

*Only improvements that will be owned and maintained by the District or Lake County will be financed by the District.

PERMIT STATUS

The permit status for the Avalon Groves development plans is as follows:

<u>PERMIT</u>	<u>STATUS</u>
1. Lake County Preliminary Plat – Villages 1 and 2	Pending
2. Lake County – Villages 1 and 2 Phase 1A Construction Plans	Pending
3. SJRWMD Environmental Resource Permit Villages 1 and 2 Phase 1A	Pending
4. Lake County - Sawgrass Bay Blvd. Construction Plans	Pending
5. SJRWMD Environmental Resource Permit Sawgrass Bay Blvd. – Permit #135777-3	Approved
5. USACOE Individual Permit #SAJ-2015-01634	Pending
5. Lake County Zoning (PUD) Amendment Ord. 2016-20	Approved
6. Florida Fish and Wildlife Commission Conservation Permit	Pending

The remainder of the construction plans for the required infrastructure within the Avalon Groves Community Development District is in the planning process and will be submitted for final permits in Phases as development progresses.

Pending Permit Issuance

We are of the opinion that all permits that are not heretofore issued, and which are necessary to effect the improvements described herein, will be obtained during the ordinary course of development.

Avalon Groves Community Development District

Table 1

<u>Item</u>	<u>Assessment Area 1</u>	<u>Assessment Area 2</u>	<u>Assessment Area 3</u>	<u>Totals</u>
<u>Master Infrastructure</u>				
Land Acquisition (1)	\$3,715,320	\$5,217,120	\$4,479,960	\$13,412,400
Clearing / Earthwork (2)	\$2,464,414	\$2,123,120	\$1,405,071	\$5,992,605
Master Stormwater Management	\$1,719,152	\$1,481,068	\$980,164	\$4,180,384
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$1,807,890	\$5,423,671
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,862,500	\$3,825,000
Professional Fees (3)	\$1,072,500	\$936,000	\$624,000	\$2,632,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0	\$0
Sub-total	\$10,879,277	\$13,427,698	\$11,159,585	\$35,466,560
<u>Residential Tract Costs</u>				
Roadway (Local Streets)	\$1,993,260	\$881,910	\$1,136,445	\$4,011,615
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$480,000	\$2,034,000
Sub-total	\$2,827,260	\$1,601,910	\$1,616,445	\$6,045,615
Contingency	\$1,370,654	\$1,502,961	\$1,277,603	\$4,151,217
Project Total	\$15,077,190	\$16,532,569	\$14,053,633	\$45,663,392

Anticipated Buildout Assessment Area 1 **December, 2019**

Anticipated Buildout Assessment Area 2 **December, 2018**

Anticipated Buildout Assessment Area 3 **December, 2021**

(1) Land Acquisition values are subject to appraisal ordered by District

(2) Earthwork excludes filling and compaction to final grade on developable lots

(3) Professional fees for design of public infrastructure only

(4) All Costs are in 2016 Dollars

ENGINEER'S OPINION

It is our professional opinion that the summary of costs listed above is sufficient to complete the construction of the items intended.

It is my professional opinion that the infrastructure costs associated herein for the district improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to the assessable lands within the District. The assessable property within the District will receive a special benefit from the herein described improvements, which benefit is at least equal to the cost of such improvements. Infrastructure costs are for public improvements or community facilities as set forth in section 190-012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guarantee maximum price. The estimated cost is based on unit prices currently being experienced for ongoing and similar items of work in Lake County and quantities as represented on construction plans.

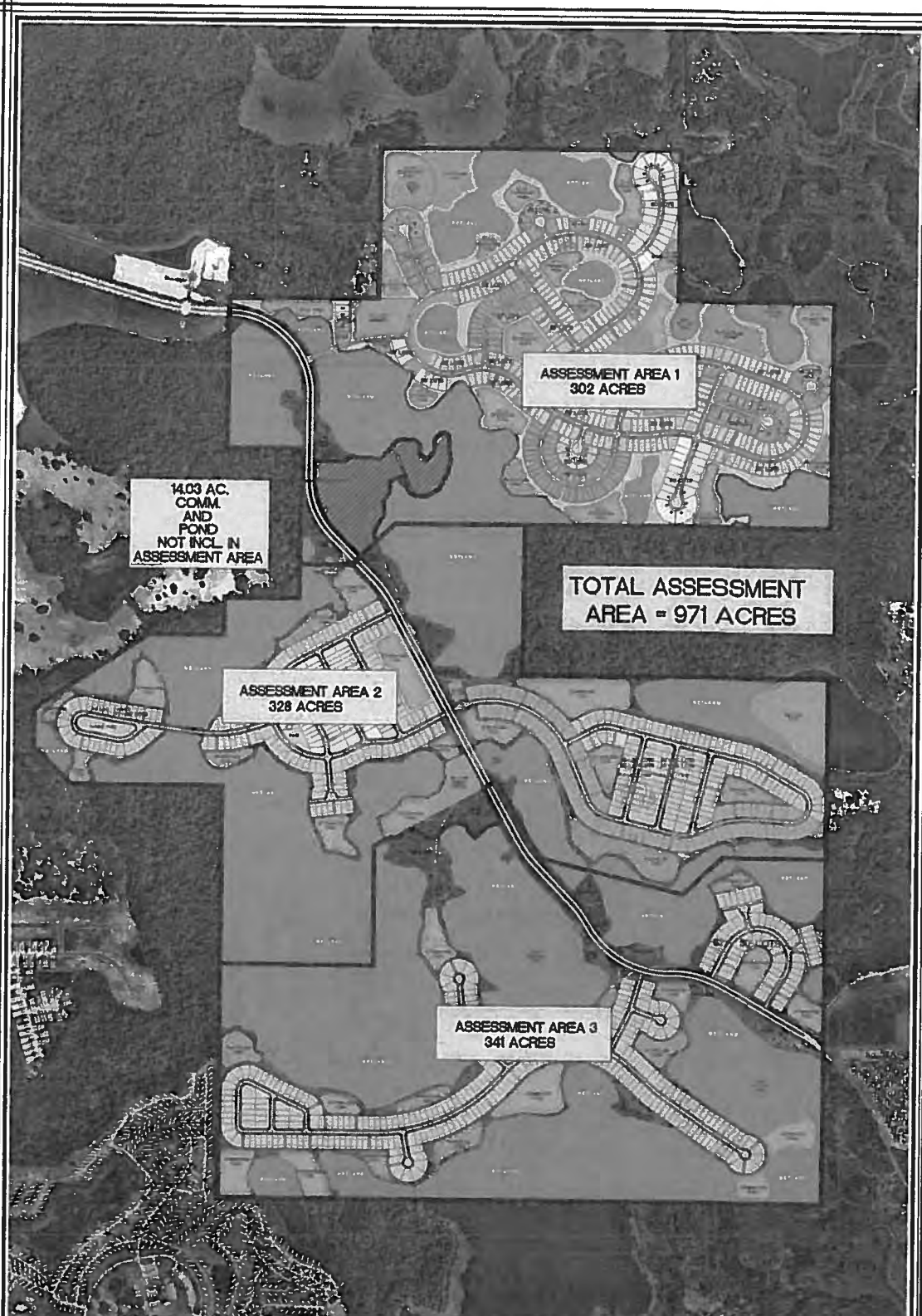
The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

Assuming project construction continues in a timely manner, it is our opinion that the proposed improvements, if constructed and built in substantial accordance with the approved plans and specifications, can be completed and meets their intended functions. Where necessary, historical costs, information from other professional or utility consultants and contractors have been used in preparation of this report. Consultants and contractors who have contributed in providing the cost data included in this report are reputable entities in the Lake County area. It is therefore our opinion that the construction of the proposed project can be completed at the cost stated.



Gary D. Miller, P.E.
Florida Registered Engineer No. 52717

Appendix A



Avalon Groves
Assessment Area Plan

Kolter Land Partners, LLC
Lake County, Fl.

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Scale: 1" = 400'

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10/15/17

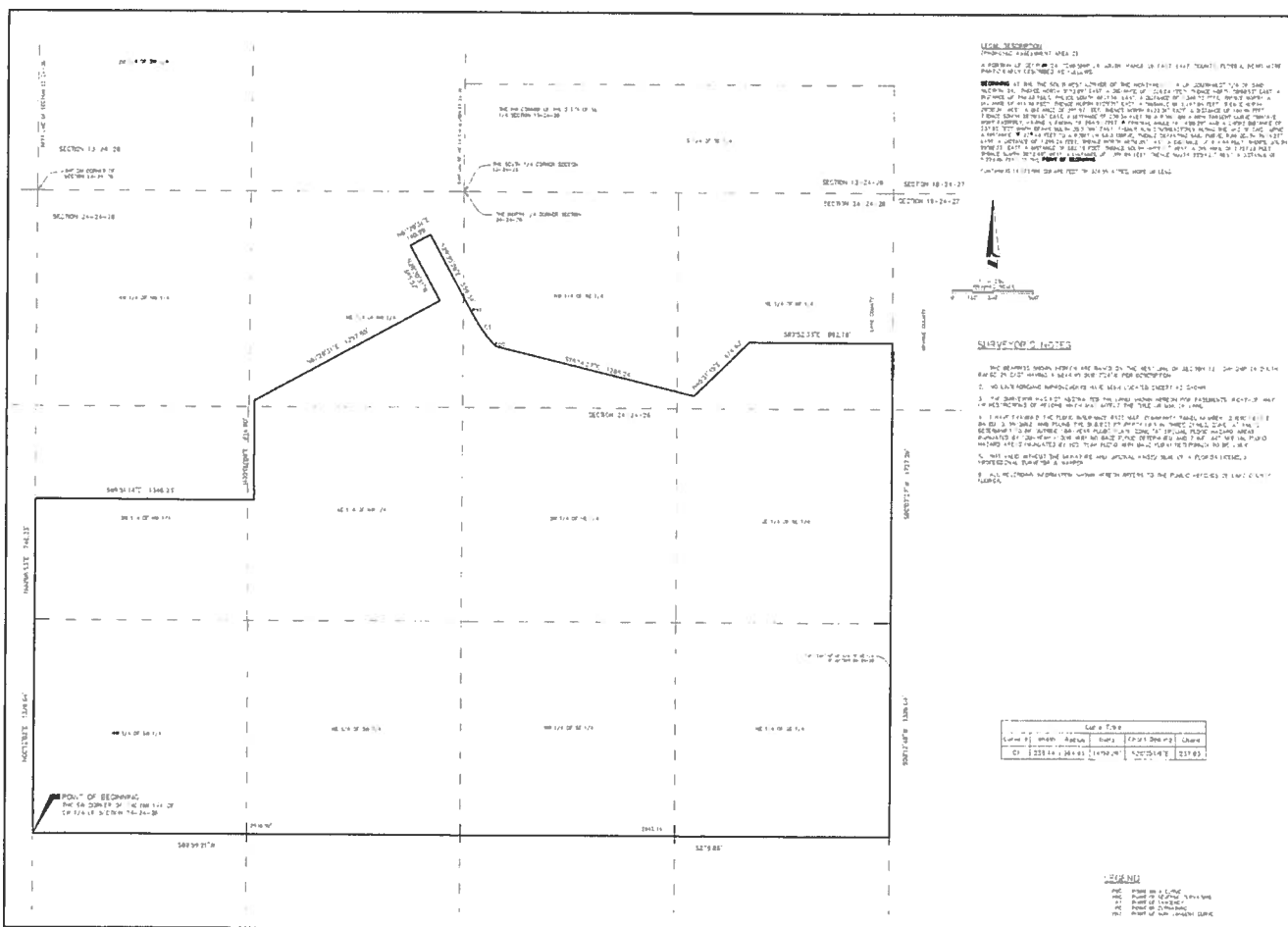
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CORPORATION

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SHEET 1 OF 1

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MAGAZINE & SUPPLY ADVERTISING
AND JOURNAL OF THE EAST INDIA COMPANY
PUBLISHED WEEKLY BY THE EDITOR

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SKETCH OF DESCRIPTION
PROPOSED ASSESSMENT AREA 3
AVALON CHOWIES
SECTION 4, T2N, R2E, S10E
T2N, R2E, S10E

ASW

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Appendix B

Appendix C

ASSESSMENT AREA 1

ASSESSMENT AREA 2

ASSESSMENT AREA 3

CATHNESS WAY

FLEMING RD

Google

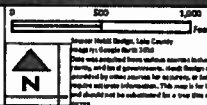
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ASSESSMENT AREA 3

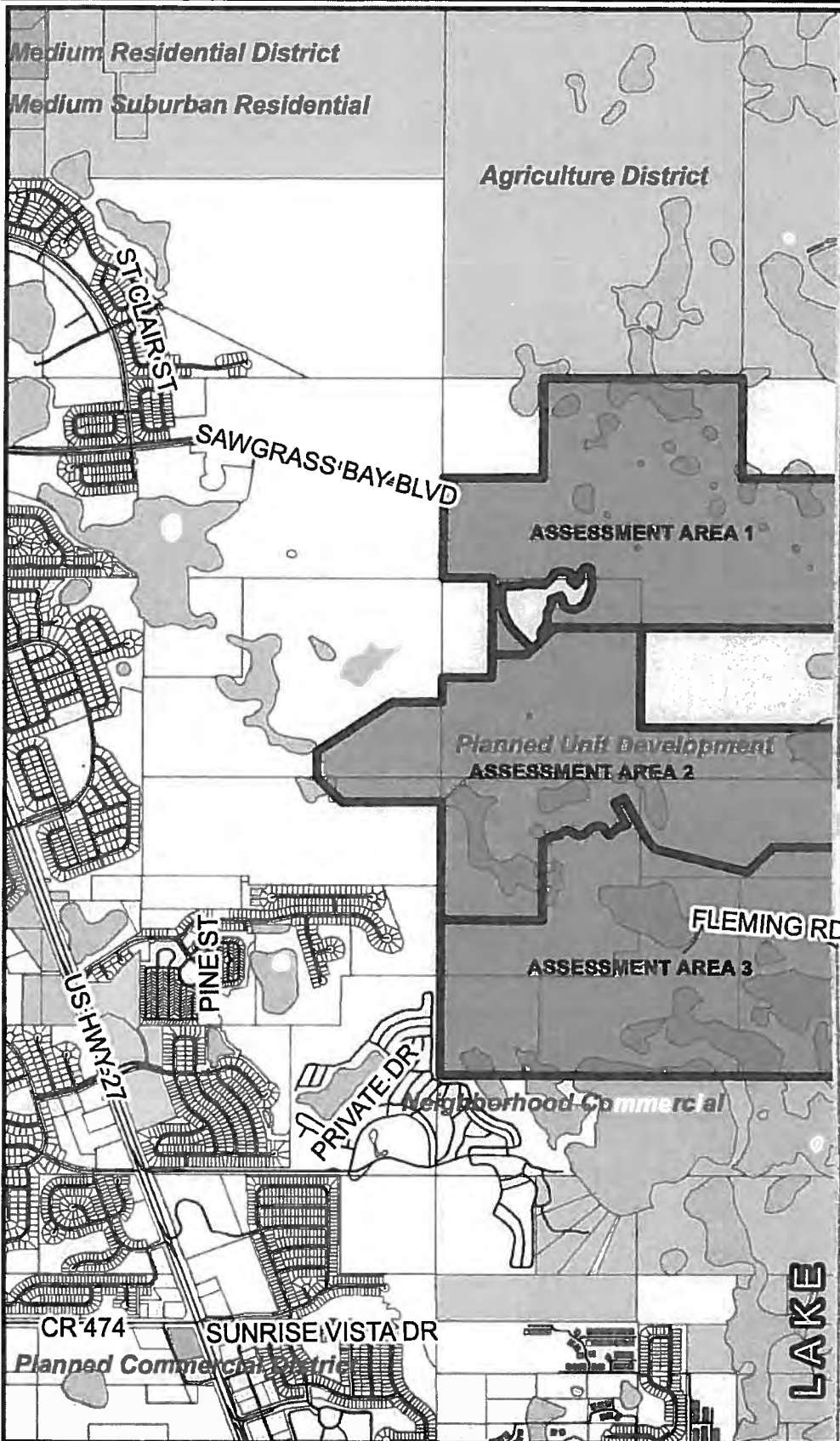
FLEMING RD

Imagery ©2016 , DigitalGlobe, Lake County, U.S. Geological Survey

Lake County



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DESIGN
(813) 253-5311



LAKE
ORANGE

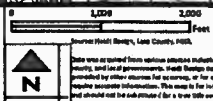
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- CDD Boundary
- Waterbodies

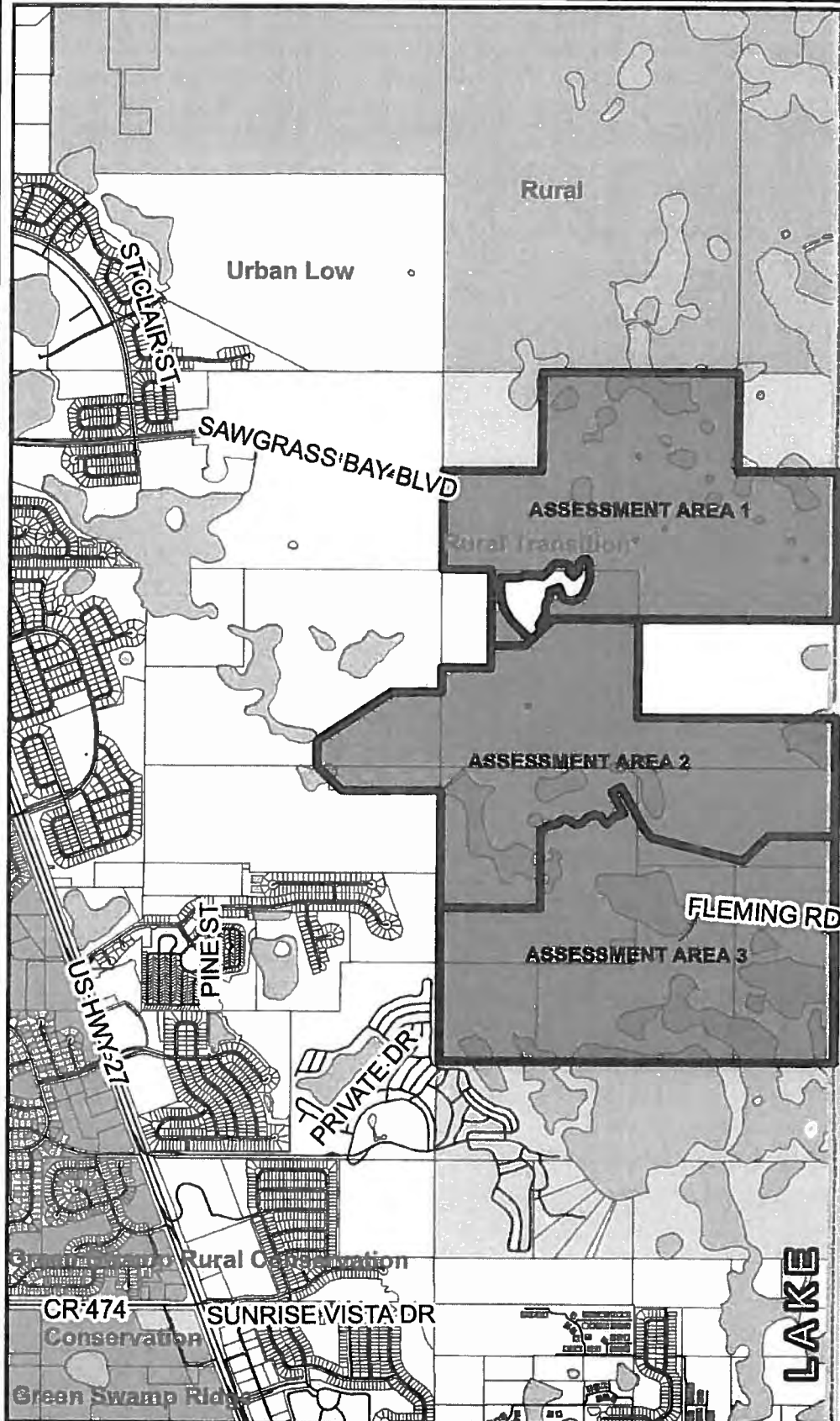
Avalon Groves Community Development District

Zoning

Lake County



HEIDT
DESIGN
(813) 253-5311



LAKE ORANGE

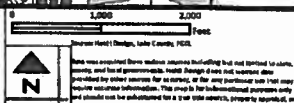
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- CDD Boundary
- Waterbodies

Avalon Groves Community Development District

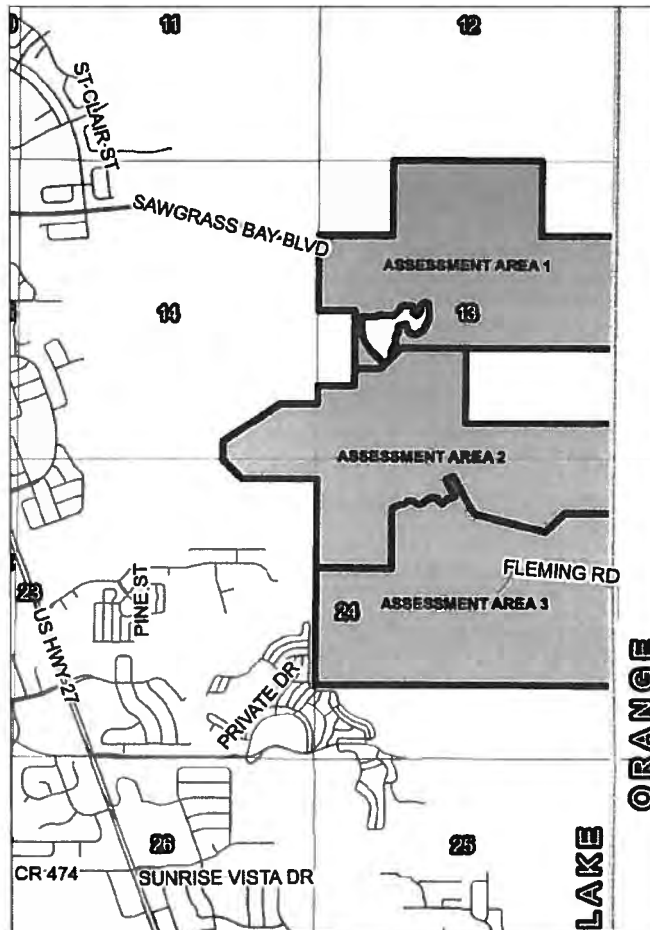
Future Land Use

Lake County



HEIDT
DESIGN
(813) 253-5311

**AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT
MASTER ASSESSMENT METHODOLOGY REPORT**



October 27, 2016



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Suite 340
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Phone: (321) 263-0132
www.dpfg.com

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The District

The Avalon Groves Community Development District (the “CDD” or “District”) is a local unit of special-purpose government established pursuant to, and existing in accordance with, Chapter 190, Florida Statutes (the “Act”). The District was created for the purpose of delivering certain community development services and facilities within its jurisdiction, including the design, acquisition and/or construction of certain public infrastructure improvements consisting of, but not limited to, roadways, irrigation systems, storm water management, park and recreational facilities/community amenities, landscaping improvements, signage and lighting, dry utilities, and professional services and fees, together with the acquisition of real property necessary for development pursuant to the Act.

Purpose of this Report

To advance the development of the properties within the CDD, certain capital improvements, as described in the Engineer’s Report, dated October 11, 2016 (the “Project”), have been planned. To finance the construction of the Project, the District plans to issue bonds and levy special assessments to repay the bonds, including interest. This report provides an assessment methodology for analyzing the benefits derived from the Project and determining the fair and equitable allocation of such benefits through the levy of special assessments on property within the District to fund all or portions of the Project. It is designed to conform to the requirements of Chapters 170, 190 and 197, Florida Statutes, with respect to special assessments.

Benefits and Assessment Allocation

The development is currently planned for multiple phases to ultimately provide infrastructure for 1,352 residential units of single family detached homes, townhomes, and active adult units. A portion of the Project consists of both onsite subdivision improvements and districtwide master improvements. The Project will be financed with proceeds of multiple bond series and funds from the Developer, which will provide sufficient funds to complete the infrastructure improvements to fully completed units in the various phases.

The construction of the public infrastructure improvements will advance development of the properties within the District and will thereby create special benefits for those properties. The properties receiving benefit include all of the developable land within the District. The methodology herein allocates debt and special assessments to properties based upon the benefits derived from the Project. Special assessments will be levied on all benefitted and assessable property within the District. The total benefits will be the completed public infrastructure with estimated costs in the amount of approximately \$46.6 million.

The District has validated bonds based on estimated public infrastructure construction costs of approximately \$48.07 million assuming development of the entire District. It is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas, which will include all of the assessable land within the District.

This report utilizes Equivalent Residential Units (“ERU”) as a proxy value for benefit and allocating Special Assessments. Each constructed unit on a fifty-foot wide single family lot will be assigned an ERU value and ranking equal 1.0. This ranking is the basis upon which the benefits to other lot sizes are measured. The advantage to a ERU structured methodology includes the ability to assign identical benefits to similarly used properties (e.g., all fifty-foot wide lots are assigned 1.0 ERU irrespective of home size or phase) or assign different ERUs to reflect different lot sizes and land uses (e.g., residential versus non-residential land uses).

Assessment Areas

As described above, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate, and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas with associated future improvements, namely “Assessment Area One”, “Assessment Area Two”, and “Assessment Area Three” and collectively the (“Assessment Areas”).

Master Improvements and Subdivision Improvements

The Project contains improvements that benefit all assessable units within the District (the “Master Improvements”) and improvements that provide special benefit specifically to the planned units in each development phase or Assessment Area, but not the entire community (the “Subdivision Improvements”). Refer to the Engineer’s Report for details.

Project Bond Financing Program

As noted above, the District will acquire or construct all, or a portion, of the Project utilizing bonds issued in multiple series as development progresses in each of the respective Assessment Areas. The developable properties within the District’s Assessment Areas will constitute the properties on which the Special Assessments are levied to repay the bonds. For all three Assessment Areas, these properties include those which will be developed into the planned total of 1,352 residential units. The District plans to issue bonds to finance certain Master and/or Subdivision Improvements as development progresses in each respective Assessment Area. The District will deliver a supplemental assessment methodology report

associated with each bond series issuance describing the phase of the development and improvements to be funded.

For purposes of this report, the bond principal amount and associated maximum annual debt service (MADS) assessments have been sized based on funding all of the Master and Subdivision Improvement costs described in the Engineer's Report and adjusted for allowable bond financing costs including capitalized interest, reserves and costs of issuance. These bond principal amounts represent a maximum bonding amount. The bonds are expected to be repaid from special assessments levied on only those units planned within each respective phase or Assessment Area. The following table summarizes the estimated maximum allocation of debt for the proposed overall bond financing program:

Table 1 - Total District Debt

Assessment Area	Total Debt
One	\$23,115,000
Two	\$25,345,000
Three	\$21,540,000
Total	\$70,000,000

Each fiscal year, the CDD will certify for collection the Special Assessments in connection with the MADS, or Debt Service Requirement (as defined herein), for each bond series. The following table summarizes the estimated MADS requirement¹ for each phase of development:

Table 2 - Maximum Annual Debt Service

Assessment Area	Total Maximum Annual Debt Service
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598
Total	\$5,754,033

Prior to recordation of a subdivision plat map in each respective Assessment Area, the special assessments and debt will be allocated to each property, as described by FOLIO or legal description, based on acreage. Upon recordation of a subdivision plat map in each respective Assessment Area, the lot sizes are determinable, and the Special Assessments will then be

¹ Excluding County collection charges and early payment discount.

levied on the individual lots based on the ERU assigned to each lot within each respective Assessment Area. Refer to the Appendix for an estimated sources and uses of bonds.

Allocation of Benefits and Assessments

Assessment Standard

Under Florida law, a valid special assessment that is made pursuant to District legislative authority requires that the property assessed must (1) derive a direct and special benefit from the improvement or service provided and (2) that the assessment must be fairly and reasonably apportioned among properties that receive the special benefits.

Section 170.02, Florida Statutes, states “Special assessments against property deemed to be benefited by local improvements, as provided for in sec. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality may prescribe.”

The ERU allocation approach is a generally recognized and commonly approved method of proportionally spreading assessments over benefited properties for special assessments levied by community development districts. Although the general public outside the District will benefit from the Project, such benefits are incidental. The facilities in the Project meet the needs of the developed property within the District, as well as provide benefit to all residential property within the District. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries, and direct and cumulative benefits accrue mainly to residents.

Assessment Methodology

This benefit and allocation approach is based on the principle that dwelling units on a similar size lot will receive a relatively equal and direct benefit from the Project. The direct benefits from these improvements include increased use, enjoyment and increased property values to all residential properties, and the direct benefits from each public improvement system and function provided by the District.

An assessment methodology based on ERUs provides a way to quantify the benefit that different lot sizes and land use types receive from public improvements in terms of their equivalence to a single-family residential dwelling unit on a fifty-foot wide lot, which is defined as 1.0 ERU. Under the ERU model, the District allocates assessments on platted property proportionately based on lot size as indicated on the subject recorded plat map; assessments on undeveloped property (e.g., property without recorded subdivision plat map) are allocated proportionately based on acreage basis. As noted above, the equal benefit and assessment

allocation approach is a generally recognized and approved method of proportionally spreading assessments over benefited properties within a special district.

These Special Benefits and Allocation of Assessments

In the present case, the financing program will enable the District to provide Master Improvements and Subdivision Improvements for each Assessment Area. Such improvements will provide direct benefit for the utilization of this property, will substantially enhance the use and enjoyment of the benefited residential properties, and will increase the value and marketability of the benefited residential properties. These benefits flow proportionately over all benefited properties. The District will apply the assessment methodology to the financing program relating to the Project. A ranking and finding of 1.0 ERU per residential unit on a fifty-foot lot applies. All residential units in each respective Assessment Area will proportionally benefit from the purchase and maintenance of the Master Improvements and respective Subdivision Improvements.

Rate and Method of Apportionment

A rate and method of apportionment of Special Assessments is attached in the Appendix. At time of bond issuance, the true up obligation is described in the supplemental assessment methodology report. The supplemental assessment report anticipates a mechanism by which the landowner shall, if required, make certain payments to the District in order to satisfy, in whole or in part, the assessments allocated and the liens imposed pursuant to adopted resolutions, the amount of such payments being equal to the par debt that is not capable of being assigned to the total number of developed units, plus any applicable interest charges and collection fees as described in the supplemental assessment report (which payments shall collectively be referenced as the **"True-Up Payment"**). The landowner desires to guarantee the payment of any True-Up Payment required of it and all other owners of land within the District; and the landowner and the District desire to enter into an agreement to confirm landowner's intentions and obligations to make any and all True-Up Payments related to the assessments.

Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The Special Assessments are expected to be collected directly by the District on un-platted parcels and via the County's property tax bill as parcels of land in the District are platted.

Document Review

The documents associated with the above referenced acquisition and financing of the property, assessment plat, and assessment roll are available for review at the District Offices at 15310 Amberly Drive, Suite 175, Tampa, FL 33647 (tel. 813-374-9105).

Conclusion

The acquisition and construction of the Master and Subdivision Improvements using bond proceeds will be utilized for common District purposes. For each respective Assessment Area, these assessments will be levied over all benefited properties on a fair and equitable basis as described herein. The benefited properties will receive benefits in excess of the allocated assessments. Accordingly, this is an appropriate District project that will significantly benefit the properties and enhance the District.

Special Benefit

The Master and Subdivision Improvements will provide special benefit to parcels within District. The parcels will receive special benefit, because the subject Master Improvements deliver interconnected structural improvement elements that provide a framework, which supports and adds to the entire development. The Subdivision Improvements will provide special benefit to the respective parcel where such improvements are constructed. The Master and Subdivision Improvements yield benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The Special Assessments are fairly and equally apportioned over all the benefited properties. The benefits are quantified and assigned to parcels based on lot size since larger lot areas receive proportionately greater benefits than smaller lots from the Master and Subdivision Improvements. The CDD assigned proxy values to the various expected lot sizes on the basis that a fifty-foot wide lot receives the value of 1.0 ERU, accordingly a sixty-foot wide lot receives the value of 1.2 ERU.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Master and Subdivision Improvements against lands in the District. As a result of the Public Improvements, properties in the CDD receive special benefit and increase in value. Based on the premise that the CDD's Master and Subdivision Improvements make the properties more valuable, in return it is reasonable for the District to levy the Special Assessments against benefitted lands within the District. The benefits will be equal to or in excess of the Special Assessments thereon when allocated.

Best Interest

The District provides for delivering the Master and Subdivision Improvements in a timely, orderly, and efficient manner. It can economically and efficiently provide the amount and quality of services required by the public. The District provides a financing mechanism to (i) fund Master and Subdivision Improvements at a relatively low cost of capital, and (ii) on a timely, “pay for itself” type basis. The exercise by the District of its powers is consistent with applicable with state law. It is in the best interest of the District.

Appendix 1 - Rate and Method of Apportionment of Special Assessment

The Special Assessments shall be levied on all parcels within the Avalon Groves CDD that benefit from the Project and will be collected each fiscal year in an amount determined by the CDD through the application of this rate and method of apportionment as described below. All of the real property within the CDD, unless exempted by law or the provisions hereof, shall be assessed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS:

The terms hereinafter set forth have the following meanings:

"Administrative Expenses" means any actual or reasonably estimated expenses of the CDD to carry out the administration of the CDD related to the determination of the amount of the special assessment, the collection of special assessment, and costs otherwise incurred in order to carry out the authorized purposes of the CDD.

"Appraiser's Parcel" means a Lot or parcel shown in Lake County appraiser's parcel map, or included or includable in Lake County's non-ad valorem assessment roll designated by folio or PIN.

"Assessable Property" means all of the Appraiser's Parcels within the boundaries of the CDD that are not exempt from the Special Assessment pursuant to law or as defined below.

"District Debt" means bonds or other debt issued by the CDD, which are secured by the levy of Special Assessments of the CDD.

"Developed Property" means all Assessable Property for which the Lake County property appraiser designated a property use code for each Lot that indicates developed residential property, as reasonably determined by the CDD, or a Lot which has legal entitlements created by a recorded Plat Map and whose physical characteristics are a fine grade level pad with infrastructure contiguous to each individual lot, asphalt paved roads, and the necessary utilities.

"ERU" means a way to quantify different land use types in terms of their equivalence to a fifty-foot wide Lot, which is defined as 1.0 ERU.

"Fiscal Year" means the period starting October 1 and ending on the following September 30.

"Lot" means an individual residential lot, identified and numbered on a recorded final subdivision map, on which a building permit has been or is permitted to be issued for construction of a residential unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated.

"Property Owner Association Property" means any property within the CDD boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Public Property" means any property within the CDD boundaries that is, at the time of the CDD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the District or any other public agency.

"Special Assessments" means the Special Assessments levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each Appraiser's Parcel of Developed Property and Undeveloped Property in the CDD to fund the Special Assessment Requirement.

"Special Assessment Requirement" means that amount determined by the CDD's board of supervisors that is required in any Fiscal Year to pay regularly scheduled debt service for the calendar year, which commences in such Fiscal Year, on the outstanding District Debt, less available funds pursuant to the indenture.

"Undeveloped Property" means, for each Fiscal Year, all Assessable Property not classified as Developed Property, such as vacant acreage or similar property use codes as determined by the CDD.

B. ASSIGNMENT TO LAND USE CATEGORIES AND OF ERU:

Each Fiscal Year using the definitions above, all Assessable Property within each phase of the CDD shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Assessment pursuant to Sections C and D below.

C. ANNUAL MAXIMUM SPECIAL ASSESSMENT REQUIREMENT

The estimated maximum annual debt service (MADS), or Special Assessment Requirement, to fund all of the Master and Subdivision Improvements is presented in the following table.

Table 3 - Estimated Special Assessment Requirement (MADS)

Assessment Area	\$ Amount (excl. County charges and early payment discount)
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598

Refer to the Appendix for details on the bond sizing.

D. SPECIAL ASSESSMENT RATE

1. Developed Property - Assigned ERU and Maximum Debt and MADS Allocation for All Assessment Areas

Table 4 – Assessment Area One Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$2,926,942	\$26,133	\$240,596	\$2,148
40-45	87	0.90	78.30	14.75%	\$3,410,410	\$39,200	\$280,337	\$3,222
50	216	1.00	216.00	40.70%	\$9,408,027	\$43,556	\$773,344	\$3,580
60	141	1.20	169.20	31.88%	\$7,369,621	\$52,267	\$605,786	\$4,296
Total	556		530.70	100.00%	\$23,115,000		\$1,900,064	

Table 5 - Assessment Area Two Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
40-45	83	0.90	74.70	15.21%	\$3,855,165	\$46,448	\$316,896	\$3,818
50	294	1.00	294.00	59.87%	\$15,172,938	\$51,609	\$1,247,223	\$4,242
60	102	1.20	122.40	24.92%	\$6,316,897	\$61,930	\$519,252	\$5,091
Total	479		491.10	100.00%	\$25,345,000		\$2,083,371	

Table 6 - Assessment Area Three Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
50	317	1.00	317.00	100.00%	\$21,540,000	\$67,950	\$1,770,598	\$5,585
Total	317		317.00	100.00%	\$21,540,000		\$1,770,598	

2. Undeveloped Property

a) District Debt Allocation

Prior to recordation of a Plat Map, the District Debt is allocated per acre for each Assessment Area as illustrated in the following table.

Table 7 - Maximum Debt Allocation Undeveloped Property

Assessment Area	ERU	Acreage	District Debt	District Debt/Ac	District Debt/ERU
One	530.70	302	\$23,115,000	\$76,540	\$43,556
Two	491.10	328	\$25,345,000	\$77,271	\$51,609
Three	317.00	341	\$21,540,000	\$63,167	\$67,950
Total			\$70,000,000		

b) Assigned Annual Special Assessment Rate

The following table illustrates the Annual Assessment allocation prior to platting.

Table 8 - Maximum Annual Assessment Allocation (MADS) Undeveloped Property

Assessment Area	ERU	Acreage (ac)	MADS	MADS/Ac	MADS/ERU
One	530.70	302	\$1,900,064	\$6,292	\$3,580
Two	491.10	328	\$2,083,371	\$6,352	\$4,242
Three	317.00	341	\$1,770,598	\$5,192	\$5,585
Total			\$5,754,033		

Please refer to the Appendix for details on property classification and land size.

E. METHOD OF APPORTIONMENT OF THE SPECIAL ASSESSMENT

Each Fiscal Year, the CDD shall levy the Special Assessments as follows:

First (Developed Property): The Special Assessment shall be levied proportionately on each Appraiser's Parcel of Developed Property in an amount up to 100% of the applicable Special Assessment rate as determined pursuant to Section D.1 and Section D.2 for each particular Assessment Area, or subdivision.

Second (Undeveloped Property): If additional monies are needed to satisfy the Debt Service Requirement after the first step has been completed, the Special Assessment shall be levied proportionally on each Appraiser's Parcel of Undeveloped Property at up to 100% of the Assigned Special Assessment rate for Undeveloped Property as determined pursuant to Section D.3 for each particular phase.

Third – True Up: If additional monies are needed to satisfy the Debt Service Requirement after the first two steps have been completed as a result of a plat or re-plat of property, the owner of such property will be obligated to immediately remit to the trustee, for deposit into the redemption account, the total bond principal amount for the difference between the Debt Service Requirement and the special assessment revenue generated after the first two steps have been completed (the "True Up Obligation"). The true up obligation will be described in a separate agreement as part of the bond documents.

Refer to Appendix 3 for a preliminary assessment roll illustrating the initial levy of the Special Assessments in accordance with the method of apportionment described above.

F. EXEMPTIONS

No Special Assessment shall be levied on Public Property and Property Owner Association Property. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, Special Assessment may not be assessed separately against common elements utilized exclusively for the benefit of lot owners within the subdivision, regardless of ownership. Common elements include the following:

- (a) Subdivision property not included within lots constituting inventory for the developer which are intended to be conveyed or have been conveyed into private ownership.
- (b) An easement through the subdivision property, not including the property described in paragraph (a), which has been dedicated to the public or retained for the benefit of the subdivision.
- (c) Any other part of the subdivision which has been designated on the plat or is required to be designated on the site plan as a drainage pond, or detention or retention pond, for the exclusive benefit of the subdivision.
- (d) Property located within the same county as the subdivision and used for at least 10 years exclusively for the benefit of lot owners within the subdivision.

G. MANNER OF COLLECTION

The Special Assessments shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes once parcels are platted. The CDD intends to directly collect Special Assessments on unplatted parcels.

H. PREPAYMENT

The following definition applies to this Section H.

“Outstanding District Debt” means previously issued District Debt secured by the levy of Special Assessments, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding District Debt to be redeemed at a later date with the proceeds of prior prepayments.

The Special Assessment obligation of an Appraiser’s Parcel may be prepaid in full, or in part, and the obligation of the Appraiser’s Parcel to pay the Special Assessment permanently, or partially, satisfied; provided that a prepayment may be made only if there are no delinquent Special Assessment with respect to such Appraiser’s Parcel at time of prepayment.

The Special Assessment Prepayment amount is calculated as follows:

Outstanding District Debt amount allocated to the subject Appraiser's Parcel	
Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date occurring at least 45 days prior to the tender of the prepayment	
Less: Capitalized interest credit, if any remains at time of prepayment	
Total: equals Prepayment Amount (PA)	
Plus: Reasonable Administrative Expenses related to lien release, calculation and recordation as determined by the CDD manager (A)	

Partial Prepayment (PP) is calculated as follows: $PP = (PA * F) + A$

The term F means the percent by which the owner of the Appraiser’s Parcel is partially prepaying the Special Assessment. With respect to a partial prepayment, the CDD manager shall indicate in the CDD records that there has been a partial prepayment and that a portion of the Special Assessment equal to (1.00 minus F) of the remaining Special Assessment shall continue to be authorized to be levied on such Appraiser’s Parcel pursuant to Section D.

Appendix 2 - Estimated Public Improvement Costs and Benefit Allocation for Each Assessment Area

Table 9 – Assessment Area One Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$1,909,152	\$17,046
40-45	87	0.90	78.30	14.75%	\$2,224,504	\$25,569
50	216	1.00	216.00	40.70%	\$6,136,562	\$28,410
60	141	1.20	169.20	31.88%	\$4,806,973	\$34,092
Total	556		530.70	100.00%	\$15,077,191	

Table 10 – Assessment Area Two Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
40-45	83	0.90	74.70	15.21%	\$2,514,728	\$30,298
50	294	1.00	294.00	59.87%	\$9,897,323	\$33,664
60	102	1.20	122.40	24.92%	\$4,120,518	\$40,397
Total	479		491.10	100.00%	\$16,532,569	

Table 11 – Assessment Area Three Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
50	317	1.00	317.00	100.00%	\$14,053,633	\$44,333
Total	317		317.00	100.00%	\$14,053,633	

* Costs from District Engineer. Refer to Engineer's Report for details, excluding costs and other uses associated with bond financing transactions.

Appendix 3 – Preliminary Sources and Uses of Funds for the Project

PRELIMINARY BOND SIZING ANALYSIS /(a)					
Bond Summary Statistics	Assessment Area ONE	Assessment Area TWO	Assessment Area THREE		
Par Amount (estimate, all Phases)	\$23,115,000	\$25,345,000	\$21,540,000		
Net Construction Proceeds (estimate, all Phases)	\$15,077,191	\$16,532,569	\$14,053,633		
Average interest rate (coupon)	7.25%	7.25%	7.25%		
Term (years)	30	30	30		
Payment Frequency (May and November)	2	2	2		
Payment periods	60	60	60		
Bond denomination	\$5,000	\$5,000	\$5,000		
Capitalized interest term (in months)	36	36	36		
Maximum Annual Debt Service (MADS)	\$1,900,064	\$2,083,371	\$1,770,598		

SOURCES AND USES OF FUNDS /(b)					
Sources	ONE	TWO	THREE	Total	%
Bond Proceeds - Par Amount in \$5000 denomination	\$23,115,000	\$25,345,000	\$21,540,000	\$70,000,000	100%
Uses					
Project Fund Deposits:					
Acquisition and Construction Account /(c)	\$15,077,191	\$16,532,569	\$14,053,633	\$45,663,393	65%
Other Fund Deposits:					
Debt Service Reserve Fund (collateral for bonds)	\$1,900,064	\$2,083,371	\$1,770,598		
Capitalized Interest (pre-funded interest)	\$5,027,513	\$5,512,538	\$4,684,950		
	\$6,927,577	\$7,595,909	\$6,455,548	\$20,979,033	30%
Delivery Date Expenses:					
Cost of Issuance	\$532,358	\$582,898	\$492,319		
Underwriter's Discount	\$577,875	\$633,625	\$538,500		
	\$1,110,233	\$1,216,523	\$1,030,819	\$3,357,574	5%
Total Sources over Uses	\$0	\$0	\$0	\$0	

Footnotes:

(a) Preliminary and subject to change, actual interest rates to be determined at pricing.

(b) Maximum amount funded given assumed interest rates, MADS constraints and expenses.

(c) Estimated construction costs for all Phases from District Engineer's Report.

Appendix 4 - Preliminary Assessment Roll

Assessment Area /(b)	Owner /(b)	Total Acreage (a)	Total District Debt /(c)	Total District Debt per acre/(c)	Total MADS /(d)	Total MADS per acre /(d)
One	VK Avalon Groves, LLC	302.0	\$23,115,000	\$76,539.74	\$1,900,064	\$6,291.60
Two	VK Avalon Groves, LLC	328.0	\$25,345,000	\$77,271.34	\$2,083,371	\$6,351.74
Three	VK Avalon Groves, LLC	341.0	\$21,540,000	\$63,167.16	\$1,770,598	\$5,192.37
Total		971.0	\$70,000,000		\$5,754,033	

Footnotes:

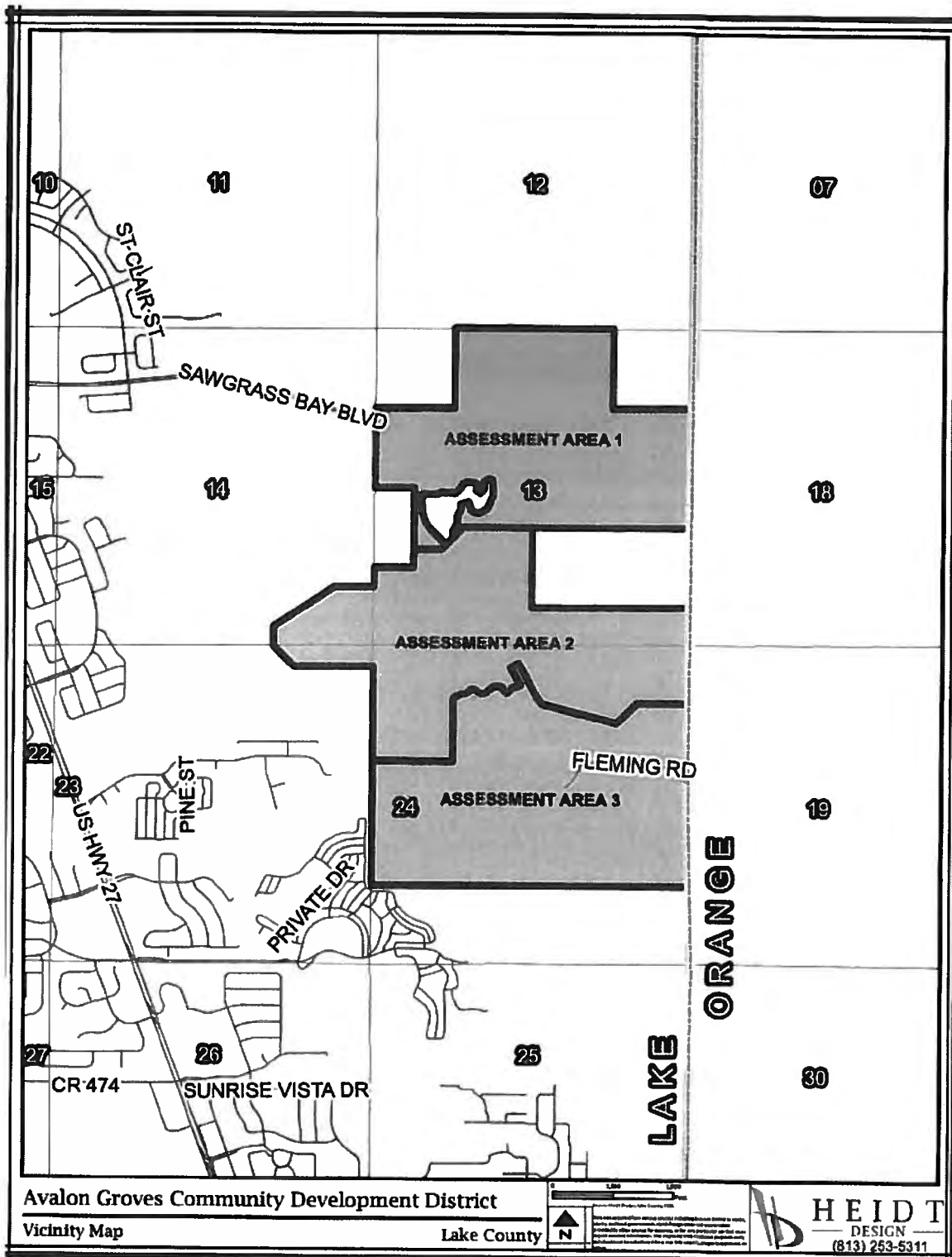
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is 971.265 acre, per establishment ordinance.

(b) Owner information per Petition to Establish the District. Refer to Engineer's Report and Appendix for sketch of the areas.

(c) The Assessments will remain levied against Undeveloped Property on an equal acreage basis until the Assessable Property is platted.

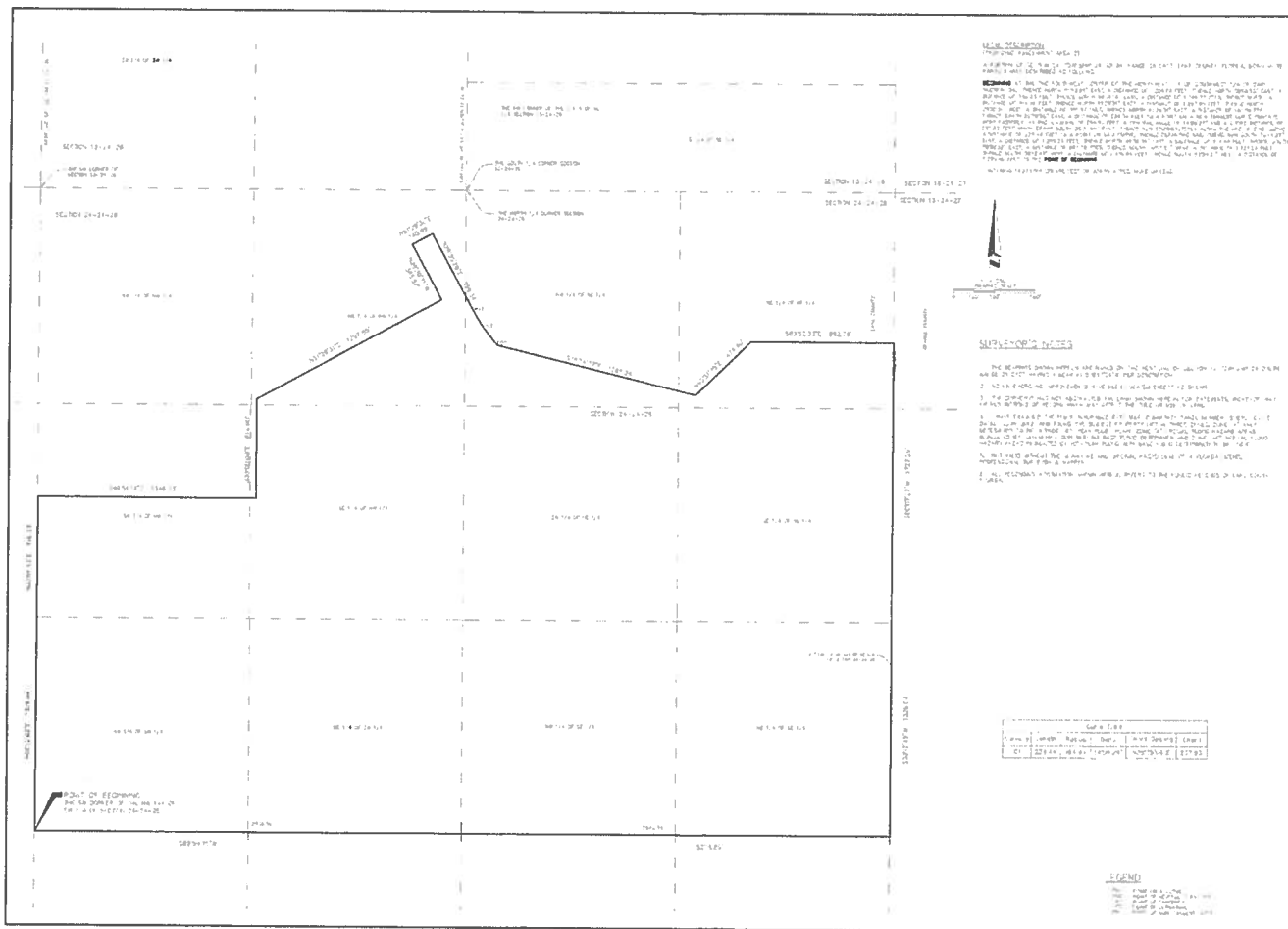
(d) Excluding County collection charges and early payment discounts.

Appendix 5 - CDD Vicinity Map and Proposed Assessment Areas



Source: District Engineer.

Appendix 6 – Legal Descriptions Proposed Assessment Areas



SHEET 1 OF 1

SKETCH OF DESCRIPTION
PROPOSED ASSESSMENT AREA 3
AVAILON GROVES
 SECTION 12-14-18 TO 12-14-50

ASM

DATE	12/12/18
BY	ASM
CHECKED BY	ASM
APPROVED BY	ASM



EXHIBIT 4

RESOLUTION 2017-09

A RESOLUTION OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING DISTRICT PROJECTS FOR CONSTRUCTION AND/OR ACQUISITION OF INFRASTRUCTURE IMPROVEMENTS; EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON ASSESSMENT AREA 2 PROPERTY SPECIALLY BENEFITED BY SUCH PROJECTS TO PAY THE COST THEREOF; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170, 190 AND 197, FLORIDA STATUTES; CONFIRMING THE DISTRICT'S INTENTION TO ISSUE SPECIAL ASSESSMENT BONDS; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

RECITALS

WHEREAS, Avalon Groves Community Development District ("District") previously indicated its intention to construct certain types of infrastructure improvements and to finance such infrastructure improvements through the issuance of bonds, which bonds would be repaid by the imposition of special assessments on benefited property within the District; and

WHEREAS, the District Board of Supervisors ("Board") noticed and conducted a public hearing pursuant to Chapters 170, 190 and 197, *Florida Statutes*, relating to the imposition, levy, collection and enforcement of such assessments.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapters 170, 190 and 197, *Florida Statutes*, including without limitation, Section 170.08, *Florida Statutes*.

SECTION 2. FINDINGS. The Board hereby finds and determines as follows:

(a) The District is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, *Florida Statutes*, as amended.

(b) The District is authorized by Chapter 190, *Florida Statutes*, to finance, fund, plan, establish, acquire, install, equip, operate, extend, construct, or reconstruct roadways, stormwater management facilities, water, sewer and irrigation utilities infrastructure, offsite improvements, landscaping, lighting and recreational facilities, and other infrastructure projects and services necessitated by the development of, and serving lands within, the District.

(c) The District is authorized by Chapter 190, *Florida Statutes*, to levy and impose special assessments to pay all, or any part of, the cost of such infrastructure projects and services and to issue special assessment bonds payable from such special assessments as provided in Chapters 170, 190 and 197, *Florida Statutes*.

(d) It is necessary to the public health, safety and welfare and in the best interests of the District that (i) the District provide the improvements to Assessment Area 2 (the "Project"), the nature and location of which was initially described in Resolution 2017-03 and is shown in the *Preliminary Engineer's Report*, dated October 11, 2016 (the "Engineer's Report"), and which Project's plans and specifications are on file in the offices of the District Manager located at Development Planning and Financing Group, 1060 Maitland Center Commons, Suite 340, Maitland, Florida 32751, and the local records office located at the offices of the City Clerk, City of Tavares, 550 West Main Street, Tavares, Florida 32778; (ii) the cost of such Project be assessed against the lands specially benefited by such Project; and (iii) the District issue bonds to provide funds for such purposes pending the receipt of such special assessments.

(e) The provision of said Project, the levying of such Special Assessments (hereinafter defined) and the sale and issuance of such bonds serves a proper, essential, and valid public purpose and is in the best interests of the District, its landowners and residents.

(f) In order to provide funds with which to pay a portion of the costs of the Project which are to be assessed against the benefitted properties, pending the collection of such Special Assessments, it is necessary for the District from time to time to sell and issue its Special Assessment Bonds, in one or more series (the "Bonds").

(g) By Resolution 2017-03, the Board determined to provide the Project and to defray the costs thereof by making Special Assessments on benefitted property in Assessment Area 2 and expressed an intention to issue Bonds, notes or other specific financing mechanisms to provide a portion of the funds needed for the Project prior to the collection of such Special Assessments. Resolution 2017-03 was adopted in compliance with the requirements of Section 170.03, *Florida Statutes*, and prior to the time it was adopted, the requirements of Section 170.04, *Florida Statutes*, had been met.

(h) As directed by Resolution 2017-03, said Resolution 2017-03 was published as required by Section 170.05, *Florida Statutes*, and a copy of the publisher's affidavit of publication is on file with the Secretary of the Board.

(i) As directed by Resolution 2017-03, a preliminary assessment roll was adopted and filed with the Board as required by Section 170.06, *Florida Statutes*.

(j) As required by Section 170.07, *Florida Statutes*, upon completion of the preliminary assessment roll, the Board adopted Resolution 2017-04 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to (i) the propriety and advisability of making the infrastructure improvements constituting the Project, (ii) the cost thereof, (iii) the manner of payment therefore, and (4) the amount thereof to be assessed against each specially benefited property or parcel and provided for publication of notice of such public hearing and individual mailed notice in accordance with Chapters 170, 190 and 197, *Florida Statutes*.

(k) Notice of such public hearing was given by publication and also by mail as required by Section 170.07, *Florida Statutes*. Affidavits as to such publications and mailings are on file in the office of the Secretary of the Board.

(l) On December 22, 2016, at the time and place specified in the resolution and notice referred to in paragraph (k) above, the Board met as an Equalization Board and heard and considered all complaints and testimony as to the matters described in paragraph (j) above. The Board has made such modifications in the preliminary assessment roll as it deems necessary, just and right in the making of the final assessment roll.

(m) Having considered the estimated costs of the Project, estimates of financing costs and all complaints and evidence presented at such public hearing, the Board of Supervisors of the District further finds and determines:

(i) that the estimated costs of the Project is as specified in the Engineer's Report (attached as **Exhibit A** hereto and incorporated herein by this reference), which Engineer's Report is hereby adopted and approved, and that the amount of such costs is reasonable and proper; and

(ii) it is reasonable, proper, just and right to assess the cost of such Project against the properties within Assessment Area 2 of the District specially benefited thereby using the method determined by the Board set forth in the *Master Assessment Methodology Report*, dated October 27, 2016 for the Bonds (the "Assessment Report," attached hereto as **Exhibit B** and incorporated herein by this reference), which results in the special assessments set forth on the final assessment roll (the "Special Assessments"); and

(iii) it is hereby declared that the Project will constitute a special benefit to all parcels of real property listed on said final assessment roll and that the benefit, in the case of each such parcel, will be equal to or in excess of the Special Assessments thereon when allocated as set forth in Exhibit B; and

(iv) it is in the best interests of the District that the Special Assessments be paid and collected as herein provided.

SECTION 3. AUTHORIZATION OF DISTRICT PROJECT. That certain Project for construction of infrastructure improvements initially described in Resolution 2017-03, and more specifically identified and described in Exhibit A attached hereto, is hereby authorized and approved and the proper officers, employees and/or agents of the District are hereby authorized and directed to take such further action as may be necessary or desirable to cause the same to be made.

SECTION 4. ESTIMATED COST OF IMPROVEMENTS. The total estimated costs of the Project and the costs to be paid by Special Assessments on all specially benefited property are set forth in Exhibits A and B, respectively, hereto.

SECTION 5. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF SPECIAL ASSESSMENTS. The Special Assessments on the Assessment Area 2 parcels specially benefited by the Project, all as specified in the final assessment roll set forth in Exhibit B, attached hereto, are hereby equalized, approved, confirmed and levied. Immediately following the adoption of this Resolution these Special Assessments, as reflected in Exhibit B, attached hereto, shall be recorded by the Secretary of the Board of the District in a special book, to be known as the "Improvement Lien Book." The Special Assessment or assessments against each respective parcel shown on such final assessment roll and interest, costs and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims. Prior to the issuance of any bonds, including refunding bonds, the District may, by subsequent resolution, adjust the acreage assigned to particular parcel identification numbers listed on the final assessment roll to reflect accurate apportionment of acreage within the District amongst individual parcel identification numbers. The District may make any other such acreage and boundary adjustments to parcels listed on the final assessment roll as may be necessary in the best interests of the District as determined by the Board by subsequent resolution. Any such adjustment in the assessment roll shall be consistent with the requirements of law. In the event the issuance of bonds, including refunding bonds, by the District would result in a decrease of the Special Assessments, then the District shall by subsequent resolution, adopted within sixty (60) days of the sale of such bonds at a publicly noticed meeting and without the need for further public hearing, evidence such a decrease and amend the final assessment roll as shown in the Improvement Lien Book to reflect such a decrease.

SECTION 6. FINALIZATION OF SPECIAL ASSESSMENTS. When the entire Project has both been constructed or otherwise provided to the satisfaction of the Board, the Board shall adopt a resolution accepting the same and determining the actual costs (including financing costs) thereof, as required by Sections 170.08 and 170.09, *Florida Statutes*. Pursuant to the provisions of Section 170.08, *Florida Statutes*, regarding completion of a project funded by a particular series of bonds, the District shall credit to each Special Assessment the difference, if any, between the Special Assessment as hereby made, approved and confirmed and the actual costs incurred in completing the Project. In making such credits, no credit shall be given for bond financing costs, capitalized

interest, or bond discounts. Such credits, if any, shall be entered in the Improvement Lien Book. Once the final amount of Special Assessments for the entire Project has been determined, the term "Special Assessment" shall, with respect to each parcel, mean the sum of the costs of the Project.

SECTION 7. PAYMENT OF SPECIAL ASSESSMENTS AND METHOD OF COLLECTION.

(a) The Special Assessments may be paid in not more than thirty (30) substantially equal consecutive annual installments of principal and interest. The Special Assessments may be paid in full without interest at any time within thirty (30) days after the completion of the Project and the adoption by the Board of a resolution accepting the Project; provided, however, that the Board shall at any time make such adjustments by resolution, at a noticed meeting of the Board, to that payment schedule as may be necessary and in the best interests of the District to account for changes in long and short term debt as actually issued by the District. All impact fee credits received shall be applied against the outstanding indebtedness of any debt issuance that funded the improvement giving rise to the credits which application may be addressed by such resolutions. At any time subsequent to thirty (30) days after the Project has been completed and a resolution accepting the Project has been adopted by the Board, the Special Assessments may be prepaid in full including interest amounts to the next succeeding interest payment date or to the second succeeding interest payment date if such a prepayment is made within forty-five (45) calendar days before an interest payment date. The owner of property subject to Special Assessments may prepay the entire remaining balance of the Special Assessments or a portion of the remaining balance of the Special Assessment at any time if there is also paid, in addition to the prepaid principal balance of the Special Assessment, an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding interest payment date, or, if prepaid during the forty-five day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date. Prepayment of Special Assessments does not entitle the property owner to any discounts for early payment.

(b) The District may elect to use the method of collecting Special Assessments authorized by Sections 197.3632 and 197.3635, *Florida Statutes* (the "Uniform Method"). The District has heretofore taken or will use its best efforts to take as timely required, any necessary actions to comply with the provisions of said Sections 197.3632 and 197.3635, *Florida Statutes*. Such Special Assessments, with the consent of the Trustee, may be subject to all of the collection provisions of Chapter 197, *Florida Statutes*. Notwithstanding the above, in the event the Uniform Method of collecting its special or non-ad valorem assessments is not available to the District in any year, or if determined by the District to be in its best interest, the Special Assessments may be collected as is otherwise permitted by law. The District may collect Special Assessments by directly assessing landowner(s) and enforcing said collection in any manner authorized by law. Such special assessments shall at all times be collected in a manner consistent with applicable trust indenture.

(c) For each year the District uses the Uniform Method, the District shall enter into an agreement with the Tax Collector and/or Property Appraiser who may notify each owner of a lot or parcel within the District of the amount of the special assessment, including interest thereon, in the manner provided in Section 197.3635, *Florida Statutes*.

SECTION 8. APPLICATION OF TRUE-UP PAYMENTS.

(a) There may be required from time to time certain true-up payments as specified in the Assessment Report, as such may be amended or supplemented. As parcels of land or lots are platted, the Special Assessments securing the Bonds shall be allocated as set forth in such reports. In furtherance thereof, at such time as parcels or land or lots are platted, it shall be an express condition of the lien established by this Resolution that any and all initial plats of any portion of the lands within the District, as the District's boundaries may be amended from time to time, shall be presented to the District Manager for review, approval and calculation of the percentage of acres and numbers of units which will be, after the plat, considered to be developed. No further action by the Board of Supervisors shall be required. The District's review shall be limited solely to this function and the enforcement of the lien established by this Resolution. The District Manager shall cause the Special Assessments to be reallocated to the units being platted and the remaining property in accordance with such supplemental assessment methodology reports, cause such reallocation to be recorded in the District's Improvement Lien Book, and shall perform the true-up calculations described in the Assessment Report, which process is incorporated herein as if fully set forth. Any resulting true-up payment shall become due and payable that tax year by the landowner(s) of record of the remaining property, in addition to the regular assessment installment payable with respect to the remaining developable acres.

(b) The District will take all necessary steps to ensure that true-up payments are made in a timely fashion to ensure its debt service obligations are met. The District shall record all true-up payments in its Improvement Lien Book.

(c) The foregoing is based on the District's understanding with the developer, that it intends to develop the unit numbers and types shown in Exhibit B, on the net developable acres in Assessment Area 2 and is intended to provide a formula to ensure that the appropriate ratio of the Special Assessments to developable acres is maintained if fewer units are developed. However, no action by the District prohibits more than the maximum units shown in Exhibit B from being developed. In no event shall the District collect Special Assessments pursuant to this Resolution in excess of the total debt service related to the Project, including all costs of financing and interest. The District recognizes that such events as regulatory requirements and market conditions may affect the timing and scope of the development in the District. If the strict application of the true-up methodology to any assessment reallocation pursuant to this paragraph would result in Special Assessments collected in excess of the District's total debt service obligation for the Project, the Board shall by resolution take appropriate action to equitably reallocate the Special Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated Special Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

(d) The application of the monies received from true-up payments or Special Assessment payments to the actual debt service obligations of the District, whether long term or short term, shall be set forth in the supplemental assessment resolution adopted for each series of Bonds actually

issued. Such subsequent resolution shall be adopted at a noticed meeting of the District, and shall set forth the actual amounts financed, costs of issuance, expected costs of collection, and the total amount of the assessments pledged to that issue, which amount shall be consistent with the lien imposed by this Resolution. Each such supplemental resolution shall also address the allocation of any impact fee credits expected to be received from the provision of the project funded by the corresponding series of bonds issued or to be issued.

SECTION 9. GOVERNMENT PROPERTY; TRANSFERS OF PROPERTY TO UNITS OF LOCAL, STATE, AND FEDERAL GOVERNMENT. Property owned by units of local, state, and federal government shall not be subject to the Special Assessments without specific consent thereto. In addition, property owned by a property owners association or homeowners association that is exempt from special assessments under Florida law shall not be subject to the Special Assessments. If at any time, any real property on which Special Assessments are imposed by this Resolution is sold or otherwise transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of Special Assessments thereon), all future unpaid Special Assessments for such tax parcel shall become due and payable immediately prior to such transfer without any further action of the District.

SECTION 10. ASSESSMENT NOTICE. The District's Secretary is hereby directed to record a general Notice of Assessments for Assessment Area 2 in the Official Records of Lake County, Florida, which shall be updated from time to time in a manner consistent with changes in the boundaries of the District.

SECTION 11. SEVERABILITY. If any section or part of a section of this Resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

SECTION 12. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

SECTION 13. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED AND ADOPTED THIS 22ND DAY OF DECEMBER, 2016.

Secretary/Assistant Secretary

Chairperson, Board of Supervisors

Exhibit A: *Preliminary Engineer's Report*, dated October 11, 2016

Exhibit B: *Master Assessment Methodology Report*, dated October 27, 2016

Exhibit A

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
PRELIMINARY ENGINEER'S REPORT**

Prepared for:

**Board of Supervisors
Avalon Groves Community Development District**

Prepared by:

**Heidt Design, LLC
5806-B Breckenridge Parkway
Tampa, Florida 33610
813-253-5311**

October 11, 2016

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INTRODUCTION

Avalon Groves is a residential development project located on property totaling approximately 985 acres in size, located East of U.S. 27 in eastern Lake County. The Vicinity Map is contained in Appendix B. The Avalon Groves community will consist of multiple residential neighborhoods and recreational amenities.

The Avalon Groves Community Development District ("District") is located in Sections 13, 14, 23, & 24, Township 24 South, Range 26 East, Lake County, Florida. The District consists of approximately 972 acres situated in the South Lake County area to the West of the western limits of Orange County. The legal description of the property is attached in Appendix A. The portion of Avalon Groves, which is located in the District, is referred to as the "development".

The District is being created to provide an efficient funding and long-term maintenance mechanism for the public infrastructure associated with the portion of the Avalon Groves community planned within the boundaries of the District. A series of exhibits are included in Appendix C of this report, including a Zoning Map, a Future Land Use Map, and an Aerial Map of the overall Avalon Groves project.

The current plan of development for the Avalon Groves community within the District contains approximately 1,352 housing units, various recreational facilities and an amenity site. The current Planned Unit Development (PUD) approval allows for these uses, with more detailed permit information being found in the "Permit Status" section of this report.

The purpose of this report is to provide a description of the improvements and land acquisition that may be financed by the District ("the Total Project"). Refer to Table 1 for a costs summary of the Total Project. Public infrastructure and land improvements needed to service the development within the District include the construction of the extension of Sawgrass Bay Boulevard to the northwest project boundary and through the planned development. Also included are wetland mitigation creation, listed species habitat mitigation creation and costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities. Construction of the Total Project is scheduled to commence in Q4 of 2016, and is anticipated to be complete by December 2021.

The Engineer's Report reflects the District's present intentions. The implementation and completion of any land purchase and any improvement outlined in this report requires final approval by the District's Board of Supervisors, including the award of contracts for the construction of the improvements. Cost estimates contained in this report have been prepared based on the best available information. Actual costs will vary based upon final plans, design, planning, approvals from regulatory authorities, inflation, etc. Nevertheless, all costs contained herein may be reasonably expected to adequately fund the improvements described, and contingency costs as included are reasonable.

INFRASTRUCTURE IMPROVEMENTS

The District presently intends to undertake certain public infrastructure improvements necessary for the development of the Avalon Groves community within the boundaries of the District. As mentioned, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. There is a Planned Unit Development (PUD) zoning approval in place that mandates a portion of these improvements. The construction and maintenance of the proposed improvements are necessary and will benefit the property within the District. A more specific description of each of these items follows and the related costs are provided in Table 1.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that will comprise the proposed District. Each assessment area will realize a benefit from the land acquisition needed to meet regulatory requirements related to wetland systems, stormwater management systems, wetland setbacks, open space, and other infrastructure improvements. All assessment areas benefit from the land and will be allocated by the District as needed.

MASTER ROADS AND STREETS

The District presently intends to provide the master transportation facilities within and adjacent to the District boundaries. A description of each facility follows:

Sawgrass Bay Boulevard: Sawgrass Bay Boulevard is the central collector roadway through the development and will serve as the primary project entrance roadway. The proposed cross-section consists of 106-foot wide right-of-way with four lanes of pavement divided by a central median; however, only two lanes will be constructed. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway. No improvements have been made at this time, but all plans and permitting are nearly complete and funded by the Developer. The improvements are planned to commence construction in the 4th quarter of 2016, pending receipt of all required regulatory approvals.

MASTER WATER AND WASTEWATER

Utilities, Inc., the private utility owner for the subject project area, has indicated that water, and wastewater capacity for this project is available. Utilities, Inc. has indicated that, until such time that residential development increases to support greater wastewater flows, reclaimed water supply will not be reliable to meet demands on a continuous basis. As development occurs in the surrounding areas, reclaimed water supply will grow proportionally, and their ability to meet the common area irrigation needs of the community will increase.

Water Distribution System: The Developer will fund and construct the water distribution system for the Avalon Groves project located within the District. The water distribution main lines will have multiple points of connection to the Utilities, Inc. system within the Sawgrass Bay Blvd. right-of-way. The water mains will loop through the Avalon groves project to provide water to all portions of the development.

Sanitary Sewer Collection System: The Developer will fund and construct the master sanitary sewer collection system. The Avalon Groves project will consist of a system of gravity sewer mains, several pump stations and the associated force main to provide sanitary sewer service to the project. The forcemain will run the length of Sawgrass Bay Blvd. through the project.

Reuse Water Distribution System: The Developer will fund and construct the master reuse water distribution system. The reuse water mains will loop through the Avalon Groves project to provide reuse water service to the project. At such time that Utilities, Inc. has sufficient capacity to serve the community, meters will be set and reclaimed water may be made available to the residents.

MASTER SURFACE WATER MANAGEMENT

The District will provide the master surface water management infrastructure for the Avalon Groves project within the District in accordance with St. Johns River Water Management District (SJRWMD) and U.S. Army Corps of Engineers (ACOE) permit approvals. Any surplus of excavated material is anticipated to be used within the development for road sub base, perimeter landscape berms, and/or site grading. Components of the surface water management infrastructure are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Avalon Groves project. Components of the mitigation plan are summarized below:

Environmental Impact Compensation Plan: The proposed wetland impacts are being compensated for by creating wetlands in mitigation areas located within the District and mitigation credits from mitigation bank purchases.

Wetland Enhancement and Preservation: Numerous isolated wetlands are being preserved on the site. Enhancement for a portion of these wetland systems is to be achieved by removing nuisance species and restoring the historic hydroperiods.

Threatened and Endangered Species Mitigation: The District will also provide for the cost of relocation and/or mitigation credit purchases for the adversely affected gopher tortoise and sand skink population or other protected species within the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential

portion of the Avalon Groves project. Subdivision infrastructure improvements include roadway, utilities and stormwater management facilities and associated grading necessary for the stormwater system to function. The current land plan shows approximately 28,000 lineal feet (5.3 miles) of local roadway construction within the residential neighborhoods.

The CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map. Assessment Area 1 will be established as a residential active adult community with approximately 556 lots. The proposed product may be a mix of attached 45-foot and detached 50-foot and 60-foot wide single family residential lots. Assessment Area 1 is approximately 303 acres and lies in the northernmost portion of the District property.

Assessment Area 2 contains approximately 328 acres and is located in the central portion of the District property. The two residential tracts (Villages 1 and 2) are separated by the Sawgrass Bay Boulevard Right-of-Way. The two Villages contain 479 single family detached (SFD) residential units. The proposed product mix in Assessment Area 2 is: 83 SFD 40-foot lots, 294 SFD 50-foot lots, and 102 SFD 60-foot lots.

Assessment Area 3 is located in the southern portion of the District property. It is approximately 354 acres in total land area. The approximate lot yield in Assessment Area 3 is 317 SFD 50-foot wide lots but could increase based on current entitlements.

Each of the three assessment areas will contain retention ponds and floodplain compensation ponds as part of the overall stormwater management system for the project. Impacts to isolated wetlands are proposed in order to allow for the efficient implementation of the development footprint.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Avalon Groves project. These improvements may include landscaping and irrigation, retaining walls, common signage, stormwater management and treatment areas with landscape enhancements. The collector roadway network (rights-of-way and medians) and stormwater management facilities will also be landscaped consistent with the theme of the Avalon Groves project.

Entrance Landscaping and Signage: The District collector roadway will be landscaped with special attention given to the primary entrance, which may include monument walls and signage.

Monument Walls: The individual neighborhoods will be identified with specific signage and monuments in combination with landscape tracts will be used to buffer the neighborhoods from the adjacent collector roadway.

Common Area Irrigation System: The extensive landscaping areas and the collector road right-of-way will be irrigated with a common system of irrigation distribution lines.

PARKS AND RECREATION FACILITIES

The District presently intends to provide numerous parks and recreation facilities within the project.

Neighborhood Park Facilities: The park facilities include the construction of neighborhood parks to be accessed by the public, some with play equipment. The District intends to provide hard surface pedestrian and bicycle trails throughout the project.

Recreation Facilities: The recreation facilities include an Amenity Center to be centrally located within the project. This may be funded by the Developer and if so, it would remain a private facility.

DRY UTILITIES FACILITIES

The dry utilities improvements include undergrounding of facilities needed to serve the residential development within the project.

PROFESSIONAL FEES

Professional Fees include civil engineering costs for site design, permitting, inspection, and master planning, survey costs for construction staking and as-builts as well as preparation of preliminary and final plats, geotechnical costs for pre-design soil borings, underdrain analysis and construction staking, and architectural costs for landscape and recreation design. Also included in this category are fees associated with environmental consultation and permitting. The professional fees are a proportionate amount of the overall costs to design, permit, and construct the project relating to the public infrastructure to be financed by the District. Design fees associated with the private utilities funded by the Developer are not included in these estimate fee projections.

The infrastructure, as outlined above, is necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The infrastructure will provide their intended function so long as the construction is in substantial compliance with the design and permits.

The Engineer recommends that in addition to the annual non-ad valorem assessments to be levied and collected by the District to pay debt service on its bonds, the District should levy and collect an annual "Maintenance Assessment" to be determined, assessed, and levied by the District's Board of Supervisors upon the assessable real property within the District for the purpose of defraying the cost and expenses of maintaining District-owned improvements.

OWNERSHIP AND MAINTENANCE

Ownership and maintenance of the improvements* is anticipated as set forth below:

IMPROVEMENT

OWNERSHIP/MAINTENANCE

Stormwater Management System	Community Development District (with Drainage Easements to Lake County)
Public Roadway Systems (Collector Roads)	Lake County/Community Development District
Public Roadway Systems (Local Roads)	Lake County / HOA (Private Roads)
Master Sewer Facilities	Utilities, Inc. (Private)
Master Water Facilities	Utilities, Inc. (Private)
Master Reuse Water System	Utilities, Inc. (Private)
Master Dry Utilities	Community Development District / Utility Companies (with Utility Easements)
Parks and Recreational Facilities	Community Development District / HOA
Landscaping and Signs	Lake County / Community Development District

*Only improvements that will be owned and maintained by the District or Lake County will be financed by the District.

PERMIT STATUS

The permit status for the Avalon Groves development plans is as follows:

<u>PERMIT</u>	<u>STATUS</u>
1. Lake County Preliminary Plat – Villages 1 and 2	Pending
2. Lake County – Villages 1 and 2 Phase 1A Construction Plans	Pending
3. SJRWMD Environmental Resource Permit Villages 1 and 2 Phase 1A	Pending
4. Lake County - Sawgrass Bay Blvd. Construction Plans	Pending
5. SJRWMD Environmental Resource Permit Sawgrass Bay Blvd. – Permit #135777-3	Approved
5. USACOE Individual Permit #SAJ-2015-01634	Pending
5. Lake County Zoning (PUD) Amendment Ord. 2016-20	Approved
6. Florida Fish and Wildlife Commission Conservation Permit	Pending

The remainder of the construction plans for the required infrastructure within the Avalon Groves Community Development District is in the planning process and will be submitted for final permits in Phases as development progresses.

Pending Permit Issuance

We are of the opinion that all permits that are not heretofore issued, and which are necessary to effect the improvements described herein, will be obtained during the ordinary course of development.

Avalon Groves Community Development District

Table 1

<u>Item</u>	<u>Assessment Area 1</u>	<u>Assessment Area 2</u>	<u>Assessment Area 3</u>	<u>Totals</u>
<u>Master Infrastructure</u>				
Land Acquisition (1)	\$3,715,320	\$5,217,120	\$4,479,960	\$13,412,400
Clearing / Earthwork (2)	\$2,464,414	\$2,123,120	\$1,405,071	\$5,992,605
Master Stormwater Management	\$1,719,152	\$1,481,068	\$980,164	\$4,180,384
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$1,807,890	\$5,423,671
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,862,500	\$3,825,000
Professional Fees (3)	\$1,072,500	\$936,000	\$624,000	\$2,632,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0	\$0
Sub-total	\$10,879,277	\$13,427,698	\$11,159,585	\$35,466,560
<u>Residential Tract Costs</u>				
Roadway (Local Streets)	\$1,993,260	\$881,910	\$1,136,445	\$4,011,615
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$480,000	\$2,034,000
Sub-total	\$2,827,260	\$1,601,910	\$1,616,445	\$6,045,615
Contingency	\$1,370,654	\$1,502,961	\$1,277,603	\$4,151,217
Project Total	\$15,077,190	\$16,532,569	\$14,053,633	\$45,663,392
Anticipated Buildout Assessment Area 1	December, 2019			
Anticipated Buildout Assessment Area 2	December, 2018			
Anticipated Buildout Assessment Area 3	December, 2021			
(1) Land Acquisition values are subject to appraisal ordered by District				
(2) Earthwork excludes filling and compaction to final grade on developable lots				
(3) Professional fees for design of public infrastructure only				
(4) All Costs are in 2016 Dollars				

ENGINEER'S OPINION

It is our professional opinion that the summary of costs listed above is sufficient to complete the construction of the items intended.

It is my professional opinion that the infrastructure costs associated herein for the district improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to the assessable lands within the District. The assessable property within the District will receive a special benefit from the herein described improvements, which benefit is at least equal to the cost of such improvements. Infrastructure costs are for public improvements or community facilities as set forth in section 190-012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guarantee maximum price. The estimated cost is based on unit prices currently being experienced for ongoing and similar items of work in Lake County and quantities as represented on construction plans.

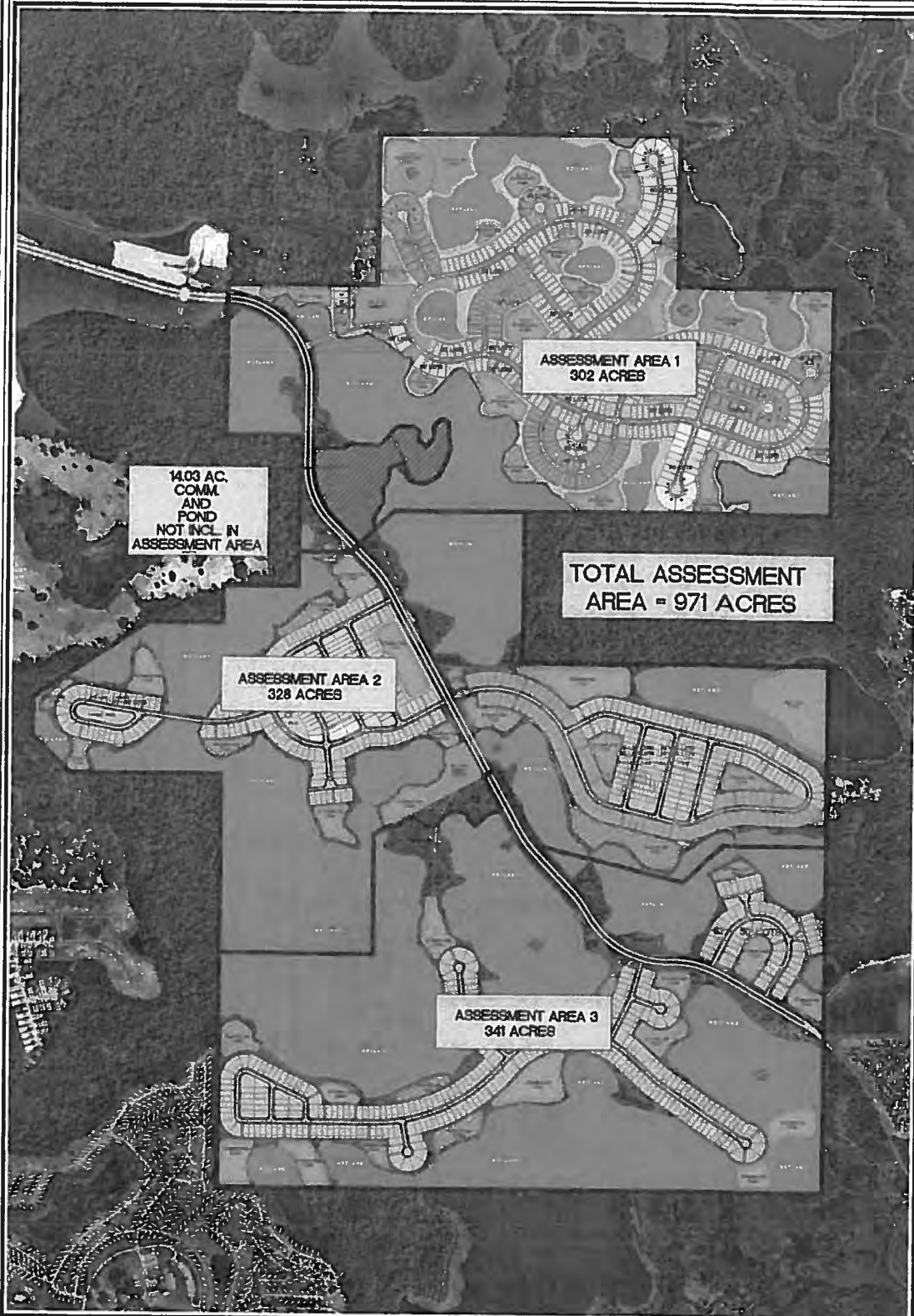
The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

Assuming project construction continues in a timely manner, it is our opinion that the proposed improvements, if constructed and built in substantial accordance with the approved plans and specifications, can be completed and meets their intended functions. Where necessary, historical costs, information from other professional or utility consultants and contractors have been used in preparation of this report. Consultants and contractors who have contributed in providing the cost data included in this report are reputable entities in the Lake County area. It is therefore our opinion that the construction of the proposed project can be completed at the cost stated.



Gary D. Miller, P.E.
Florida Registered Engineer No. 52717

Appendix A



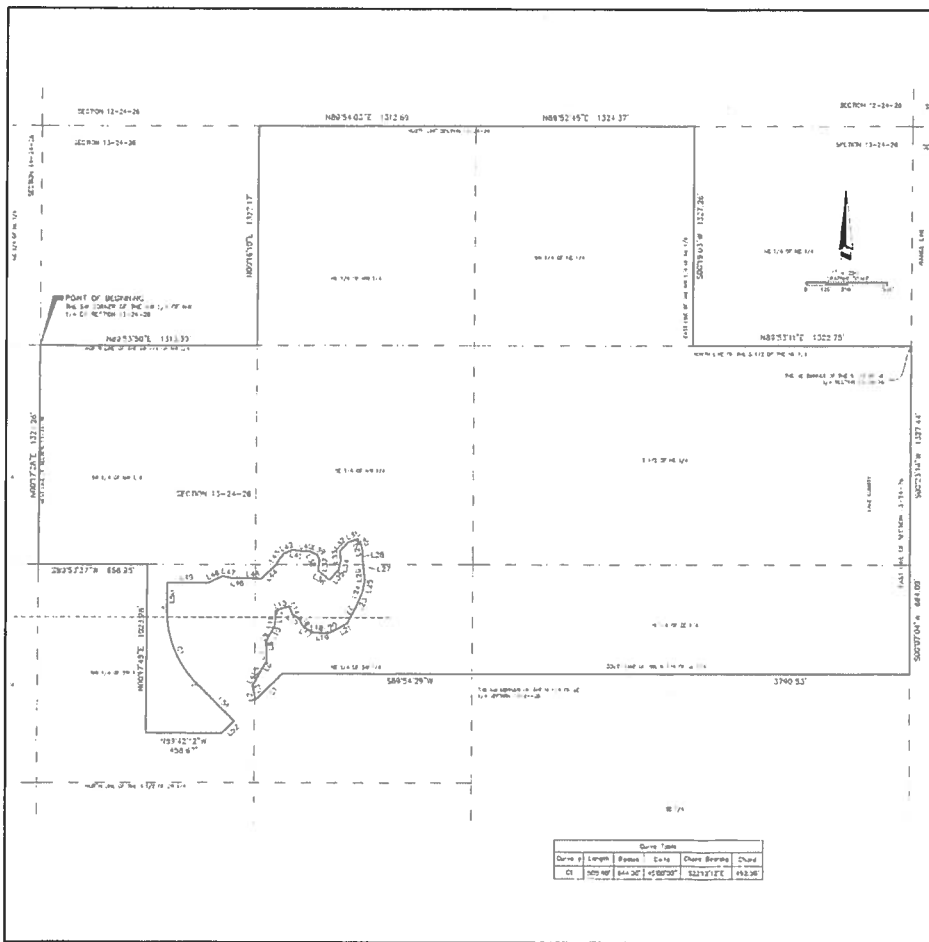
Avalon Groves
Assessment Area Plan

Kolter Land Partners, LLC
Lake County, Fl.

DATE	BY	REVISION
10/1/11	HEIDT	1



HEIDT



LEGEND

1. PROPOSED ASSESSMENT AREA
2. EXISTING ASSESSMENT AREA
3. EXISTING ROAD
4. EXISTING RAILROAD
5. EXISTING WATERWAY
6. EXISTING UTILITY
7. EXISTING BUILDING
8. EXISTING FENCE
9. EXISTING SIGN
10. EXISTING LIGHT
11. EXISTING TREE
12. EXISTING PLANT
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PROPOSED ASSESSMENT AREA

EXISTING ASSESSMENT AREA

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EXISTING RAILROAD

EXISTING WATERWAY

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EXISTING BUILDING

EXISTING FENCE

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POINT OF BEGINNING

POINT OF ENDING

SCALE

NORTH ARROW

SECTION 13-24-26

SECTION 13-24-28

SECTION 13-24-30

SECTION 13-24-32

SECTION 13-24-34

SECTION 13-24-36

SECTION 13-24-38

SECTION 13-24-40

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SECTION 13-24-44

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SECTION 13-24-90

SECTION 13-24-92

SECTION 13-24-94

SECTION 13-24-96

SECTION 13-24-98

SECTION 13-24-100

SHEET 1 OF 1

PROPOSED ASSESSMENT AREA

EXISTING ASSESSMENT AREA

EXISTING ROAD

EXISTING RAILROAD

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SECTION 13-24-26

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SECTION 13-24-32

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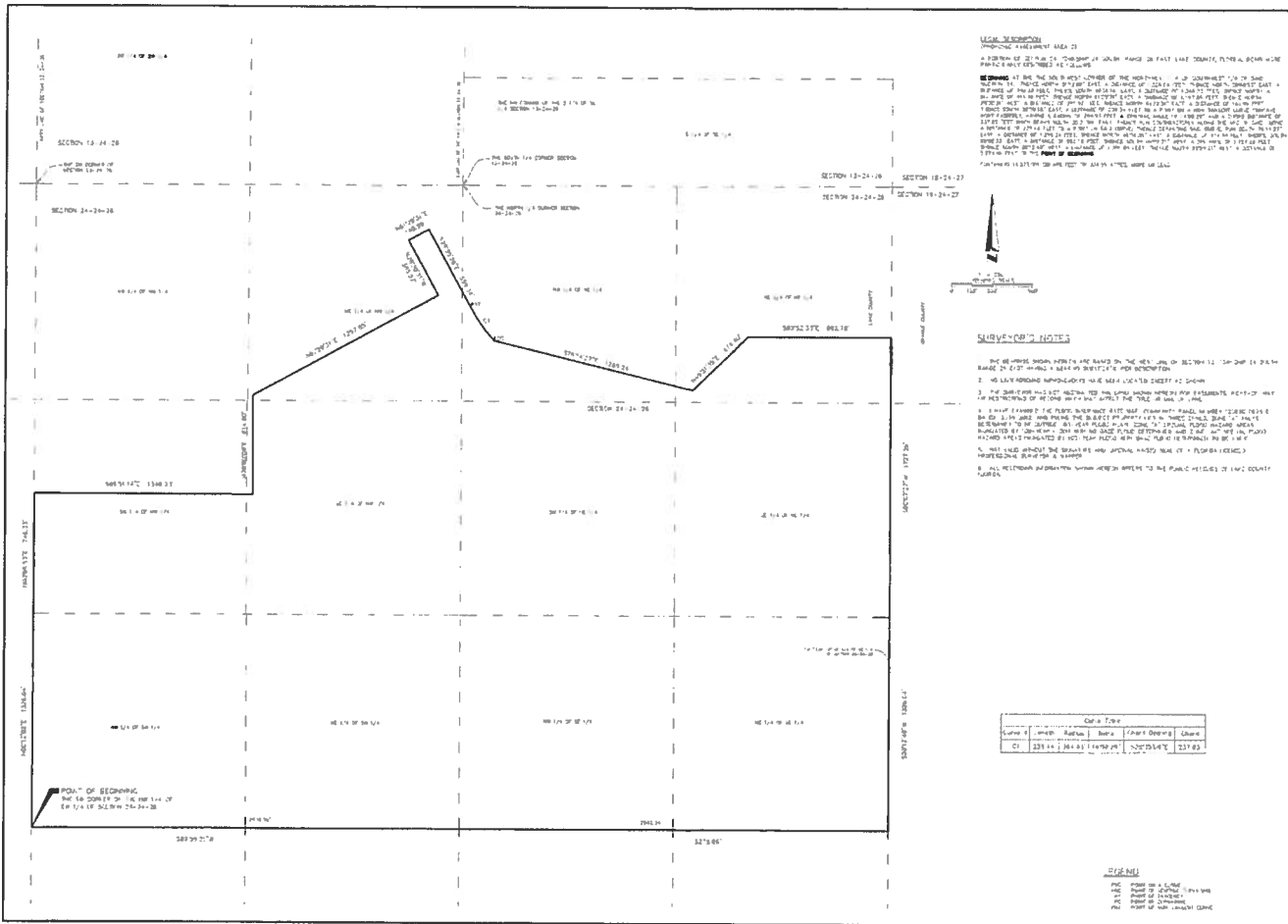
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SHEET 1 OF 1

SKETCH OF DESCRIPTION

PROPOSED ASSESSMENT AREA 3

SECTION 13-24-28, 13-24-29, 24-24-28

ASM

ASIAN SURVEYING & MAPPING

1000 S. 10TH AVE. SUITE 100

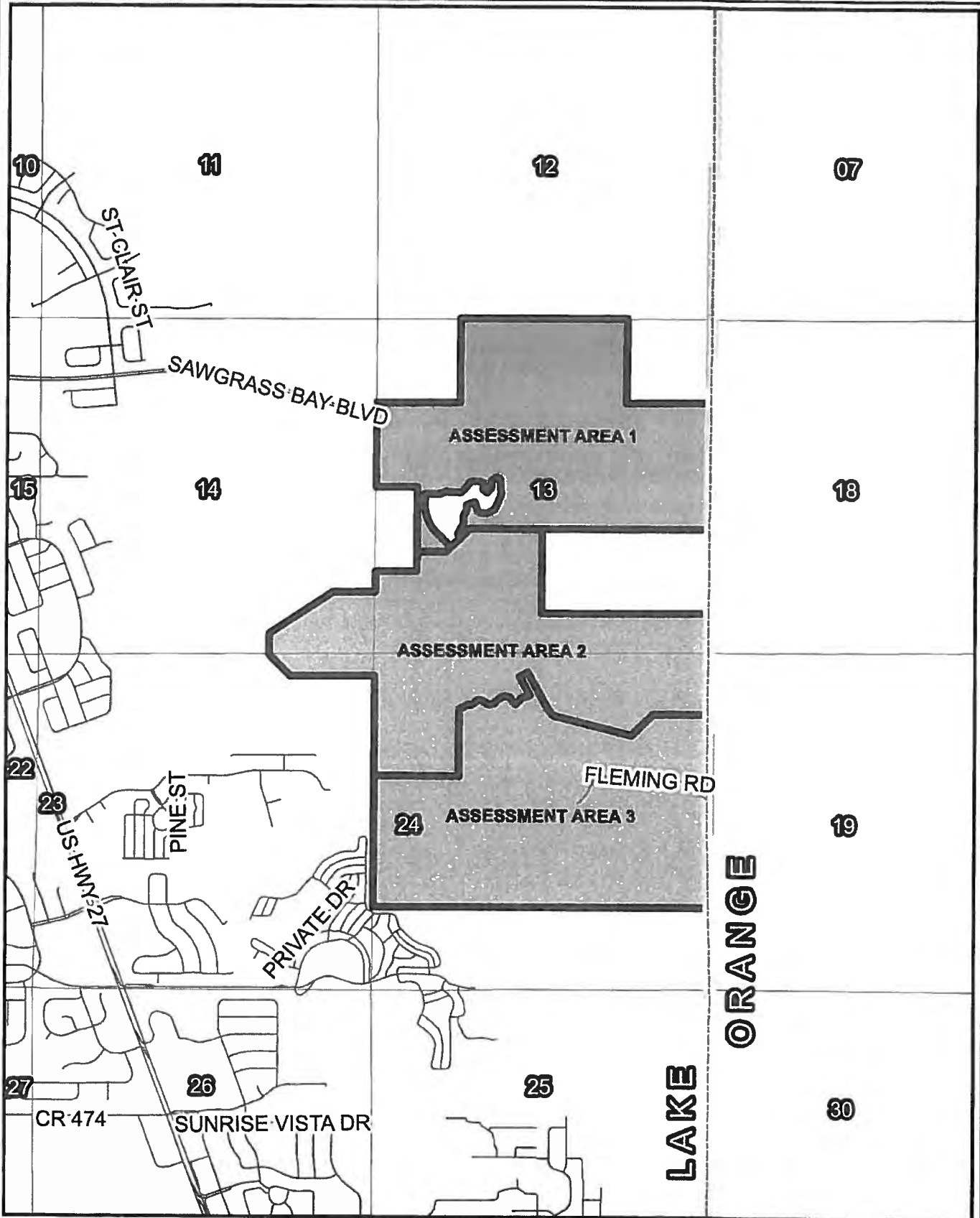
MINNEAPOLIS, MN 55404

TEL: 612.338.1111

FAX: 612.338.1112

WWW.ASM-SURVEYING.COM

Appendix B



Avalon Groves Community Development District

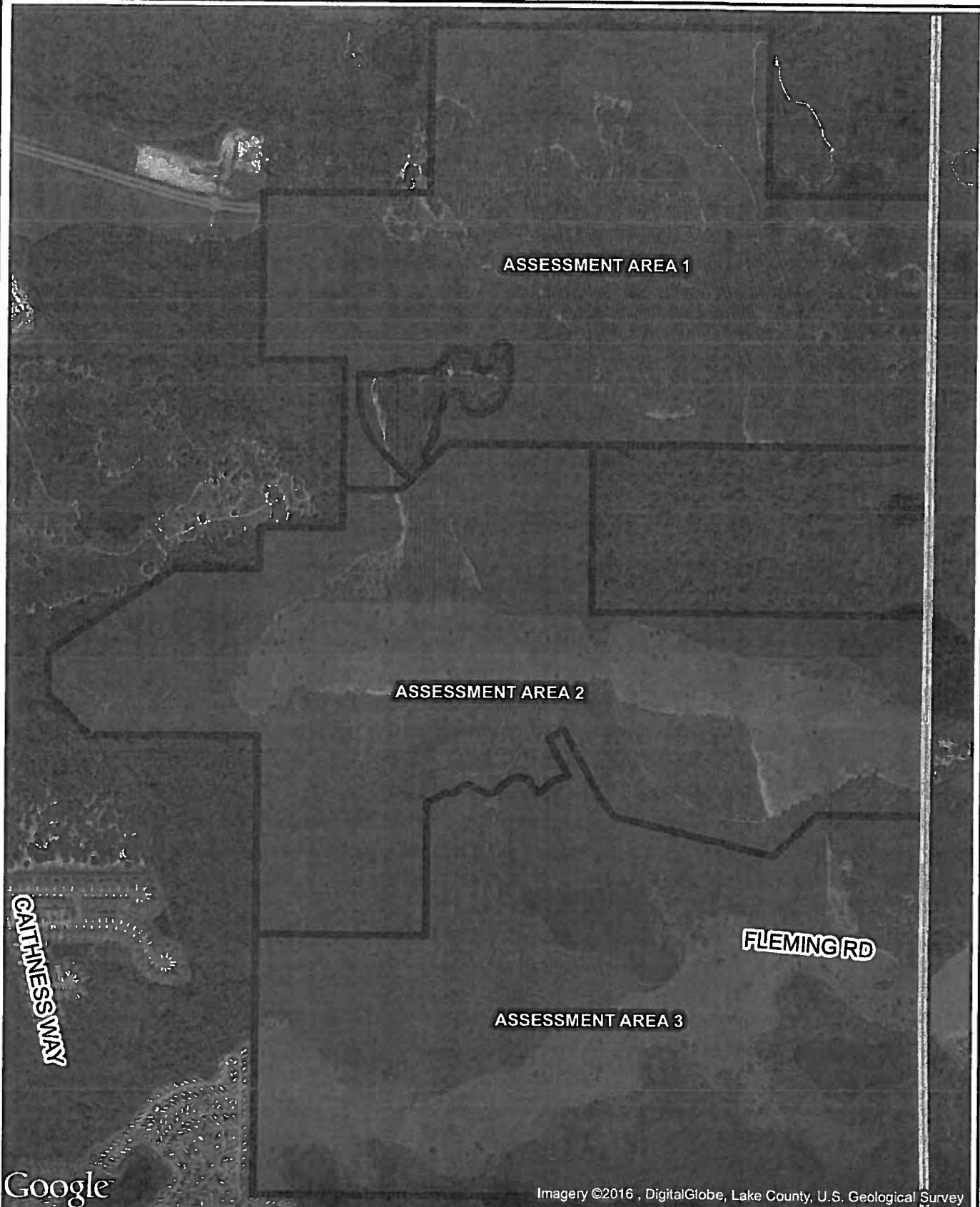
Vicinity Map

Lake County

1,000 2,000 Feet
Heidt Design, Lake County, FL
This work is prepared for a specific project and is not to be used for any other purpose. It is the responsibility of the user to verify the accuracy of the information provided. This map is for informational purposes only and should not be used for any other purpose.

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Appendix C



Google

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Avalon Groves Community Development District

Aerial

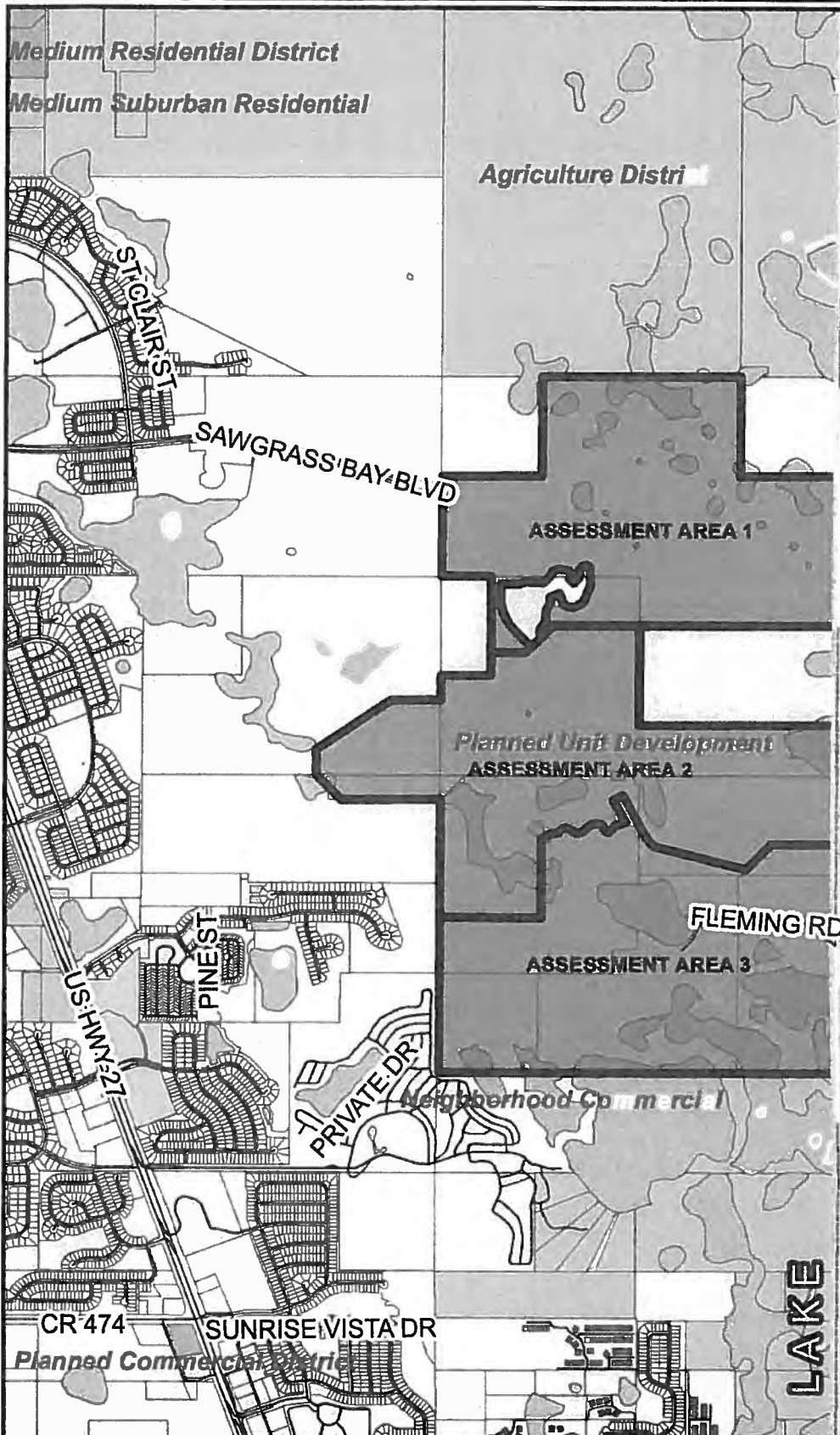
Lake County

0 500 1,000 Feet

Project: Heidt Design, Lake County
Imagery: Google Earth 2016

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LAKE
ORANGE

Legend

-  CDD Boundary
-  Waterbodies

Avalon Groves Community Development District

Zoning

Lake County

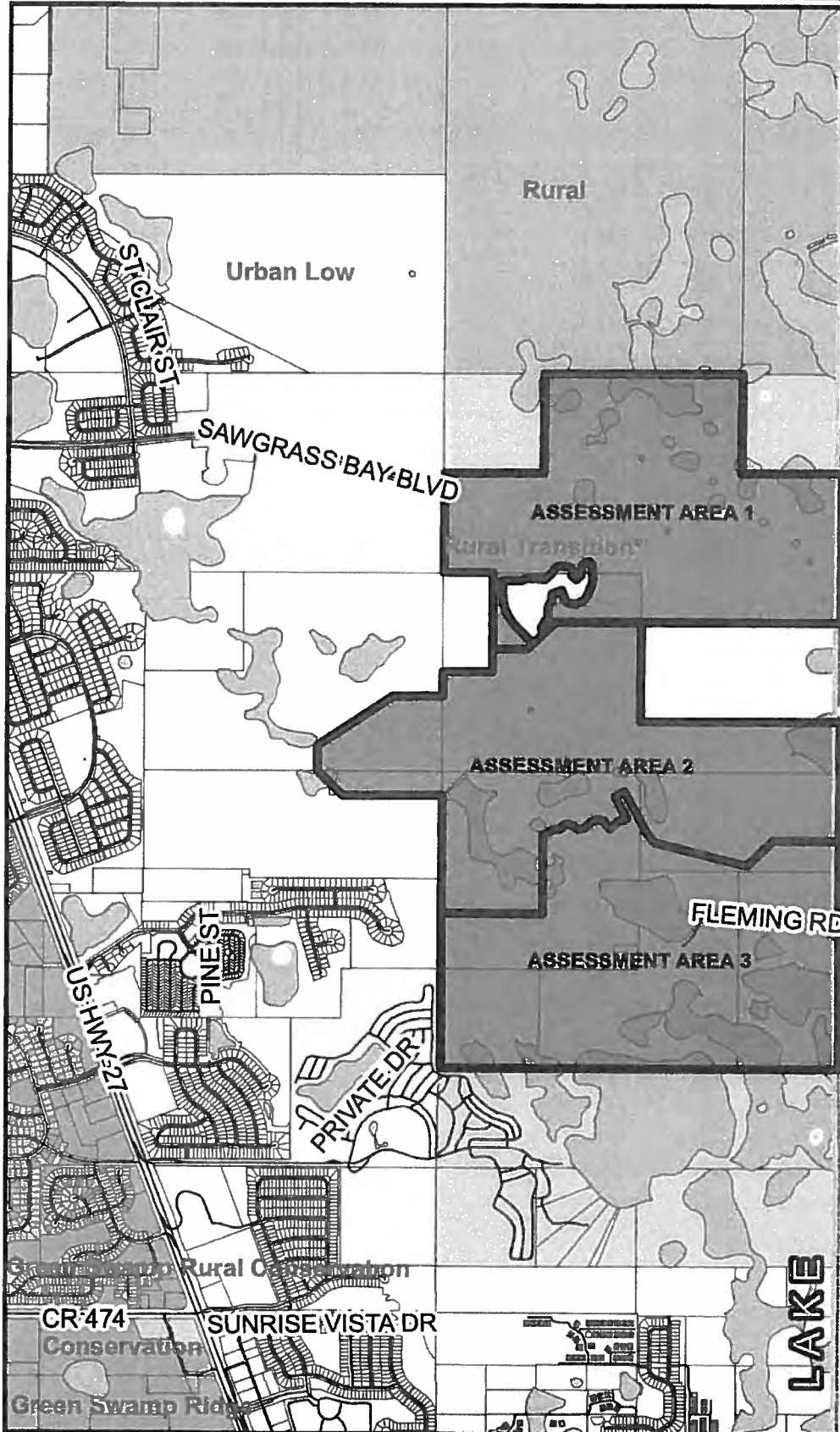
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Source: Heidi Design, Lake County, FL

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Data was obtained from various sources including, but not limited to, aerial, survey, and land department records. Heidi Design does not warrant data provided by other sources for accuracy, or for any particular use. This map is for informational purposes only and should not be substituted for a more detailed survey, engineering approval, or other.

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(813) 253-5311



ORANGE

LAKE

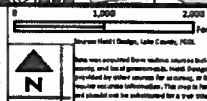
Legend

- CDD Boundary
- Waterbodies

Avalon Groves Community Development District

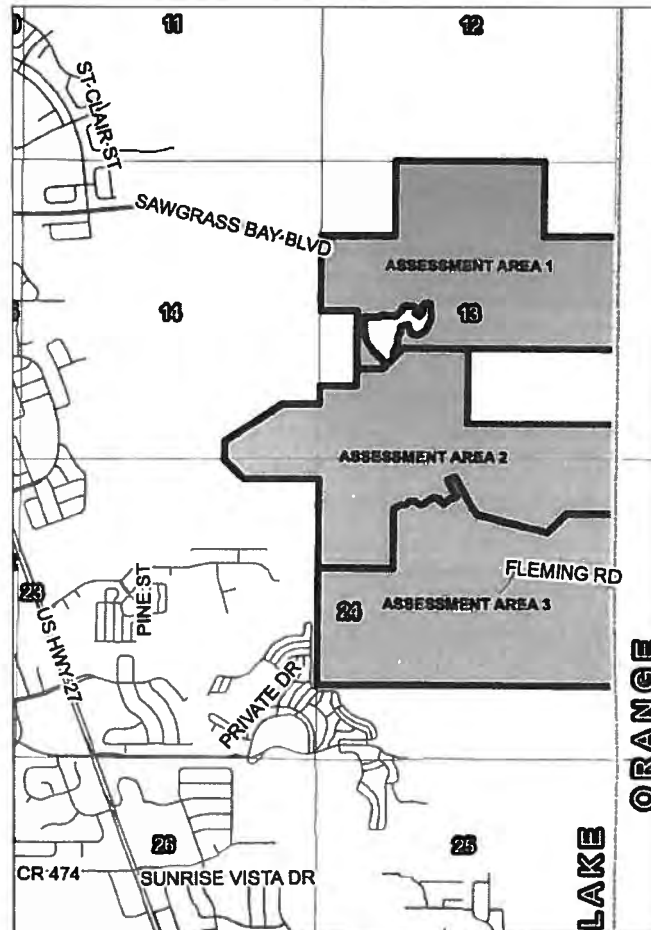
Future Land Use

Lake County



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**AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT
MASTER ASSESSMENT METHODOLOGY REPORT**



October 27, 2016



1060 Maitland Center Commons Blvd.,
Suite 340

Maitland, FL 32751

Phone: (321) 263-0132

www.dpfg.com

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The District

The Avalon Groves Community Development District (the “CDD” or “District”) is a local unit of special-purpose government established pursuant to, and existing in accordance with, Chapter 190, Florida Statutes (the “Act”). The District was created for the purpose of delivering certain community development services and facilities within its jurisdiction, including the design, acquisition and/or construction of certain public infrastructure improvements consisting of, but not limited to, roadways, irrigation systems, storm water management, park and recreational facilities/community amenities, landscaping improvements, signage and lighting, dry utilities, and professional services and fees, together with the acquisition of real property necessary for development pursuant to the Act.

Purpose of this Report

To advance the development of the properties within the CDD, certain capital improvements, as described in the Engineer’s Report, dated October 11, 2016 (the “Project”), have been planned. To finance the construction of the Project, the District plans to issue bonds and levy special assessments to repay the bonds, including interest. This report provides an assessment methodology for analyzing the benefits derived from the Project and determining the fair and equitable allocation of such benefits through the levy of special assessments on property within the District to fund all or portions of the Project. It is designed to conform to the requirements of Chapters 170, 190 and 197, Florida Statutes, with respect to special assessments.

Benefits and Assessment Allocation

The development is currently planned for multiple phases to ultimately provide infrastructure for 1,352 residential units of single family detached homes, townhomes, and active adult units. A portion of the Project consists of both onsite subdivision improvements and districtwide master improvements. The Project will be financed with proceeds of multiple bond series and funds from the Developer, which will provide sufficient funds to complete the infrastructure improvements to fully completed units in the various phases.

The construction of the public infrastructure improvements will advance development of the properties within the District and will thereby create special benefits for those properties. The properties receiving benefit include all of the developable land within the District. The methodology herein allocates debt and special assessments to properties based upon the benefits derived from the Project. Special assessments will be levied on all benefitted and assessable property within the District. The total benefits will be the completed public infrastructure with estimated costs in the amount of approximately \$46.6 million.

The District has validated bonds based on estimated public infrastructure construction costs of approximately \$48.07 million assuming development of the entire District. It is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas, which will include all of the assessable land within the District.

This report utilizes Equivalent Residential Units (“ERU”) as a proxy value for benefit and allocating Special Assessments. Each constructed unit on a fifty-foot wide single family lot will be assigned an ERU value and ranking equal 1.0. This ranking is the basis upon which the benefits to other lot sizes are measured. The advantage to a ERU structured methodology includes the ability to assign identical benefits to similarly used properties (e.g., all fifty-foot wide lots are assigned 1.0 ERU irrespective of home size or phase) or assign different ERUs to reflect different lot sizes and land uses (e.g., residential versus non-residential land uses).

Assessment Areas

As described above, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate, and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas with associated future improvements, namely “Assessment Area One”, “Assessment Area Two”, and “Assessment Area Three” and collectively the (“Assessment Areas”).

Master Improvements and Subdivision Improvements

The Project contains improvements that benefit all assessable units within the District (the “Master Improvements”) and improvements that provide special benefit specifically to the planned units in each development phase or Assessment Area, but not the entire community (the “Subdivision Improvements”). Refer to the Engineer’s Report for details.

Project Bond Financing Program

As noted above, the District will acquire or construct all, or a portion, of the Project utilizing bonds issued in multiple series as development progresses in each of the respective Assessment Areas. The developable properties within the District’s Assessment Areas will constitute the properties on which the Special Assessments are levied to repay the bonds. For all three Assessment Areas, these properties include those which will be developed into the planned total of 1,352 residential units. The District plans to issue bonds to finance certain Master and/or Subdivision Improvements as development progresses in each respective Assessment Area. The District will deliver a supplemental assessment methodology report

associated with each bond series issuance describing the phase of the development and improvements to be funded.

For purposes of this report, the bond principal amount and associated maximum annual debt service (MADS) assessments have been sized based on funding all of the Master and Subdivision Improvement costs described in the Engineer's Report and adjusted for allowable bond financing costs including capitalized interest, reserves and costs of issuance. These bond principal amounts represent a maximum bonding amount. The bonds are expected to be repaid from special assessments levied on only those units planned within each respective phase or Assessment Area. The following table summarizes the estimated maximum allocation of debt for the proposed overall bond financing program:

Table 1 - Total District Debt

Assessment Area	Total Debt
One	\$23,115,000
Two	\$25,345,000
Three	\$21,540,000
Total	\$70,000,000

Each fiscal year, the CDD will certify for collection the Special Assessments in connection with the MADS, or Debt Service Requirement (as defined herein), for each bond series. The following table summarizes the estimated MADS requirement¹ for each phase of development:

Table 2 - Maximum Annual Debt Service

Assessment Area	Total Maximum Annual Debt Service
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598
Total	\$5,754,033

Prior to recordation of a subdivision plat map in each respective Assessment Area, the special assessments and debt will be allocated to each property, as described by FOLIO or legal description, based on acreage. Upon recordation of a subdivision plat map in each respective Assessment Area, the lot sizes are determinable, and the Special Assessments will then be

¹ Excluding County collection charges and early payment discount.

levied on the individual lots based on the ERU assigned to each lot within each respective Assessment Area. Refer to the Appendix for an estimated sources and uses of bonds.

Allocation of Benefits and Assessments

Assessment Standard

Under Florida law, a valid special assessment that is made pursuant to District legislative authority requires that the property assessed must (1) derive a direct and special benefit from the improvement or service provided and (2) that the assessment must be fairly and reasonably apportioned among properties that receive the special benefits.

Section 170.02, Florida Statutes, states “Special assessments against property deemed to be benefited by local improvements, as provided for in sec. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality may prescribe.”

The ERU allocation approach is a generally recognized and commonly approved method of proportionally spreading assessments over benefited properties for special assessments levied by community development districts. Although the general public outside the District will benefit from the Project, such benefits are incidental. The facilities in the Project meet the needs of the developed property within the District, as well as provide benefit to all residential property within the District. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries, and direct and cumulative benefits accrue mainly to residents.

Assessment Methodology

This benefit and allocation approach is based on the principle that dwelling units on a similar size lot will receive a relatively equal and direct benefit from the Project. The direct benefits from these improvements include increased use, enjoyment and increased property values to all residential properties, and the direct benefits from each public improvement system and function provided by the District.

An assessment methodology based on ERUs provides a way to quantify the benefit that different lot sizes and land use types receive from public improvements in terms of their equivalence to a single-family residential dwelling unit on a fifty-foot wide lot, which is defined as 1.0 ERU. Under the ERU model, the District allocates assessments on platted property proportionately based on lot size as indicated on the subject recorded plat map; assessments on undeveloped property (e.g., property without recorded subdivision plat map) are allocated proportionately based on acreage basis. As noted above, the equal benefit and assessment

allocation approach is a generally recognized and approved method of proportionally spreading assessments over benefited properties within a special district.

These Special Benefits and Allocation of Assessments

In the present case, the financing program will enable the District to provide Master Improvements and Subdivision Improvements for each Assessment Area. Such improvements will provide direct benefit for the utilization of this property, will substantially enhance the use and enjoyment of the benefited residential properties, and will increase the value and marketability of the benefited residential properties. These benefits flow proportionately over all benefited properties. The District will apply the assessment methodology to the financing program relating to the Project. A ranking and finding of 1.0 ERU per residential unit on a fifty-foot lot applies. All residential units in each respective Assessment Area will proportionally benefit from the purchase and maintenance of the Master Improvements and respective Subdivision Improvements.

Rate and Method of Apportionment

A rate and method of apportionment of Special Assessments is attached in the Appendix. At time of bond issuance, the true up obligation is described in the supplemental assessment methodology report. The supplemental assessment report anticipates a mechanism by which the landowner shall, if required, make certain payments to the District in order to satisfy, in whole or in part, the assessments allocated and the liens imposed pursuant to adopted resolutions, the amount of such payments being equal to the par debt that is not capable of being assigned to the total number of developed units, plus any applicable interest charges and collection fees as described in the supplemental assessment report (which payments shall collectively be referenced as the “True-Up Payment”. The landowner desires to guarantee the payment of any True-Up Payment required of it and all other owners of land within the District; and the landowner and the District desire to enter into an agreement to confirm landowner’s intentions and obligations to make any and all True-Up Payments related to the assessments.

Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The Special Assessments are expected to be collected directly by the District on un-platted parcels and via the County’s property tax bill as parcels of land in the District are platted.

Document Review

The documents associated with the above referenced acquisition and financing of the property, assessment plat, and assessment roll are available for review at the District Offices at 15310 Amberly Drive, Suite 175, Tampa, FL 33647 (tel. 813-374-9105).

Conclusion

The acquisition and construction of the Master and Subdivision Improvements using bond proceeds will be utilized for common District purposes. For each respective Assessment Area, these assessments will be levied over all benefited properties on a fair and equitable basis as described herein. The benefited properties will receive benefits in excess of the allocated assessments. Accordingly, this is an appropriate District project that will significantly benefit the properties and enhance the District.

Special Benefit

The Master and Subdivision Improvements will provide special benefit to parcels within District. The parcels will receive special benefit, because the subject Master Improvements deliver interconnected structural improvement elements that provide a framework, which supports and adds to the entire development. The Subdivision Improvements will provide special benefit to the respective parcel where such improvements are constructed. The Master and Subdivision Improvements yield benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The Special Assessments are fairly and equally apportioned over all the benefited properties. The benefits are quantified and assigned to parcels based on lot size since larger lot areas receive proportionately greater benefits than smaller lots from the Master and Subdivision Improvements. The CDD assigned proxy values to the various expected lot sizes on the basis that a fifty-foot wide lot receives the value of 1.0 ERU, accordingly a sixty-foot wide lot receives the value of 1.2 ERU.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Master and Subdivision Improvements against lands in the District. As a result of the Public Improvements, properties in the CDD receive special benefit and increase in value. Based on the premise that the CDD's Master and Subdivision Improvements make the properties more valuable, in return it is reasonable for the District to levy the Special Assessments against benefitted lands within the District. The benefits will be equal to or in excess of the Special Assessments thereon when allocated.

Best Interest

The District provides for delivering the Master and Subdivision Improvements in a timely, orderly, and efficient manner. It can economically and efficiently provide the amount and quality of services required by the public. The District provides a financing mechanism to (i) fund Master and Subdivision Improvements at a relatively low cost of capital, and (ii) on a timely, “pay for itself” type basis. The exercise by the District of its powers is consistent with applicable with state law. It is in the best interest of the District.

Appendix 1 - Rate and Method of Apportionment of Special Assessment

The Special Assessments shall be levied on all parcels within the Avalon Groves CDD that benefit from the Project and will be collected each fiscal year in an amount determined by the CDD through the application of this rate and method of apportionment as described below. All of the real property within the CDD, unless exempted by law or the provisions hereof, shall be assessed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS:

The terms hereinafter set forth have the following meanings:

"Administrative Expenses" means any actual or reasonably estimated expenses of the CDD to carry out the administration of the CDD related to the determination of the amount of the special assessment, the collection of special assessment, and costs otherwise incurred in order to carry out the authorized purposes of the CDD.

"Appraiser's Parcel" means a Lot or parcel shown in Lake County appraiser's parcel map, or included or includable in Lake County's non-ad valorem assessment roll designated by folio or PIN.

"Assessable Property" means all of the Appraiser's Parcels within the boundaries of the CDD that are not exempt from the Special Assessment pursuant to law or as defined below.

"District Debt" means bonds or other debt issued by the CDD, which are secured by the levy of Special Assessments of the CDD.

"Developed Property" means all Assessable Property for which the Lake County property appraiser designated a property use code for each Lot that indicates developed residential property, as reasonably determined by the CDD, or a Lot which has legal entitlements created by a recorded Plat Map and whose physical characteristics are a fine grade level pad with infrastructure contiguous to each individual lot, asphalt paved roads, and the necessary utilities.

"ERU" means a way to quantify different land use types in terms of their equivalence to a fifty-foot wide Lot, which is defined as 1.0 ERU.

"Fiscal Year" means the period starting October 1 and ending on the following September 30.

"Lot" means an individual residential lot, identified and numbered on a recorded final subdivision map, on which a building permit has been or is permitted to be issued for construction of a residential unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated.

"Property Owner Association Property" means any property within the CDD boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Public Property" means any property within the CDD boundaries that is, at the time of the CDD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the District or any other public agency.

"Special Assessments" means the Special Assessments levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each Appraiser's Parcel of Developed Property and Undeveloped Property in the CDD to fund the Special Assessment Requirement.

"Special Assessment Requirement" means that amount determined by the CDD's board of supervisors that is required in any Fiscal Year to pay regularly scheduled debt service for the calendar year, which commences in such Fiscal Year, on the outstanding District Debt, less available funds pursuant to the indenture.

"Undeveloped Property" means, for each Fiscal Year, all Assessable Property not classified as Developed Property, such as vacant acreage or similar property use codes as determined by the CDD.

B. ASSIGNMENT TO LAND USE CATEGORIES AND OF ERU:

Each Fiscal Year using the definitions above, all Assessable Property within each phase of the CDD shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Assessment pursuant to Sections C and D below.

C. ANNUAL MAXIMUM SPECIAL ASSESSMENT REQUIREMENT

The estimated maximum annual debt service (MADS), or Special Assessment Requirement, to fund all of the Master and Subdivision Improvements is presented in the following table.

Table 3 - Estimated Special Assessment Requirement (MADS)

Assessment Area	\$ Amount (excl. County charges and early payment discount)
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598

Refer to the Appendix for details on the bond sizing.

D. SPECIAL ASSESSMENT RATE

1. Developed Property - Assigned ERU and Maximum Debt and MADS Allocation for All Assessment Areas

Table 4 – Assessment Area One Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$2,926,942	\$26,133	\$240,596	\$2,148
40-45	87	0.90	78.30	14.75%	\$3,410,410	\$39,200	\$280,337	\$3,222
50	216	1.00	216.00	40.70%	\$9,408,027	\$43,556	\$773,344	\$3,580
60	141	1.20	169.20	31.88%	\$7,369,621	\$52,267	\$605,786	\$4,296
Total	556		530.70	100.00%	\$23,115,000		\$1,900,064	

Table 5 - Assessment Area Two Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
40-45	83	0.90	74.70	15.21%	\$3,855,165	\$46,448	\$316,896	\$3,818
50	294	1.00	294.00	59.87%	\$15,172,938	\$51,609	\$1,247,223	\$4,242
60	102	1.20	122.40	24.92%	\$6,316,897	\$61,930	\$519,252	\$5,091
Total	479		491.10	100.00%	\$25,345,000		\$2,083,371	

Table 6 - Assessment Area Three Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
50	317	1.00	317.00	100.00%	\$21,540,000	\$67,950	\$1,770,598	\$5,585
Total	317		317.00	100.00%	\$21,540,000		\$1,770,598	

2. Undeveloped Property

a) District Debt Allocation

Prior to recordation of a Plat Map, the District Debt is allocated per acre for each Assessment Area as illustrated in the following table.

Table 7 - Maximum Debt Allocation Undeveloped Property

Assessment Area	ERU	Acreage	District Debt	District Debt/Ac	District Debt/ERU
One	530.70	302	\$23,115,000	\$76,540	\$43,556
Two	491.10	328	\$25,345,000	\$77,271	\$51,609
Three	317.00	341	\$21,540,000	\$63,167	\$67,950
Total			\$70,000,000		

b) Assigned Annual Special Assessment Rate

The following table illustrates the Annual Assessment allocation prior to platting.

Table 8 - Maximum Annual Assessment Allocation (MADS) Undeveloped Property

Assessment Area	ERU	Acreage (ac)	MADS	MADS/Ac	MADS/ERU
One	530.70	302	\$1,900,064	\$6,292	\$3,580
Two	491.10	328	\$2,083,371	\$6,352	\$4,242
Three	317.00	341	\$1,770,598	\$5,192	\$5,585
Total			\$5,754,033		

Please refer to the Appendix for details on property classification and land size.

E. METHOD OF APPORTIONMENT OF THE SPECIAL ASSESSMENT

Each Fiscal Year, the CDD shall levy the Special Assessments as follows:

First (Developed Property): The Special Assessment shall be levied proportionately on each Appraiser's Parcel of Developed Property in an amount up to 100% of the applicable Special Assessment rate as determined pursuant to Section D.1 and Section D.2 for each particular Assessment Area, or subdivision.

Second (Undeveloped Property): If additional monies are needed to satisfy the Debt Service Requirement after the first step has been completed, the Special Assessment shall be levied proportionally on each Appraiser's Parcel of Undeveloped Property at up to 100% of the Assigned Special Assessment rate for Undeveloped Property as determined pursuant to Section D.3 for each particular phase.

Third – True Up: If additional monies are needed to satisfy the Debt Service Requirement after the first two steps have been completed as a result of a plat or re-plat of property, the owner of such property will be obligated to immediately remit to the trustee, for deposit into the redemption account, the total bond principal amount for the difference between the Debt Service Requirement and the special assessment revenue generated after the first two steps have been completed (the “True Up Obligation”). The true up obligation will be described in a separate agreement as part of the bond documents.

Refer to Appendix 3 for a preliminary assessment roll illustrating the initial levy of the Special Assessments in accordance with the method of apportionment described above.

F. EXEMPTIONS

No Special Assessment shall be levied on Public Property and Property Owner Association Property. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, Special Assessment may not be assessed separately against common elements utilized exclusively for the benefit of lot owners within the subdivision, regardless of ownership. Common elements include the following:

- (a) Subdivision property not included within lots constituting inventory for the developer which are intended to be conveyed or have been conveyed into private ownership.
- (b) An easement through the subdivision property, not including the property described in paragraph (a), which has been dedicated to the public or retained for the benefit of the subdivision.
- (c) Any other part of the subdivision which has been designated on the plat or is required to be designated on the site plan as a drainage pond, or detention or retention pond, for the exclusive benefit of the subdivision.
- (d) Property located within the same county as the subdivision and used for at least 10 years exclusively for the benefit of lot owners within the subdivision.

G. MANNER OF COLLECTION

The Special Assessments shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes once parcels are platted. The CDD intends to directly collect Special Assessments on unplatted parcels.

H. PREPAYMENT

The following definition applies to this Section H.

“Outstanding District Debt” means previously issued District Debt secured by the levy of Special Assessments, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding District Debt to be redeemed at a later date with the proceeds of prior prepayments.

The Special Assessment obligation of an Appraiser’s Parcel may be prepaid in full, or in part, and the obligation of the Appraiser’s Parcel to pay the Special Assessment permanently, or partially, satisfied; provided that a prepayment may be made only if there are no delinquent Special Assessment with respect to such Appraiser’s Parcel at time of prepayment.

The Special Assessment Prepayment amount is calculated as follows:

Outstanding District Debt amount allocated to the subject Appraiser’s Parcel
Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date occurring at least 45 days prior to the tender of the prepayment
Less: Capitalized interest credit, if any remains at time of prepayment
Total: equals Prepayment Amount (PA)
Plus: Reasonable Administrative Expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

Partial Prepayment (PP) is calculated as follows: $PP = (PA * F) + A$

The term F means the percent by which the owner of the Appraiser’s Parcel is partially prepaying the Special Assessment. With respect to a partial prepayment, the CDD manager shall indicate in the CDD records that there has been a partial prepayment and that a portion of the Special Assessment equal to (1.00 minus F) of the remaining Special Assessment shall continue to be authorized to be levied on such Appraiser’s Parcel pursuant to Section D.

Appendix 2 - Estimated Public Improvement Costs and Benefit Allocation for Each Assessment Area

Table 9 – Assessment Area One Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$1,909,152	\$17,046
40-45	87	0.90	78.30	14.75%	\$2,224,504	\$25,569
50	216	1.00	216.00	40.70%	\$6,136,562	\$28,410
60	141	1.20	169.20	31.88%	\$4,806,973	\$34,092
Total	556		530.70	100.00%	\$15,077,191	

Table 10 – Assessment Area Two Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
40-45	83	0.90	74.70	15.21%	\$2,514,728	\$30,298
50	294	1.00	294.00	59.87%	\$9,897,323	\$33,664
60	102	1.20	122.40	24.92%	\$4,120,518	\$40,397
Total	479		491.10	100.00%	\$16,532,569	

Table 11 – Assessment Area Three Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
50	317	1.00	317.00	100.00%	\$14,053,633	\$44,333
Total	317		317.00	100.00%	\$14,053,633	

*** Costs from District Engineer. Refer to Engineer's Report for details, excluding costs and other uses associated with bond financing transactions.**

Appendix 3 – Preliminary Sources and Uses of Funds for the Project

PRELIMINARY BOND SIZING ANALYSIS /(a)					
Bond Summary Statistics	Assessment Area ONE	Assessment Area TWO	Assessment Area THREE		
Par Amount (estimate, all Phases)	\$23,115,000	\$25,345,000	\$21,540,000		
Net Construction Proceeds (estimate, all Phases)	\$15,077,191	\$16,532,569	\$14,053,633		
Average interest rate (coupon)	7.25%	7.25%	7.25%		
Term (years)	30	30	30		
Payment Frequency (May and November)	2	2	2		
Payment periods	60	60	60		
Bond denomination	\$5,000	\$5,000	\$5,000		
Capitalized interest term (in months)	36	36	36		
Maximum Annual Debt Service (MADS)	\$1,900,064	\$2,083,371	\$1,770,598		

SOURCES AND USES OF FUNDS /(b)					
Sources	ONE	TWO	THREE	Total	%
Bond Proceeds - Par Amount in \$5000 denomination	\$23,115,000	\$25,345,000	\$21,540,000	\$70,000,000	100%
Uses					
Project Fund Deposits:					
Acquisition and Construction Account /(c)	\$15,077,191	\$16,532,569	\$14,053,633	\$45,663,393	65%
Other Fund Deposits:					
Debt Service Reserve Fund (collateral for bonds)	\$1,900,064	\$2,083,371	\$1,770,598		
Capitalized Interest (pre-funded interest)	\$5,027,513	\$5,512,538	\$4,684,950		
	\$6,927,577	\$7,595,909	\$6,455,548	\$20,979,033	30%
Delivery Date Expenses:					
Cost of Issuance	\$532,358	\$582,898	\$492,319		
Underwriter's Discount	\$577,875	\$633,625	\$538,500		
	\$1,110,233	\$1,216,523	\$1,030,819	\$3,357,574	5%
Total Sources over Uses	\$0	\$0	\$0	\$0	

Footnotes:

(a) Preliminary and subject to change, actual interest rates to be determined at pricing.

(b) Maximum amount funded given assumed interest rates, MADS constraints and expenses.

(c) Estimated construction costs for all Phases from District Engineer's Report.

Appendix 4 - Preliminary Assessment Roll

Assessment Area /(b)	Owner /(b)	Total Acreage (a)	Total District Debt /(c)	Total District Debt per acre/(c)	Total MADS /(d)	Total MADS per acre /(d)
One	VK Avalon Groves, LLC	302.0	\$23,115,000	\$76,539.74	\$1,900,064	\$6,291.60
Two	VK Avalon Groves, LLC	328.0	\$25,345,000	\$77,271.34	\$2,083,371	\$6,351.74
Three	VK Avalon Groves, LLC	341.0	\$21,540,000	\$63,167.16	\$1,770,598	\$5,192.37
Total		971.0	\$70,000,000		\$5,754,033	

Footnotes:

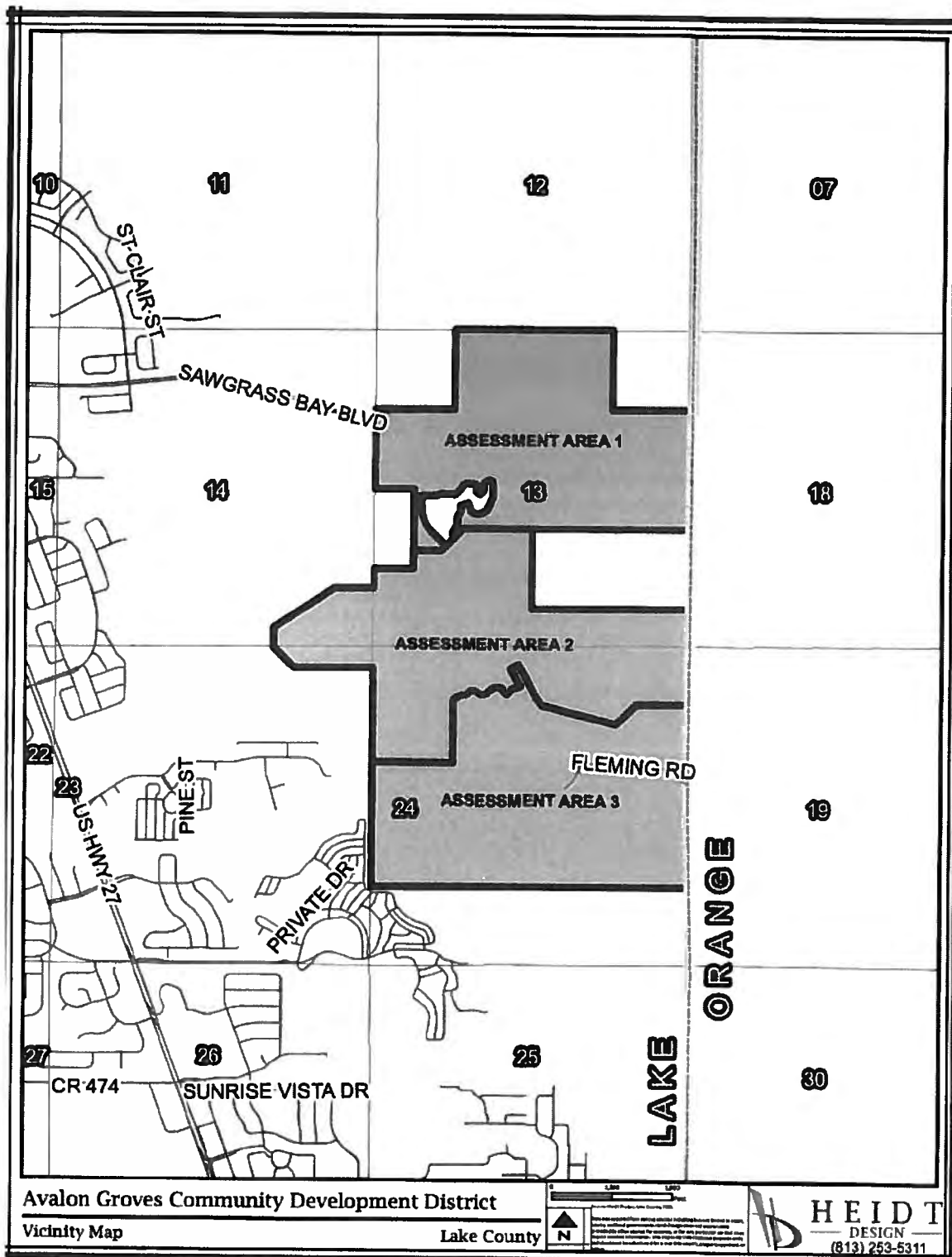
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is 971.265 acre, per establishment ordinance.

(b) Owner information per Petition to Establish the District. Refer to Engineer's Report and Appendix for sketch of the areas.

(c) The Assessments will remain levied against Undeveloped Property on an equal acreage basis until the Assessable Property is platted.

(d) Excluding County collection charges and early payment discounts.

Appendix 5 - CDD Vicinity Map and Proposed Assessment Areas



Source: District Engineer.

Appendix 6 – Legal Descriptions Proposed Assessment Areas



Experiments 3a and 3b suggest that at 1.50 kHz, there is no

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EXHIBIT 5

RESOLUTION 2017-10

A RESOLUTION OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING DISTRICT PROJECTS FOR CONSTRUCTION AND/OR ACQUISITION OF INFRASTRUCTURE IMPROVEMENTS; EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON ASSESSMENT AREA 3 PROPERTY SPECIALLY BENEFITED BY SUCH PROJECTS TO PAY THE COST THEREOF; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170, 190 AND 197, FLORIDA STATUTES; CONFIRMING THE DISTRICT'S INTENTION TO ISSUE SPECIAL ASSESSMENT BONDS; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

RECITALS

WHEREAS, Avalon Groves Community Development District ("District") previously indicated its intention to construct certain types of infrastructure improvements and to finance such infrastructure improvements through the issuance of bonds, which bonds would be repaid by the imposition of special assessments on benefited property within the District; and

WHEREAS, the District Board of Supervisors ("Board") noticed and conducted a public hearing pursuant to Chapters 170, 190 and 197, *Florida Statutes*, relating to the imposition, levy, collection and enforcement of such assessments.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to Chapters 170, 190 and 197, *Florida Statutes*, including without limitation, Section 170.08, *Florida Statutes*.

SECTION 2. FINDINGS. The Board hereby finds and determines as follows:

(a) The District is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, *Florida Statutes*, as amended.

(b) The District is authorized by Chapter 190, *Florida Statutes*, to finance, fund, plan, establish, acquire, install, equip, operate, extend, construct, or reconstruct roadways, stormwater management facilities, water, sewer and irrigation utilities infrastructure, offsite improvements, landscaping, lighting and recreational facilities, and other infrastructure projects and services necessitated by the development of, and serving lands within, the District.

(c) The District is authorized by Chapter 190, *Florida Statutes*, to levy and impose special assessments to pay all, or any part of, the cost of such infrastructure projects and services and to issue special assessment bonds payable from such special assessments as provided in Chapters 170, 190 and 197, *Florida Statutes*.

(d) It is necessary to the public health, safety and welfare and in the best interests of the District that (i) the District provide the improvements to Assessment Area 3 (the "Project"), the nature and location of which was initially described in Resolution 2017-05 and is shown in the *Preliminary Engineer's Report*, dated October 11, 2016 (the "Engineer's Report"), and which Project's plans and specifications are on file in the offices of the District Manager located at Development Planning and Financing Group, 1060 Maitland Center Commons, Suite 340, Maitland, Florida 32751, and the local records office located at the offices of the City Clerk, City of Tavares, 550 West Main Street, Tavares, Florida 32778; (ii) the cost of such Project be assessed against the lands specially benefited by such Project; and (iii) the District issue bonds to provide funds for such purposes pending the receipt of such special assessments.

(e) The provision of said Project, the levying of such Special Assessments (hereinafter defined) and the sale and issuance of such bonds serves a proper, essential, and valid public purpose and is in the best interests of the District, its landowners and residents.

(f) In order to provide funds with which to pay a portion of the costs of the Project which are to be assessed against the benefitted properties, pending the collection of such Special Assessments, it is necessary for the District from time to time to sell and issue its Special Assessment Bonds, in one or more series (the "Bonds").

(g) By Resolution 2017-05, the Board determined to provide the Project and to defray the costs thereof by making Special Assessments on benefitted property in Assessment Area 3 and expressed an intention to issue Bonds, notes or other specific financing mechanisms to provide a portion of the funds needed for the Project prior to the collection of such Special Assessments. Resolution 2017-05 was adopted in compliance with the requirements of Section 170.03, *Florida Statutes*, and prior to the time it was adopted, the requirements of Section 170.04, *Florida Statutes*, had been met.

(h) As directed by Resolution 2017-05, said Resolution 2017-05 was published as required by Section 170.05, *Florida Statutes*, and a copy of the publisher's affidavit of publication is on file with the Secretary of the Board.

(i) As directed by Resolution 2017-05, a preliminary assessment roll was adopted and filed with the Board as required by Section 170.06, *Florida Statutes*.

(j) As required by Section 170.07, *Florida Statutes*, upon completion of the preliminary assessment roll, the Board adopted Resolution 2017-06 fixing the time and place of a public hearing at which owners of the property to be assessed and other persons interested therein may appear before the Board and be heard as to (i) the propriety and advisability of making the infrastructure improvements constituting the Project, (ii) the cost thereof, (iii) the manner of payment therefore, and (4) the amount thereof to be assessed against each specially benefited property or parcel and provided for publication of notice of such public hearing and individual mailed notice in accordance with Chapters 170, 190 and 197, *Florida Statutes*.

(k) Notice of such public hearing was given by publication and also by mail as required by Section 170.07, *Florida Statutes*. Affidavits as to such publications and mailings are on file in the office of the Secretary of the Board.

(l) On December 22, 2016, at the time and place specified in the resolution and notice referred to in paragraph (k) above, the Board met as an Equalization Board and heard and considered all complaints and testimony as to the matters described in paragraph (j) above. The Board has made such modifications in the preliminary assessment roll as it deems necessary, just and right in the making of the final assessment roll.

(m) Having considered the estimated costs of the Project, estimates of financing costs and all complaints and evidence presented at such public hearing, the Board of Supervisors of the District further finds and determines:

(i) that the estimated costs of the Project is as specified in the Engineer's Report (attached as **Exhibit A** hereto and incorporated herein by this reference), which Engineer's Report is hereby adopted and approved, and that the amount of such costs is reasonable and proper; and

(ii) it is reasonable, proper, just and right to assess the cost of such Project against the properties within Assessment Area 3 of the District specially benefited thereby using the method determined by the Board set forth in the *Master Assessment Methodology Report*, dated October 27, 2016 for the Bonds (the "Assessment Report," attached hereto as **Exhibit B** and incorporated herein by this reference), which results in the special assessments set forth on the final assessment roll (the "Special Assessments"); and

(iii) it is hereby declared that the Project will constitute a special benefit to all parcels of real property listed on said final assessment roll and that the benefit, in the case of each such parcel, will be equal to or in excess of the Special Assessments thereon when allocated as set forth in Exhibit B; and

(iv) it is in the best interests of the District that the Special Assessments be paid and collected as herein provided.

SECTION 3. AUTHORIZATION OF DISTRICT PROJECT. That certain Project for construction of infrastructure improvements initially described in Resolution 2017-05, and more specifically identified and described in Exhibit A attached hereto, is hereby authorized and approved and the proper officers, employees and/or agents of the District are hereby authorized and directed to take such further action as may be necessary or desirable to cause the same to be made.

SECTION 4. ESTIMATED COST OF IMPROVEMENTS. The total estimated costs of the Project and the costs to be paid by Special Assessments on all specially benefited property are set forth in Exhibits A and B, respectively, hereto.

SECTION 5. EQUALIZATION, APPROVAL, CONFIRMATION AND LEVY OF SPECIAL ASSESSMENTS. The Special Assessments on the Assessment Area 3 parcels specially benefited by the Project, all as specified in the final assessment roll set forth in Exhibit B, attached hereto, are hereby equalized, approved, confirmed and levied. Immediately following the adoption of this Resolution these Special Assessments, as reflected in Exhibit B, attached hereto, shall be recorded by the Secretary of the Board of the District in a special book, to be known as the "Improvement Lien Book." The Special Assessment or assessments against each respective parcel shown on such final assessment roll and interest, costs and penalties thereon, as hereafter provided, shall be and shall remain a legal, valid and binding first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims. Prior to the issuance of any bonds, including refunding bonds, the District may, by subsequent resolution, adjust the acreage assigned to particular parcel identification numbers listed on the final assessment roll to reflect accurate apportionment of acreage within the District amongst individual parcel identification numbers. The District may make any other such acreage and boundary adjustments to parcels listed on the final assessment roll as may be necessary in the best interests of the District as determined by the Board by subsequent resolution. Any such adjustment in the assessment roll shall be consistent with the requirements of law. In the event the issuance of bonds, including refunding bonds, by the District would result in a decrease of the Special Assessments, then the District shall by subsequent resolution, adopted within sixty (60) days of the sale of such bonds at a publicly noticed meeting and without the need for further public hearing, evidence such a decrease and amend the final assessment roll as shown in the Improvement Lien Book to reflect such a decrease.

SECTION 6. FINALIZATION OF SPECIAL ASSESSMENTS. When the entire Project has both been constructed or otherwise provided to the satisfaction of the Board, the Board shall adopt a resolution accepting the same and determining the actual costs (including financing costs) thereof, as required by Sections 170.08 and 170.09, *Florida Statutes*. Pursuant to the provisions of Section 170.08, *Florida Statutes*, regarding completion of a project funded by a particular series of bonds, the District shall credit to each Special Assessment the difference, if any, between the Special Assessment as hereby made, approved and confirmed and the actual costs incurred in completing the Project. In making such credits, no credit shall be given for bond financing costs, capitalized

interest, or bond discounts. Such credits, if any, shall be entered in the Improvement Lien Book. Once the final amount of Special Assessments for the entire Project has been determined, the term "Special Assessment" shall, with respect to each parcel, mean the sum of the costs of the Project.

SECTION 7. PAYMENT OF SPECIAL ASSESSMENTS AND METHOD OF COLLECTION.

(a) The Special Assessments may be paid in not more than thirty (30) substantially equal consecutive annual installments of principal and interest. The Special Assessments may be paid in full without interest at any time within thirty (30) days after the completion of the Project and the adoption by the Board of a resolution accepting the Project; provided, however, that the Board shall at any time make such adjustments by resolution, at a noticed meeting of the Board, to that payment schedule as may be necessary and in the best interests of the District to account for changes in long and short term debt as actually issued by the District. All impact fee credits received shall be applied against the outstanding indebtedness of any debt issuance that funded the improvement giving rise to the credits which application may be addressed by such resolutions. At any time subsequent to thirty (30) days after the Project has been completed and a resolution accepting the Project has been adopted by the Board, the Special Assessments may be prepaid in full including interest amounts to the next succeeding interest payment date or to the second succeeding interest payment date if such a prepayment is made within forty-five (45) calendar days before an interest payment date. The owner of property subject to Special Assessments may prepay the entire remaining balance of the Special Assessments or a portion of the remaining balance of the Special Assessment at any time if there is also paid, in addition to the prepaid principal balance of the Special Assessment, an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding interest payment date, or, if prepaid during the forty-five day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date. Prepayment of Special Assessments does not entitle the property owner to any discounts for early payment.

(b) The District may elect to use the method of collecting Special Assessments authorized by Sections 197.3632 and 197.3635, *Florida Statutes* (the "Uniform Method"). The District has heretofore taken or will use its best efforts to take as timely required, any necessary actions to comply with the provisions of said Sections 197.3632 and 197.3635, *Florida Statutes*. Such Special Assessments, with the consent of the Trustee, may be subject to all of the collection provisions of Chapter 197, *Florida Statutes*. Notwithstanding the above, in the event the Uniform Method of collecting its special or non-ad valorem assessments is not available to the District in any year, or if determined by the District to be in its best interest, the Special Assessments may be collected as is otherwise permitted by law. The District may collect Special Assessments by directly assessing landowner(s) and enforcing said collection in any manner authorized by law. Such special assessments shall at all times be collected in a manner consistent with applicable trust indenture.

(c) For each year the District uses the Uniform Method, the District shall enter into an agreement with the Tax Collector and/or Property Appraiser who may notify each owner of a lot or parcel within the District of the amount of the special assessment, including interest thereon, in the manner provided in Section 197.3635, *Florida Statutes*.

SECTION 8. APPLICATION OF TRUE-UP PAYMENTS.

(a) There may be required from time to time certain true-up payments as specified in the Assessment Report, as such may be amended or supplemented. As parcels of land or lots are platted, the Special Assessments securing the Bonds shall be allocated as set forth in such reports. In furtherance thereof, at such time as parcels or land or lots are platted, it shall be an express condition of the lien established by this Resolution that any and all initial plats of any portion of the lands within the District, as the District's boundaries may be amended from time to time, shall be presented to the District Manager for review, approval and calculation of the percentage of acres and numbers of units which will be, after the plat, considered to be developed. No further action by the Board of Supervisors shall be required. The District's review shall be limited solely to this function and the enforcement of the lien established by this Resolution. The District Manager shall cause the Special Assessments to be reallocated to the units being platted and the remaining property in accordance with such supplemental assessment methodology reports, cause such reallocation to be recorded in the District's Improvement Lien Book, and shall perform the true-up calculations described in the Assessment Report, which process is incorporated herein as if fully set forth. Any resulting true-up payment shall become due and payable that tax year by the landowner(s) of record of the remaining property, in addition to the regular assessment installment payable with respect to the remaining developable acres.

(b) The District will take all necessary steps to ensure that true-up payments are made in a timely fashion to ensure its debt service obligations are met. The District shall record all true-up payments in its Improvement Lien Book.

(c) The foregoing is based on the District's understanding with the developer, that it intends to develop the unit numbers and types shown in Exhibit B, on the net developable acres in Assessment Area 3 and is intended to provide a formula to ensure that the appropriate ratio of the Special Assessments to developable acres is maintained if fewer units are developed. However, no action by the District prohibits more than the maximum units shown in Exhibit B from being developed. In no event shall the District collect Special Assessments pursuant to this Resolution in excess of the total debt service related to the Project, including all costs of financing and interest. The District recognizes that such events as regulatory requirements and market conditions may affect the timing and scope of the development in the District. If the strict application of the true-up methodology to any assessment reallocation pursuant to this paragraph would result in Special Assessments collected in excess of the District's total debt service obligation for the Project, the Board shall by resolution take appropriate action to equitably reallocate the Special Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated Special Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

(d) The application of the monies received from true-up payments or Special Assessment payments to the actual debt service obligations of the District, whether long term or short term, shall be set forth in the supplemental assessment resolution adopted for each series of Bonds actually

issued. Such subsequent resolution shall be adopted at a noticed meeting of the District, and shall set forth the actual amounts financed, costs of issuance, expected costs of collection, and the total amount of the assessments pledged to that issue, which amount shall be consistent with the lien imposed by this Resolution. Each such supplemental resolution shall also address the allocation of any impact fee credits expected to be received from the provision of the project funded by the corresponding series of bonds issued or to be issued.

SECTION 9. GOVERNMENT PROPERTY; TRANSFERS OF PROPERTY TO UNITS OF LOCAL, STATE, AND FEDERAL GOVERNMENT. Property owned by units of local, state, and federal government shall not be subject to the Special Assessments without specific consent thereto. In addition, property owned by a property owners association or homeowners association that is exempt from special assessments under Florida law shall not be subject to the Special Assessments. If at any time, any real property on which Special Assessments are imposed by this Resolution is sold or otherwise transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of Special Assessments thereon), all future unpaid Special Assessments for such tax parcel shall become due and payable immediately prior to such transfer without any further action of the District.

SECTION 10. ASSESSMENT NOTICE. The District's Secretary is hereby directed to record a general Notice of Assessments for Assessment Area 3 in the Official Records of Lake County, Florida, which shall be updated from time to time in a manner consistent with changes in the boundaries of the District.

SECTION 11. SEVERABILITY. If any section or part of a section of this Resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

SECTION 12. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

SECTION 13. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED AND ADOPTED THIS 22ND DAY OF DECEMBER, 2016.

Secretary/Assistant Secretary

Chairperson, Board of Supervisors

Exhibit A: *Preliminary Engineer's Report*, dated October 11, 2016

Exhibit B: *Master Assessment Methodology Report*, dated October 27, 2016

Exhibit A

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
PRELIMINARY ENGINEER'S REPORT**

Prepared for:

**Board of Supervisors
Avalon Groves Community Development District**

Prepared by:

**Heidt Design, LLC
5806-B Breckenridge Parkway
Tampa, Florida 33610
813-253-5311**

October 11, 2016

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INTRODUCTION

Avalon Groves is a residential development project located on property totaling approximately 985 acres in size, located East of U.S. 27 in eastern Lake County. The Vicinity Map is contained in Appendix B. The Avalon Groves community will consist of multiple residential neighborhoods and recreational amenities.

The Avalon Groves Community Development District ("District") is located in Sections 13, 14, 23, & 24, Township 24 South, Range 26 East, Lake County, Florida. The District consists of approximately 972 acres situated in the South Lake County area to the West of the western limits of Orange County. The legal description of the property is attached in Appendix A. The portion of Avalon Groves, which is located in the District, is referred to as the "development".

The District is being created to provide an efficient funding and long-term maintenance mechanism for the public infrastructure associated with the portion of the Avalon Groves community planned within the boundaries of the District. A series of exhibits are included in Appendix C of this report, including a Zoning Map, a Future Land Use Map, and an Aerial Map of the overall Avalon Groves project.

The current plan of development for the Avalon Groves community within the District contains approximately 1,352 housing units, various recreational facilities and an amenity site. The current Planned Unit Development (PUD) approval allows for these uses, with more detailed permit information being found in the "Permit Status" section of this report.

The purpose of this report is to provide a description of the improvements and land acquisition that may be financed by the District ("the Total Project"). Refer to Table 1 for a costs summary of the Total Project. Public infrastructure and land improvements needed to service the development within the District include the construction of the extension of Sawgrass Bay Boulevard to the northwest project boundary and through the planned development. Also included are wetland mitigation creation, listed species habitat mitigation creation and costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities. Construction of the Total Project is scheduled to commence in Q4 of 2016, and is anticipated to be complete by December 2021.

The Engineer's Report reflects the District's present intentions. The implementation and completion of any land purchase and any improvement outlined in this report requires final approval by the District's Board of Supervisors, including the award of contracts for the construction of the improvements. Cost estimates contained in this report have been prepared based on the best available information. Actual costs will vary based upon final plans, design, planning, approvals from regulatory authorities, inflation, etc. Nevertheless, all costs contained herein may be reasonably expected to adequately fund the improvements described, and contingency costs as included are reasonable.

INFRASTRUCTURE IMPROVEMENTS

The District presently intends to undertake certain public infrastructure improvements necessary for the development of the Avalon Groves community within the boundaries of the District. As mentioned, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. There is a Planned Unit Development (PUD) zoning approval in place that mandates a portion of these improvements. The construction and maintenance of the proposed improvements are necessary and will benefit the property within the District. A more specific description of each of these items follows and the related costs are provided in Table 1.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that will comprise the proposed District. Each assessment area will realize a benefit from the land acquisition needed to meet regulatory requirements related to wetland systems, stormwater management systems, wetland setbacks, open space, and other infrastructure improvements. All assessment areas benefit from the land and will be allocated by the District as needed.

MASTER ROADS AND STREETS

The District presently intends to provide the master transportation facilities within and adjacent to the District boundaries. A description of each facility follows:

Sawgrass Bay Boulevard: Sawgrass Bay Boulevard is the central collector roadway through the development and will serve as the primary project entrance roadway. The proposed cross-section consists of 106-foot wide right-of-way with four lanes of pavement divided by a central median; however, only two lanes will be constructed. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway. No improvements have been made at this time, but all plans and permitting are nearly complete and funded by the Developer. The improvements are planned to commence construction in the 4th quarter of 2016, pending receipt of all required regulatory approvals.

MASTER WATER AND WASTEWATER

Utilities, Inc., the private utility owner for the subject project area, has indicated that water, and wastewater capacity for this project is available. Utilities, Inc. has indicated that, until such time that residential development increases to support greater wastewater flows, reclaimed water supply will not be reliable to meet demands on a continuous basis. As development occurs in the surrounding areas, reclaimed water supply will grow proportionally, and their ability to meet the common area irrigation needs of the community will increase.

Water Distribution System: The Developer will fund and construct the water distribution system for the Avalon Groves project located within the District. The water distribution main lines will have multiple points of connection to the Utilities, Inc. system within the Sawgrass Bay Blvd. right-of-way. The water mains will loop through the Avalon groves project to provide water to all portions of the development.

Sanitary Sewer Collection System: The Developer will fund and construct the master sanitary sewer collection system. The Avalon Groves project will consist of a system of gravity sewer mains, several pump stations and the associated force main to provide sanitary sewer service to the project. The forcemain will run the length of Sawgrass Bay Blvd. through the project.

Reuse Water Distribution System: The Developer will fund and construct the master reuse water distribution system. The reuse water mains will loop through the Avalon Groves project to provide reuse water service to the project. At such time that Utilities, Inc. has sufficient capacity to serve the community, meters will be set and reclaimed water may be made available to the residents.

MASTER SURFACE WATER MANAGEMENT

The District will provide the master surface water management infrastructure for the Avalon Groves project within the District in accordance with St. Johns River Water Management District (SJRWMD) and U.S. Army Corps of Engineers (ACOE) permit approvals. Any surplus of excavated material is anticipated to be used within the development for road sub base, perimeter landscape berms, and/or site grading. Components of the surface water management infrastructure are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Avalon Groves project. Components of the mitigation plan are summarized below:

Environmental Impact Compensation Plan: The proposed wetland impacts are being compensated for by creating wetlands in mitigation areas located within the District and mitigation credits from mitigation bank purchases.

Wetland Enhancement and Preservation: Numerous isolated wetlands are being preserved on the site. Enhancement for a portion of these wetland systems is to be achieved by removing nuisance species and restoring the historic hydroperiods.

Threatened and Endangered Species Mitigation: The District will also provide for the cost of relocation and/or mitigation credit purchases for the adversely affected gopher tortoise and sand skink population or other protected species within the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential

portion of the Avalon Groves project. Subdivision infrastructure improvements include roadway, utilities and stormwater management facilities and associated grading necessary for the stormwater system to function. The current land plan shows approximately 28,000 lineal feet (5.3 miles) of local roadway construction within the residential neighborhoods.

The CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map. Assessment Area 1 will be established as a residential active adult community with approximately 556 lots. The proposed product may be a mix of attached 45-foot and detached 50-foot and 60-foot wide single family residential lots. Assessment Area 1 is approximately 303 acres and lies in the northernmost portion of the District property.

Assessment Area 2 contains approximately 328 acres and is located in the central portion of the District property. The two residential tracts (Villages 1 and 2) are separated by the Sawgrass Bay Boulevard Right-of-Way. The two Villages contain 479 single family detached (SFD) residential units. The proposed product mix in Assessment Area 2 is: 83 SFD 40-foot lots, 294 SFD 50-foot lots, and 102 SFD 60-foot lots.

Assessment Area 3 is located in the southern portion of the District property. It is approximately 354 acres in total land area. The approximate lot yield in Assessment Area 3 is 317 SFD 50-foot wide lots but could increase based on current entitlements.

Each of the three assessment areas will contain retention ponds and floodplain compensation ponds as part of the overall stormwater management system for the project. Impacts to isolated wetlands are proposed in order to allow for the efficient implementation of the development footprint.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Avalon Groves project. These improvements may include landscaping and irrigation, retaining walls, common signage, stormwater management and treatment areas with landscape enhancements. The collector roadway network (rights-of-way and medians) and stormwater management facilities will also be landscaped consistent with the theme of the Avalon Groves project.

Entrance Landscaping and Signage: The District collector roadway will be landscaped with special attention given to the primary entrance, which may include monument walls and signage.

Monument Walls: The individual neighborhoods will be identified with specific signage and monuments in combination with landscape tracts will be used to buffer the neighborhoods from the adjacent collector roadway.

Common Area Irrigation System: The extensive landscaping areas and the collector road right-of-way will be irrigated with a common system of irrigation distribution lines.

PARKS AND RECREATION FACILITIES

The District presently intends to provide numerous parks and recreation facilities within the project.

Neighborhood Park Facilities: The park facilities include the construction of neighborhood parks to be accessed by the public, some with play equipment. The District intends to provide hard surface pedestrian and bicycle trails throughout the project.

Recreation Facilities: The recreation facilities include an Amenity Center to be centrally located within the project. This may be funded by the Developer and if so, it would remain a private facility.

DRY UTILITIES FACILITIES

The dry utilities improvements include undergrounding of facilities needed to serve the residential development within the project.

PROFESSIONAL FEES

Professional Fees include civil engineering costs for site design, permitting, inspection, and master planning, survey costs for construction staking and as-builts as well as preparation of preliminary and final plats, geotechnical costs for pre-design soil borings, underdrain analysis and construction staking, and architectural costs for landscape and recreation design. Also included in this category are fees associated with environmental consultation and permitting. The professional fees are a proportionate amount of the overall costs to design, permit, and construct the project relating to the public infrastructure to be financed by the District. Design fees associated with the private utilities funded by the Developer are not included in these estimate fee projections.

The infrastructure, as outlined above, is necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The infrastructure will provide their intended function so long as the construction is in substantial compliance with the design and permits.

The Engineer recommends that in addition to the annual non-ad valorem assessments to be levied and collected by the District to pay debt service on its bonds, the District should levy and collect an annual "Maintenance Assessment" to be determined, assessed, and levied by the District's Board of Supervisors upon the assessable real property within the District for the purpose of defraying the cost and expenses of maintaining District-owned improvements.

OWNERSHIP AND MAINTENANCE

Ownership and maintenance of the improvements* is anticipated as set forth below:

IMPROVEMENT

OWNERSHIP/MAINTENANCE

Stormwater Management System	Community Development District (with Drainage Easements to Lake County)
Public Roadway Systems (Collector Roads)	Lake County/Community Development District
Public Roadway Systems (Local Roads)	Lake County / HOA (Private Roads)
Master Sewer Facilities	Utilities, Inc. (Private)
Master Water Facilities	Utilities, Inc. (Private)
Master Reuse Water System	Utilities, Inc. (Private)
Master Dry Utilities	Community Development District / Utility Companies (with Utility Easements)
Parks and Recreational Facilities	Community Development District / HOA
Landscaping and Signs	Lake County / Community Development District

*Only improvements that will be owned and maintained by the District or Lake County will be financed by the District.

PERMIT STATUS

The permit status for the Avalon Groves development plans is as follows:

<u>PERMIT</u>	<u>STATUS</u>
1. Lake County Preliminary Plat – Villages 1 and 2	Pending
2. Lake County – Villages 1 and 2 Phase 1A Construction Plans	Pending
3. SJRWMD Environmental Resource Permit Villages 1 and 2 Phase 1A	Pending
4. Lake County - Sawgrass Bay Blvd. Construction Plans	Pending
5. SJRWMD Environmental Resource Permit Sawgrass Bay Blvd. – Permit #135777-3	Approved
5. USACOE Individual Permit #SAJ-2015-01634	Pending
5. Lake County Zoning (PUD) Amendment Ord. 2016-20	Approved
6. Florida Fish and Wildlife Commission Conservation Permit	Pending

The remainder of the construction plans for the required infrastructure within the Avalon Groves Community Development District is in the planning process and will be submitted for final permits in Phases as development progresses.

Pending Permit Issuance

We are of the opinion that all permits that are not heretofore issued, and which are necessary to effect the improvements described herein, will be obtained during the ordinary course of development.

Avalon Groves Community Development District

Table 1

<u>Item</u>	<u>Assessment Area 1</u>	<u>Assessment Area 2</u>	<u>Assessment Area 3</u>	<u>Totals</u>
<u>Master Infrastructure</u>				
Land Acquisition (1)	\$3,715,320	\$5,217,120	\$4,479,960	\$13,412,400
Clearing / Earthwork (2)	\$2,464,414	\$2,123,120	\$1,405,071	\$5,992,605
Master Stormwater Management	\$1,719,152	\$1,481,068	\$980,164	\$4,180,384
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$1,807,890	\$5,423,671
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,862,500	\$3,825,000
Professional Fees (3)	\$1,072,500	\$936,000	\$624,000	\$2,632,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0	\$0
Sub-total	\$10,879,277	\$13,427,698	\$11,159,585	\$35,466,560
<u>Residential Tract Costs</u>				
Roadway (Local Streets)	\$1,993,260	\$881,910	\$1,136,445	\$4,011,615
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$480,000	\$2,034,000
Sub-total	\$2,827,260	\$1,601,910	\$1,616,445	\$6,045,615
Contingency	\$1,370,654	\$1,502,961	\$1,277,603	\$4,151,217
Project Total	\$15,077,190	\$16,532,569	\$14,053,633	\$45,663,392

Anticipated Buildout Assessment Area 1 **December, 2019**

Anticipated Buildout Assessment Area 2 **December, 2018**

Anticipated Buildout Assessment Area 3 **December, 2021**

(1) Land Acquisition values are subject to appraisal ordered by District

(2) Earthwork excludes filling and compaction to final grade on developable lots

(3) Professional fees for design of public infrastructure only

(4) All Costs are in 2016 Dollars

ENGINEER'S OPINION

It is our professional opinion that the summary of costs listed above is sufficient to complete the construction of the items intended.

It is my professional opinion that the infrastructure costs associated herein for the district improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to the assessable lands within the District. The assessable property within the District will receive a special benefit from the herein described improvements, which benefit is at least equal to the cost of such improvements. Infrastructure costs are for public improvements or community facilities as set forth in section 190-012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guarantee maximum price. The estimated cost is based on unit prices currently being experienced for ongoing and similar items of work in Lake County and quantities as represented on construction plans.

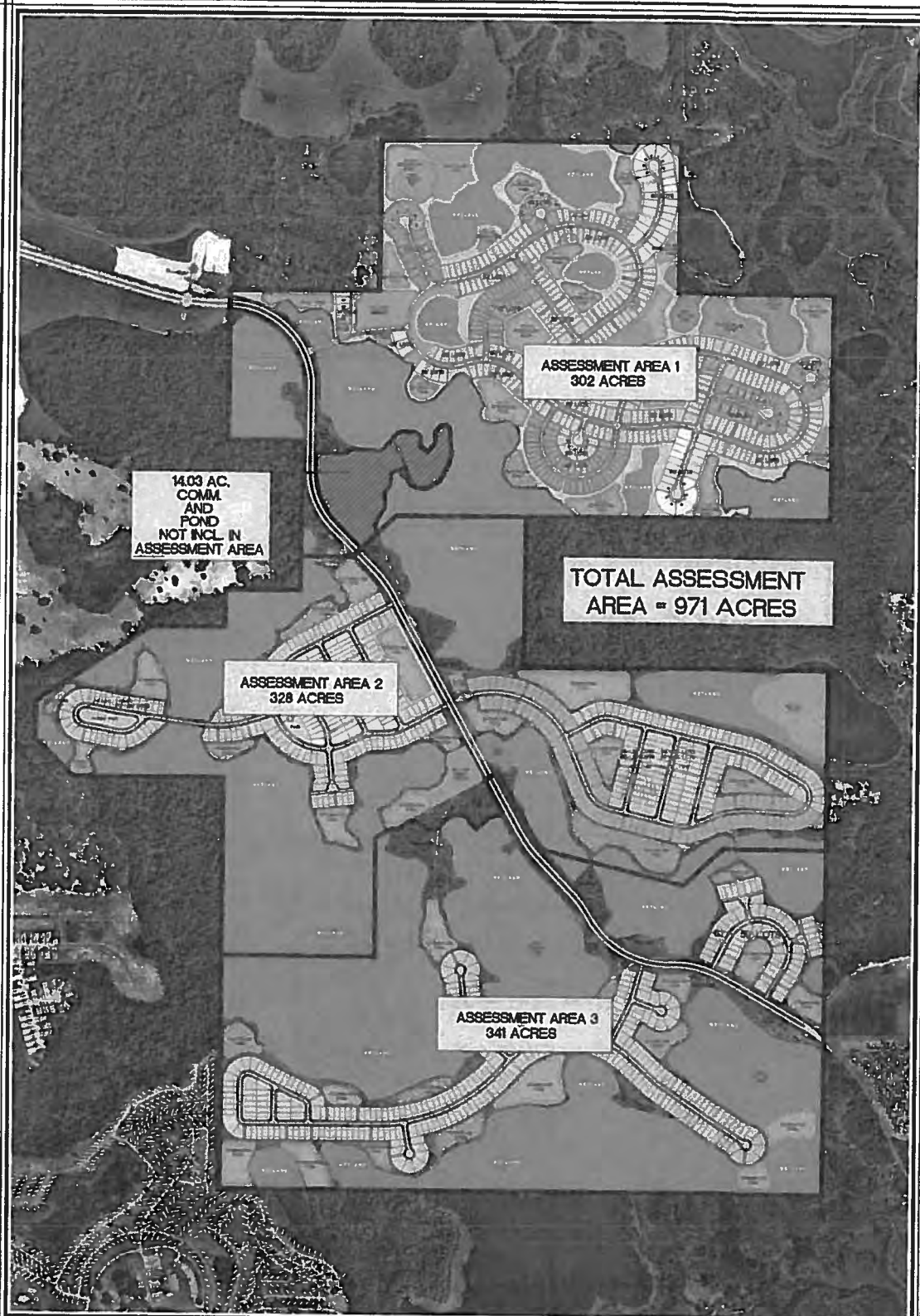
The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

Assuming project construction continues in a timely manner, it is our opinion that the proposed improvements, if constructed and built in substantial accordance with the approved plans and specifications, can be completed and meets their intended functions. Where necessary, historical costs, information from other professional or utility consultants and contractors have been used in preparation of this report. Consultants and contractors who have contributed in providing the cost data included in this report are reputable entities in the Lake County area. It is therefore our opinion that the construction of the proposed project can be completed at the cost stated.



Gary D. Miller, P.E.
Florida Registered Engineer No. 52717

Appendix A

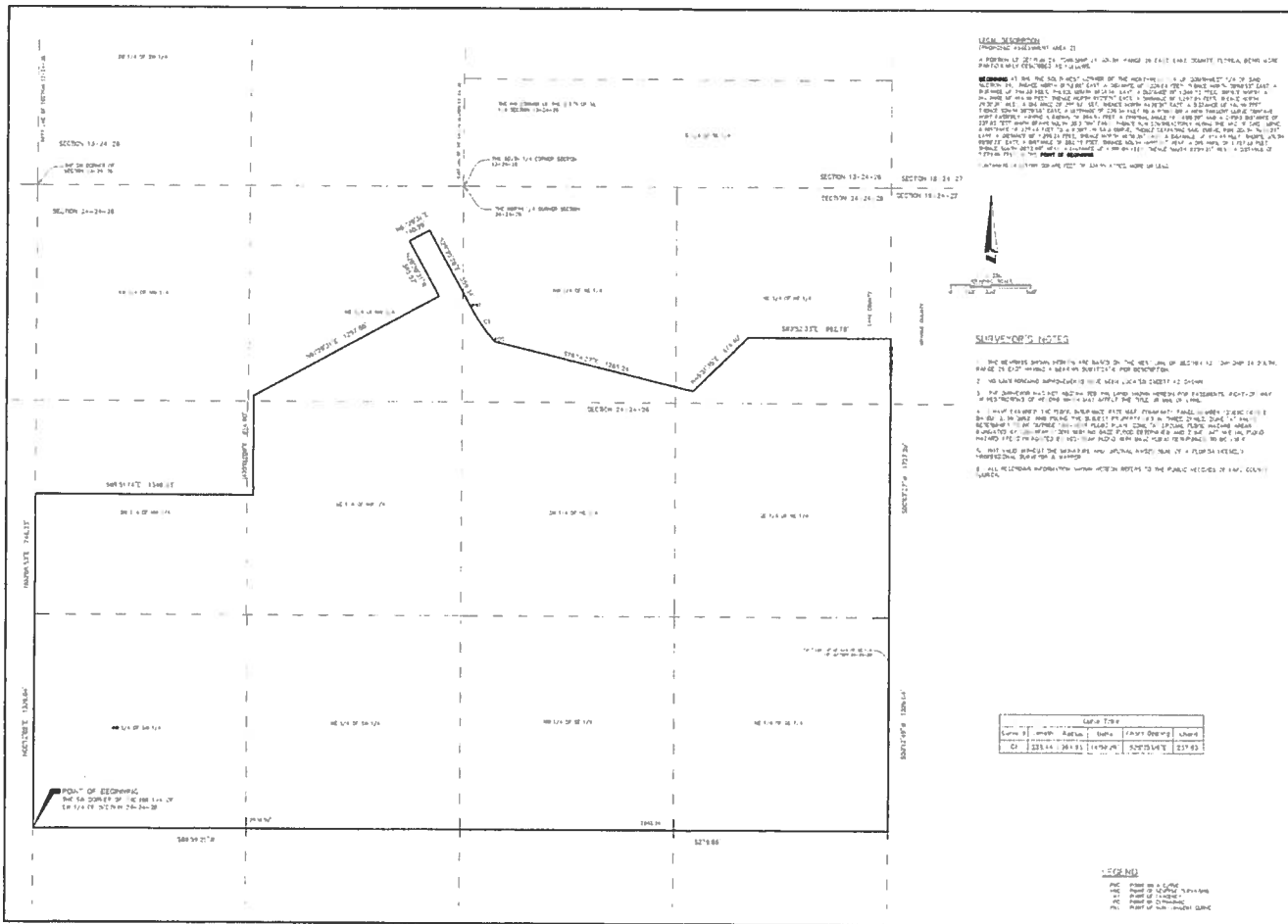


Avalon Groves
Assessment Area Plan

Kolter Land Partners, LLC
Lake County, Fl.

NO.	DESCRIPTION	DATE
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3	3.000	2008
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SHEET 1 OF 1

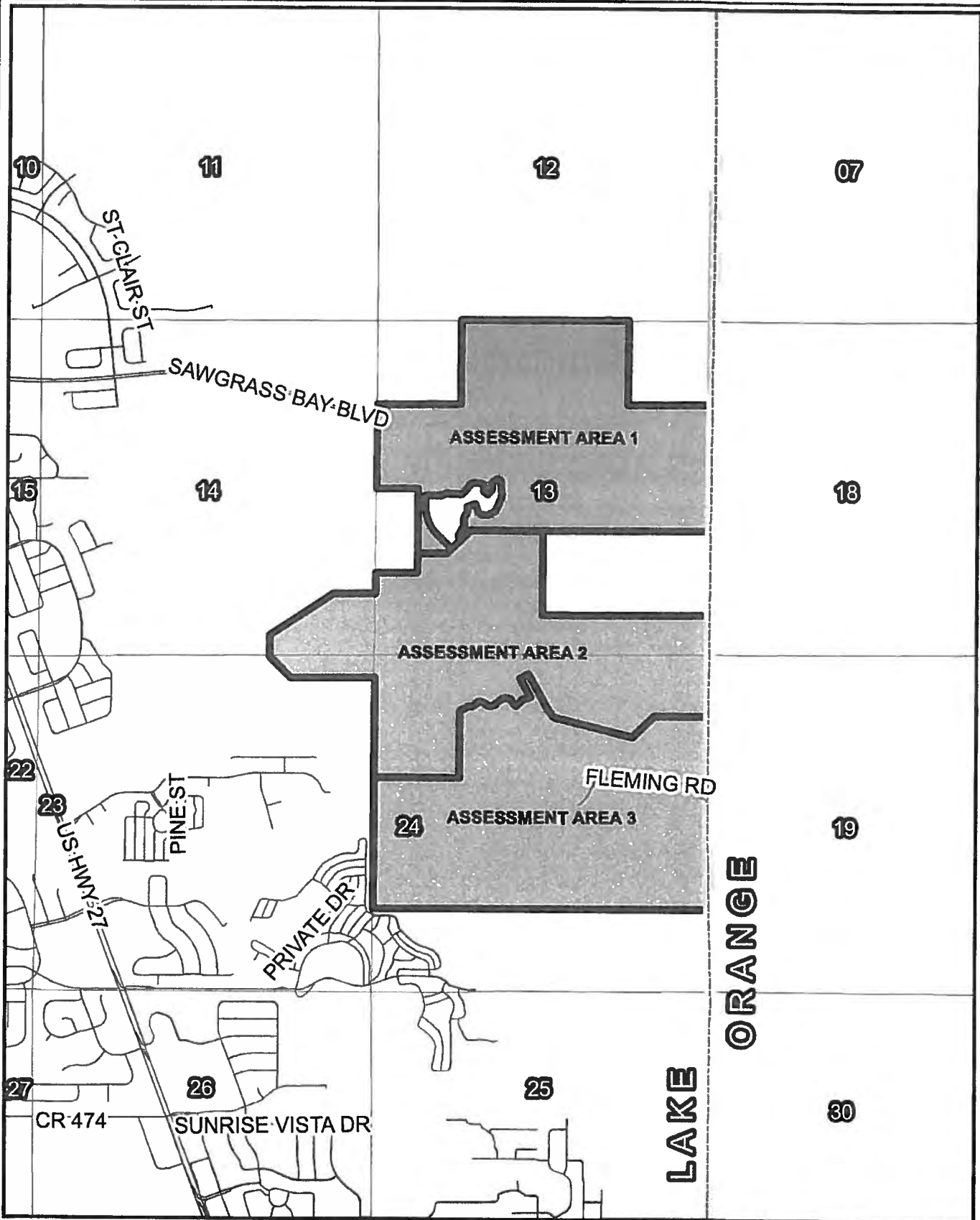
PROPOSED ACCESS AREA 3
SECTION 13-24-28 TO 13-24-100

NO.	DESCRIPTION	DATE	BY
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5	REVISION		
6	REVISION		
7	REVISION		
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100	REVISION		

SKETCH OF DESCRIPTION
PROPOSED ACCESS AREA 3
SECTION 13-24-28 TO 13-24-100

ASW
AMERICAN SURVEYING & MAPPING
1000 N. 10TH AVE., SUITE 100
DENVER, CO 80202
TEL: 303.733.1111
WWW.ASW-SM.COM

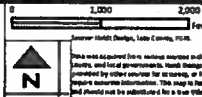
Appendix B



Avalon Groves Community Development District

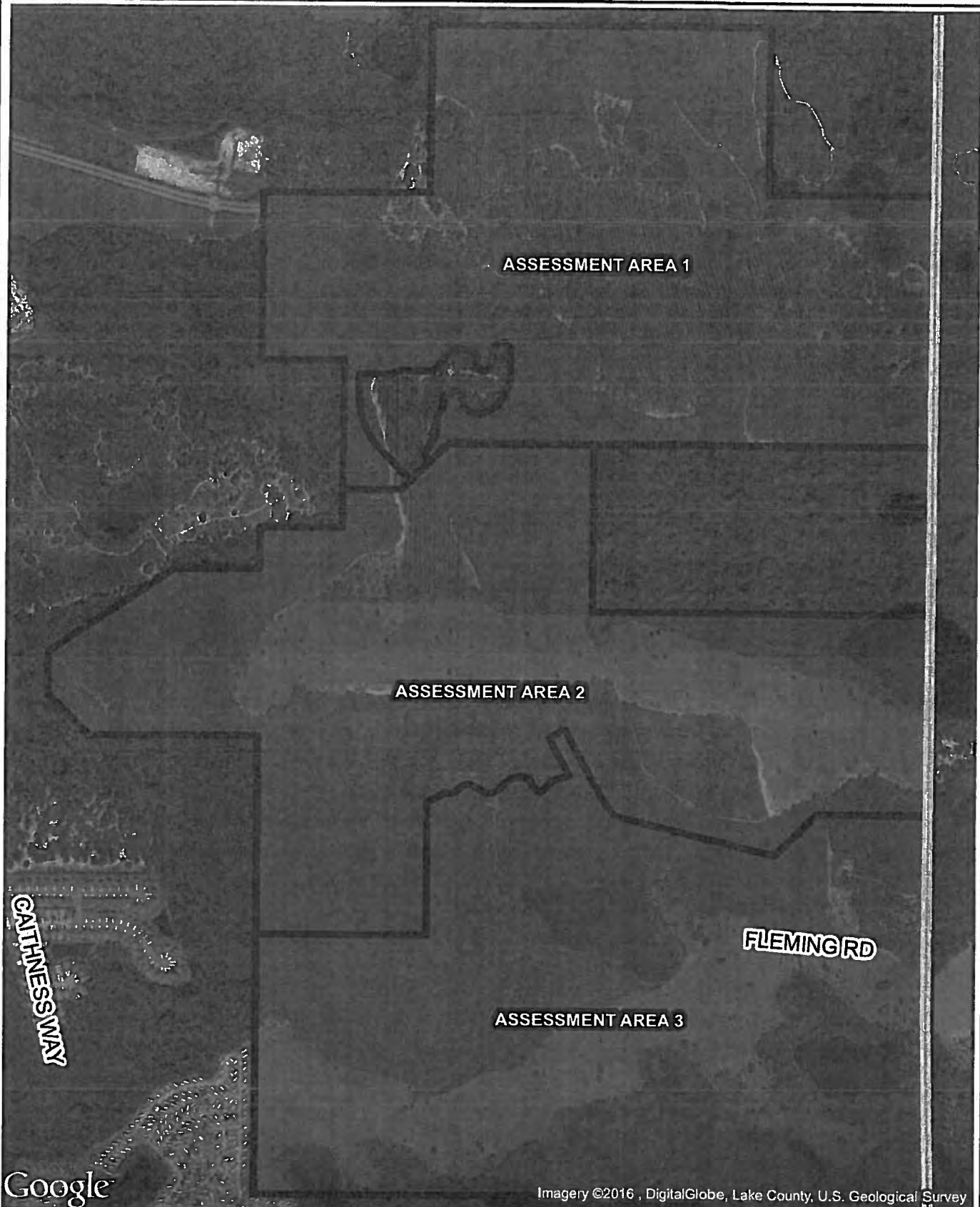
Vicinity Map

Lake County



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Appendix C



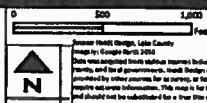
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Imagery ©2016, DigitalGlobe, Lake County, U.S. Geological Survey

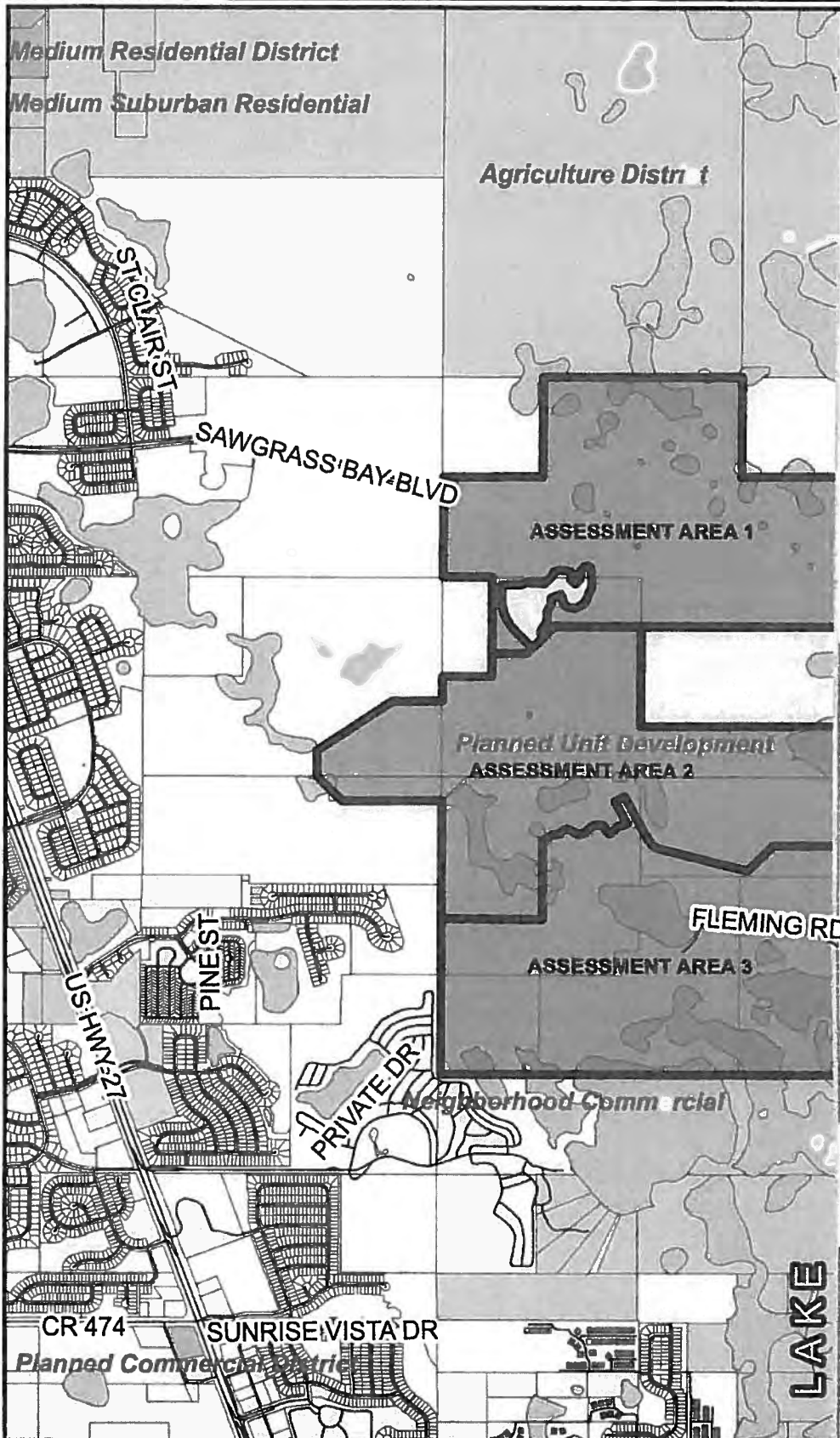
Avalon Groves Community Development District

Aerial

Lake County



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LAKE ORANGE

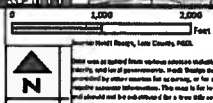
Legend

-  CDD Boundary
-  Waterbodies

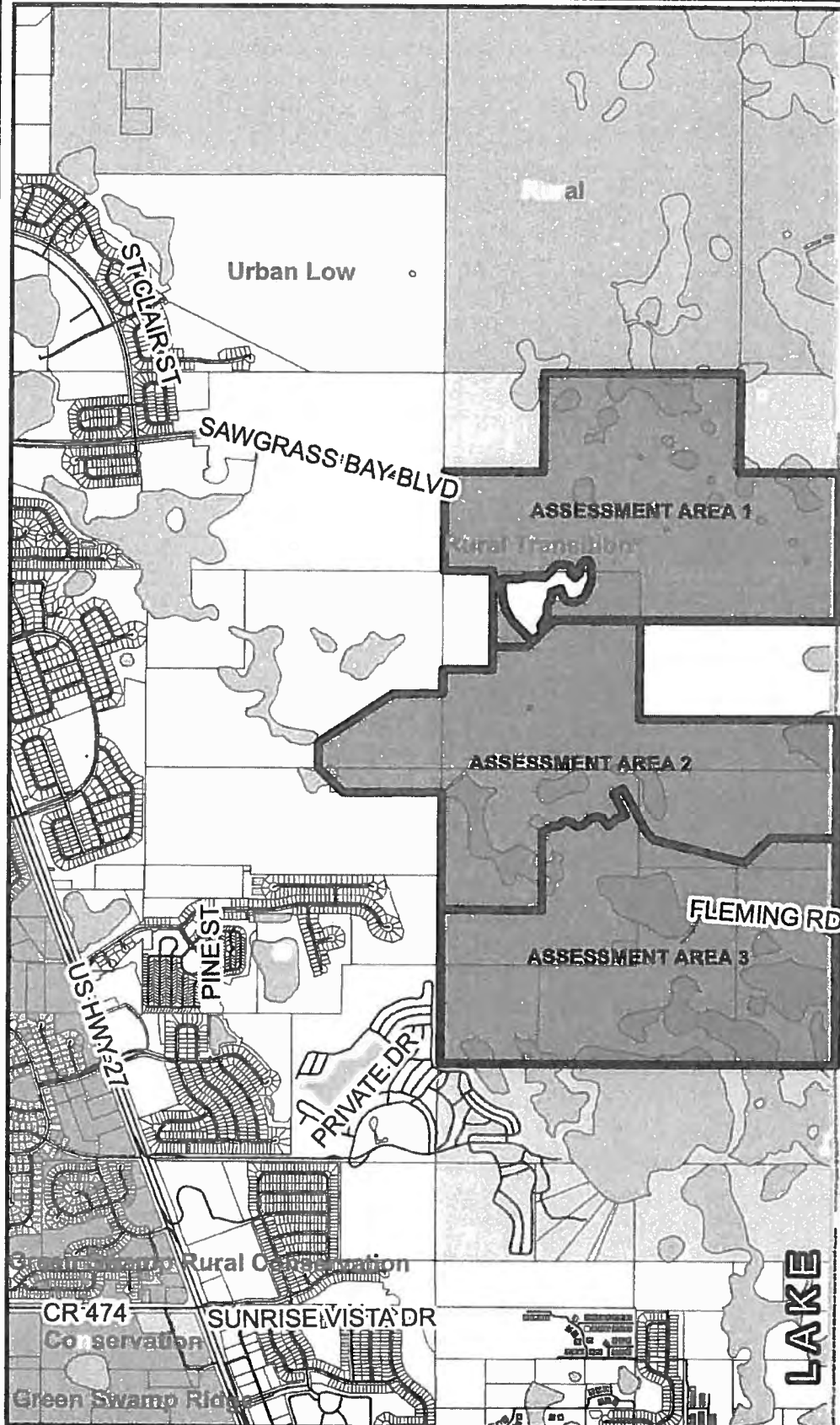
Avalon Groves Community Development District

Zoning

Lake County



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LAKE ORANGE

Legend

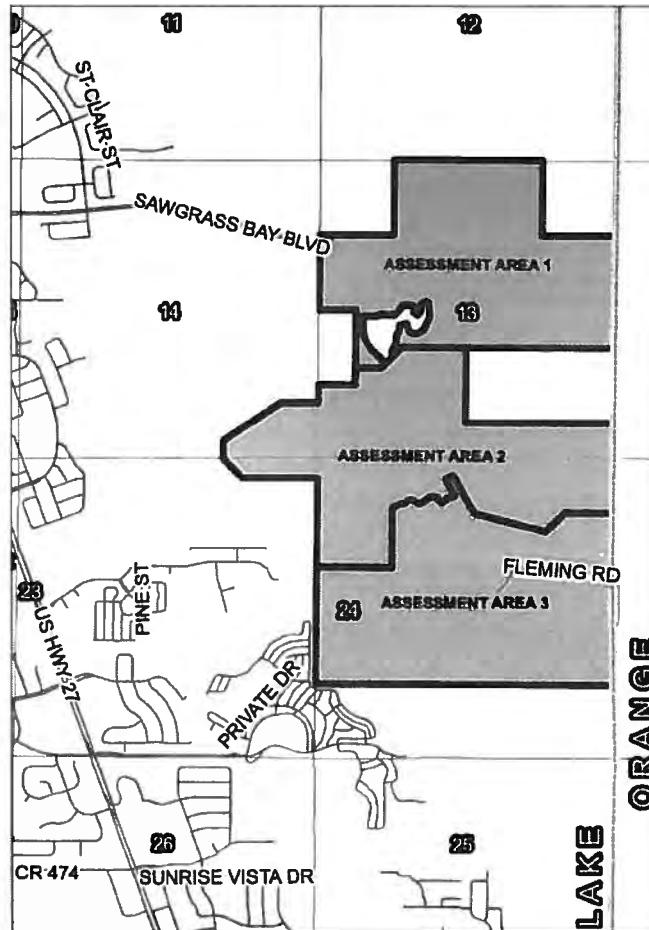
- CDD Boundary
- Waterbodies

Avalon Groves Community Development District
Future Land Use
Lake County

0 1,000 2,000 Feet
Heidt Design, Lake County, FL
This map was prepared from various sources including but not limited to maps, surveys, and data of governmental, third parties and not warrant data provided by other sources for its accuracy, at the user's discretion and may require additional information. This map is for informational purposes only and should not be substituted for a true title search, property appraisal, or other legal document.

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DESIGN
(813) 253-5311

**AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT
MASTER ASSESSMENT METHODOLOGY REPORT**



October 27, 2016



1060 Maitland Center Commons Blvd.,
Suite 340

Maitland, FL 32751

Phone: (321) 263-0132

www.dpfg.com

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The District

The Avalon Groves Community Development District (the “CDD” or “District”) is a local unit of special-purpose government established pursuant to, and existing in accordance with, Chapter 190, Florida Statutes (the “Act”). The District was created for the purpose of delivering certain community development services and facilities within its jurisdiction, including the design, acquisition and/or construction of certain public infrastructure improvements consisting of, but not limited to, roadways, irrigation systems, storm water management, park and recreational facilities/community amenities, landscaping improvements, signage and lighting, dry utilities, and professional services and fees, together with the acquisition of real property necessary for development pursuant to the Act.

Purpose of this Report

To advance the development of the properties within the CDD, certain capital improvements, as described in the Engineer’s Report, dated October 11, 2016 (the “Project”), have been planned. To finance the construction of the Project, the District plans to issue bonds and levy special assessments to repay the bonds, including interest. This report provides an assessment methodology for analyzing the benefits derived from the Project and determining the fair and equitable allocation of such benefits through the levy of special assessments on property within the District to fund all or portions of the Project. It is designed to conform to the requirements of Chapters 170, 190 and 197, Florida Statutes, with respect to special assessments.

Benefits and Assessment Allocation

The development is currently planned for multiple phases to ultimately provide infrastructure for 1,352 residential units of single family detached homes, townhomes, and active adult units. A portion of the Project consists of both onsite subdivision improvements and districtwide master improvements. The Project will be financed with proceeds of multiple bond series and funds from the Developer, which will provide sufficient funds to complete the infrastructure improvements to fully completed units in the various phases.

The construction of the public infrastructure improvements will advance development of the properties within the District and will thereby create special benefits for those properties. The properties receiving benefit include all of the developable land within the District. The methodology herein allocates debt and special assessments to properties based upon the benefits derived from the Project. Special assessments will be levied on all benefitted and assessable property within the District. The total benefits will be the completed public infrastructure with estimated costs in the amount of approximately \$46.6 million.

The District has validated bonds based on estimated public infrastructure construction costs of approximately \$48.07 million assuming development of the entire District. It is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas, which will include all of the assessable land within the District.

This report utilizes Equivalent Residential Units (“ERU”) as a proxy value for benefit and allocating Special Assessments. Each constructed unit on a fifty-foot wide single family lot will be assigned an ERU value and ranking equal 1.0. This ranking is the basis upon which the benefits to other lot sizes are measured. The advantage to a ERU structured methodology includes the ability to assign identical benefits to similarly used properties (e.g., all fifty-foot wide lots are assigned 1.0 ERU irrespective of home size or phase) or assign different ERUs to reflect different lot sizes and land uses (e.g., residential versus non-residential land uses).

Assessment Areas

As described above, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. Further, to accommodate, and align the bond financing with infrastructure development, the District will be divided into three separate and distinct assessment areas with associated future improvements, namely “Assessment Area One”, “Assessment Area Two”, and “Assessment Area Three” and collectively the (“Assessment Areas”).

Master Improvements and Subdivision Improvements

The Project contains improvements that benefit all assessable units within the District (the “Master Improvements”) and improvements that provide special benefit specifically to the planned units in each development phase or Assessment Area, but not the entire community (the “Subdivision Improvements”). Refer to the Engineer’s Report for details.

Project Bond Financing Program

As noted above, the District will acquire or construct all, or a portion, of the Project utilizing bonds issued in multiple series as development progresses in each of the respective Assessment Areas. The developable properties within the District’s Assessment Areas will constitute the properties on which the Special Assessments are levied to repay the bonds. For all three Assessment Areas, these properties include those which will be developed into the planned total of 1,352 residential units. The District plans to issue bonds to finance certain Master and/or Subdivision Improvements as development progresses in each respective Assessment Area. The District will deliver a supplemental assessment methodology report

associated with each bond series issuance describing the phase of the development and improvements to be funded.

For purposes of this report, the bond principal amount and associated maximum annual debt service (MADS) assessments have been sized based on funding all of the Master and Subdivision Improvement costs described in the Engineer's Report and adjusted for allowable bond financing costs including capitalized interest, reserves and costs of issuance. These bond principal amounts represent a maximum bonding amount. The bonds are expected to be repaid from special assessments levied on only those units planned within each respective phase or Assessment Area. The following table summarizes the estimated maximum allocation of debt for the proposed overall bond financing program:

Table 1 - Total District Debt

Assessment Area	Total Debt
One	\$23,115,000
Two	\$25,345,000
Three	\$21,540,000
Total	\$70,000,000

Each fiscal year, the CDD will certify for collection the Special Assessments in connection with the MADS, or Debt Service Requirement (as defined herein), for each bond series. The following table summarizes the estimated MADS requirement¹ for each phase of development:

Table 2 - Maximum Annual Debt Service

Assessment Area	Total Maximum Annual Debt Service
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598
Total	\$5,754,033

Prior to recordation of a subdivision plat map in each respective Assessment Area, the special assessments and debt will be allocated to each property, as described by FOLIO or legal description, based on acreage. Upon recordation of a subdivision plat map in each respective Assessment Area, the lot sizes are determinable, and the Special Assessments will then be

¹ Excluding County collection charges and early payment discount.

levied on the individual lots based on the ERU assigned to each lot within each respective Assessment Area. Refer to the Appendix for an estimated sources and uses of bonds.

Allocation of Benefits and Assessments

Assessment Standard

Under Florida law, a valid special assessment that is made pursuant to District legislative authority requires that the property assessed must (1) derive a direct and special benefit from the improvement or service provided and (2) that the assessment must be fairly and reasonably apportioned among properties that receive the special benefits.

Section 170.02, Florida Statutes, states "Special assessments against property deemed to be benefited by local improvements, as provided for in sec. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality may prescribe."

The ERU allocation approach is a generally recognized and commonly approved method of proportionally spreading assessments over benefited properties for special assessments levied by community development districts. Although the general public outside the District will benefit from the Project, such benefits are incidental. The facilities in the Project meet the needs of the developed property within the District, as well as provide benefit to all residential property within the District. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries, and direct and cumulative benefits accrue mainly to residents.

Assessment Methodology

This benefit and allocation approach is based on the principle that dwelling units on a similar size lot will receive a relatively equal and direct benefit from the Project. The direct benefits from these improvements include increased use, enjoyment and increased property values to all residential properties, and the direct benefits from each public improvement system and function provided by the District.

An assessment methodology based on ERUs provides a way to quantify the benefit that different lot sizes and land use types receive from public improvements in terms of their equivalence to a single-family residential dwelling unit on a fifty-foot wide lot, which is defined as 1.0 ERU. Under the ERU model, the District allocates assessments on platted property proportionately based on lot size as indicated on the subject recorded plat map; assessments on undeveloped property (e.g., property without recorded subdivision plat map) are allocated proportionately based on acreage basis. As noted above, the equal benefit and assessment

allocation approach is a generally recognized and approved method of proportionally spreading assessments over benefited properties within a special district.

These Special Benefits and Allocation of Assessments

In the present case, the financing program will enable the District to provide Master Improvements and Subdivision Improvements for each Assessment Area. Such improvements will provide direct benefit for the utilization of this property, will substantially enhance the use and enjoyment of the benefited residential properties, and will increase the value and marketability of the benefited residential properties. These benefits flow proportionately over all benefited properties. The District will apply the assessment methodology to the financing program relating to the Project. A ranking and finding of 1.0 ERU per residential unit on a fifty-foot lot applies. All residential units in each respective Assessment Area will proportionally benefit from the purchase and maintenance of the Master Improvements and respective Subdivision Improvements.

Rate and Method of Apportionment

A rate and method of apportionment of Special Assessments is attached in the Appendix. At time of bond issuance, the true up obligation is described in the supplemental assessment methodology report. The supplemental assessment report anticipates a mechanism by which the landowner shall, if required, make certain payments to the District in order to satisfy, in whole or in part, the assessments allocated and the liens imposed pursuant to adopted resolutions, the amount of such payments being equal to the par debt that is not capable of being assigned to the total number of developed units, plus any applicable interest charges and collection fees as described in the supplemental assessment report (which payments shall collectively be referenced as the **"True-Up Payment"**). The landowner desires to guarantee the payment of any True-Up Payment required of it and all other owners of land within the District; and the landowner and the District desire to enter into an agreement to confirm landowner's intentions and obligations to make any and all True-Up Payments related to the assessments.

Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The Special Assessments are expected to be collected directly by the District on un-platted parcels and via the County's property tax bill as parcels of land in the District are platted.

Document Review

The documents associated with the above referenced acquisition and financing of the property, assessment plat, and assessment roll are available for review at the District Offices at 15310 Amberly Drive, Suite 175, Tampa, FL 33647 (tel. 813-374-9105).

Conclusion

The acquisition and construction of the Master and Subdivision Improvements using bond proceeds will be utilized for common District purposes. For each respective Assessment Area, these assessments will be levied over all benefited properties on a fair and equitable basis as described herein. The benefited properties will receive benefits in excess of the allocated assessments. Accordingly, this is an appropriate District project that will significantly benefit the properties and enhance the District.

Special Benefit

The Master and Subdivision Improvements will provide special benefit to parcels within District. The parcels will receive special benefit, because the subject Master Improvements deliver interconnected structural improvement elements that provide a framework, which supports and adds to the entire development. The Subdivision Improvements will provide special benefit to the respective parcel where such improvements are constructed. The Master and Subdivision Improvements yield benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The Special Assessments are fairly and equally apportioned over all the benefited properties. The benefits are quantified and assigned to parcels based on lot size since larger lot areas receive proportionately greater benefits than smaller lots from the Master and Subdivision Improvements. The CDD assigned proxy values to the various expected lot sizes on the basis that a fifty-foot wide lot receives the value of 1.0 ERU, accordingly a sixty-foot wide lot receives the value of 1.2 ERU.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Master and Subdivision Improvements against lands in the District. As a result of the Public Improvements, properties in the CDD receive special benefit and increase in value. Based on the premise that the CDD's Master and Subdivision Improvements make the properties more valuable, in return it is reasonable for the District to levy the Special Assessments against benefitted lands within the District. The benefits will be equal to or in excess of the Special Assessments thereon when allocated.

Best Interest

The District provides for delivering the Master and Subdivision Improvements in a timely, orderly, and efficient manner. It can economically and efficiently provide the amount and quality of services required by the public. The District provides a financing mechanism to (i) fund Master and Subdivision Improvements at a relatively low cost of capital, and (ii) on a timely, “pay for itself” type basis. The exercise by the District of its powers is consistent with applicable with state law. It is in the best interest of the District.

Appendix 1 - Rate and Method of Apportionment of Special Assessment

The Special Assessments shall be levied on all parcels within the Avalon Groves CDD that benefit from the Project and will be collected each fiscal year in an amount determined by the CDD through the application of this rate and method of apportionment as described below. All of the real property within the CDD, unless exempted by law or the provisions hereof, shall be assessed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS:

The terms hereinafter set forth have the following meanings:

"Administrative Expenses" means any actual or reasonably estimated expenses of the CDD to carry out the administration of the CDD related to the determination of the amount of the special assessment, the collection of special assessment, and costs otherwise incurred in order to carry out the authorized purposes of the CDD.

"Appraiser's Parcel" means a Lot or parcel shown in Lake County appraiser's parcel map, or included or includable in Lake County's non-ad valorem assessment roll designated by folio or PIN.

"Assessable Property" means all of the Appraiser's Parcels within the boundaries of the CDD that are not exempt from the Special Assessment pursuant to law or as defined below.

"District Debt" means bonds or other debt issued by the CDD, which are secured by the levy of Special Assessments of the CDD.

"Developed Property" means all Assessable Property for which the Lake County property appraiser designated a property use code for each Lot that indicates developed residential property, as reasonably determined by the CDD, or a Lot which has legal entitlements created by a recorded Plat Map and whose physical characteristics are a fine grade level pad with infrastructure contiguous to each individual lot, asphalt paved roads, and the necessary utilities.

"ERU" means a way to quantify different land use types in terms of their equivalence to a fifty-foot wide Lot, which is defined as 1.0 ERU.

"Fiscal Year" means the period starting October 1 and ending on the following September 30.

"Lot" means an individual residential lot, identified and numbered on a recorded final subdivision map, on which a building permit has been or is permitted to be issued for construction of a residential unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated.

"Property Owner Association Property" means any property within the CDD boundaries that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Public Property" means any property within the CDD boundaries that is, at the time of the CDD formation, expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the District or any other public agency.

"Special Assessments" means the Special Assessments levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each Appraiser's Parcel of Developed Property and Undeveloped Property in the CDD to fund the Special Assessment Requirement.

"Special Assessment Requirement" means that amount determined by the CDD's board of supervisors that is required in any Fiscal Year to pay regularly scheduled debt service for the calendar year, which commences in such Fiscal Year, on the outstanding District Debt, less available funds pursuant to the indenture.

"Undeveloped Property" means, for each Fiscal Year, all Assessable Property not classified as Developed Property, such as vacant acreage or similar property use codes as determined by the CDD.

B. ASSIGNMENT TO LAND USE CATEGORIES AND OF ERU:

Each Fiscal Year using the definitions above, all Assessable Property within each phase of the CDD shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Assessment pursuant to Sections C and D below.

C. ANNUAL MAXIMUM SPECIAL ASSESSMENT REQUIREMENT

The estimated maximum annual debt service (MADS), or Special Assessment Requirement, to fund all of the Master and Subdivision Improvements is presented in the following table.

Table 3 - Estimated Special Assessment Requirement (MADS)

Assessment Area	\$ Amount (excl. County charges and early payment discount)
One	\$1,900,064
Two	\$2,083,371
Three	\$1,770,598

Refer to the Appendix for details on the bond sizing.

D. SPECIAL ASSESSMENT RATE

1. Developed Property - Assigned ERU and Maximum Debt and MADS Allocation for All Assessment Areas

Table 4 – Assessment Area One Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$2,926,942	\$26,133	\$240,596	\$2,148
40-45	87	0.90	78.30	14.75%	\$3,410,410	\$39,200	\$280,337	\$3,222
50	216	1.00	216.00	40.70%	\$9,408,027	\$43,556	\$773,344	\$3,580
60	141	1.20	169.20	31.88%	\$7,369,621	\$52,267	\$605,786	\$4,296
Total	556		530.70	100.00%	\$23,115,000		\$1,900,064	

Table 5 - Assessment Area Two Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
40-45	83	0.90	74.70	15.21%	\$3,855,165	\$46,448	\$316,896	\$3,818
50	294	1.00	294.00	59.87%	\$15,172,938	\$51,609	\$1,247,223	\$4,242
60	102	1.20	122.40	24.92%	\$6,316,897	\$61,930	\$519,252	\$5,091
Total	479		491.10	100.00%	\$25,345,000		\$2,083,371	

Table 6 - Assessment Area Three Special Assessments

Lot Product Type	Units	ERU	Total ERU	% ERU	Proposed - Par Amount	Par/Unit	Proposed - MADS	MADS/Unit
50	317	1.00	317.00	100.00%	\$21,540,000	\$67,950	\$1,770,598	\$5,585
Total	317		317.00	100.00%	\$21,540,000		\$1,770,598	

2. Undeveloped Property

a) District Debt Allocation

Prior to recordation of a Plat Map, the District Debt is allocated per acre for each Assessment Area as illustrated in the following table.

Table 7 - Maximum Debt Allocation Undeveloped Property

Assessment Area	ERU	Acreage	District Debt	District Debt/Ac	District Debt/ERU
One	530.70	302	\$23,115,000	\$76,540	\$43,556
Two	491.10	328	\$25,345,000	\$77,271	\$51,609
Three	317.00	341	\$21,540,000	\$63,167	\$67,950
Total			\$70,000,000		

b) Assigned Annual Special Assessment Rate

The following table illustrates the Annual Assessment allocation prior to platting.

Table 8 - Maximum Annual Assessment Allocation (MADS) Undeveloped Property

Assessment Area	ERU	Acreage (ac)	MADS	MADS/Ac	MADS/ERU
One	530.70	302	\$1,900,064	\$6,292	\$3,580
Two	491.10	328	\$2,083,371	\$6,352	\$4,242
Three	317.00	341	\$1,770,598	\$5,192	\$5,585
Total			\$5,754,033		

Please refer to the Appendix for details on property classification and land size.

E. METHOD OF APPORTIONMENT OF THE SPECIAL ASSESSMENT

Each Fiscal Year, the CDD shall levy the Special Assessments as follows:

First (Developed Property): The Special Assessment shall be levied proportionately on each Appraiser's Parcel of Developed Property in an amount up to 100% of the applicable Special Assessment rate as determined pursuant to Section D.1 and Section D.2 for each particular Assessment Area, or subdivision.

Second (Undeveloped Property): If additional monies are needed to satisfy the Debt Service Requirement after the first step has been completed, the Special Assessment shall be levied proportionally on each Appraiser's Parcel of Undeveloped Property at up to 100% of the Assigned Special Assessment rate for Undeveloped Property as determined pursuant to Section D.3 for each particular phase.

Third – True Up: If additional monies are needed to satisfy the Debt Service Requirement after the first two steps have been completed as a result of a plat or re-plat of property, the owner of such property will be obligated to immediately remit to the trustee, for deposit into the redemption account, the total bond principal amount for the difference between the Debt Service Requirement and the special assessment revenue generated after the first two steps have been completed (the "True Up Obligation"). The true up obligation will be described in a separate agreement as part of the bond documents.

Refer to Appendix 3 for a preliminary assessment roll illustrating the initial levy of the Special Assessments in accordance with the method of apportionment described above.

F. EXEMPTIONS

No Special Assessment shall be levied on Public Property and Property Owner Association Property. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, Special Assessment may not be assessed separately against common elements utilized exclusively for the benefit of lot owners within the subdivision, regardless of ownership. Common elements include the following:

- (a) Subdivision property not included within lots constituting inventory for the developer which are intended to be conveyed or have been conveyed into private ownership.
- (b) An easement through the subdivision property, not including the property described in paragraph (a), which has been dedicated to the public or retained for the benefit of the subdivision.
- (c) Any other part of the subdivision which has been designated on the plat or is required to be designated on the site plan as a drainage pond, or detention or retention pond, for the exclusive benefit of the subdivision.
- (d) Property located within the same county as the subdivision and used for at least 10 years exclusively for the benefit of lot owners within the subdivision.

G. MANNER OF COLLECTION

The Special Assessments shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes once parcels are platted. The CDD intends to directly collect Special Assessments on unplatted parcels.

H. PREPAYMENT

The following definition applies to this Section H.

“Outstanding District Debt” means previously issued District Debt secured by the levy of Special Assessments, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding District Debt to be redeemed at a later date with the proceeds of prior prepayments.

The Special Assessment obligation of an Appraiser’s Parcel may be prepaid in full, or in part, and the obligation of the Appraiser’s Parcel to pay the Special Assessment permanently, or partially, satisfied; provided that a prepayment may be made only if there are no delinquent Special Assessment with respect to such Appraiser’s Parcel at time of prepayment.

The Special Assessment Prepayment amount is calculated as follows:

Outstanding District Debt amount allocated to the subject Appraiser's Parcel	
Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date occurring at least 45 days prior to the tender of the prepayment	
Less: Capitalized interest credit, if any remains at time of prepayment	
Total: equals Prepayment Amount (PA)	
Plus: Reasonable Administrative Expenses related to lien release, calculation and recordation as determined by the CDD manager (A)	

Partial Prepayment (PP) is calculated as follows: $PP = (PA * F) + A$

The term F means the percent by which the owner of the Appraiser’s Parcel is partially prepaying the Special Assessment. With respect to a partial prepayment, the CDD manager shall indicate in the CDD records that there has been a partial prepayment and that a portion of the Special Assessment equal to (1.00 minus F) of the remaining Special Assessment shall continue to be authorized to be levied on such Appraiser’s Parcel pursuant to Section D.

Appendix 2 - Estimated Public Improvement Costs and Benefit Allocation for Each Assessment Area

Table 9 – Assessment Area One Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
30 (duplex)	112	0.60	67.20	12.66%	\$1,909,152	\$17,046
40-45	87	0.90	78.30	14.75%	\$2,224,504	\$25,569
50	216	1.00	216.00	40.70%	\$6,136,562	\$28,410
60	141	1.20	169.20	31.88%	\$4,806,973	\$34,092
Total	556		530.70	100.00%	\$15,077,191	

Table 10 – Assessment Area Two Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
40-45	83	0.90	74.70	15.21%	\$2,514,728	\$30,298
50	294	1.00	294.00	59.87%	\$9,897,323	\$33,664
60	102	1.20	122.40	24.92%	\$4,120,518	\$40,397
Total	479		491.10	100.00%	\$16,532,569	

Table 11 – Assessment Area Three Improvement Costs Allocation

Lot Type	Units	ERU	Total ERU	% ERU	Total Costs	Total Costs/Unit
50	317	1.00	317.00	100.00%	\$14,053,633	\$44,333
Total	317		317.00	100.00%	\$14,053,633	

* Costs from District Engineer. Refer to Engineer's Report for details, excluding costs and other uses associated with bond financing transactions.

Appendix 3 – Preliminary Sources and Uses of Funds for the Project

PRELIMINARY BOND SIZING ANALYSIS /(a)					
Bond Summary Statistics	Assessment Area ONE	Assessment Area TWO	Assessment Area THREE		
Par Amount (estimate, all Phases)	\$23,115,000	\$25,345,000	\$21,540,000		
Net Construction Proceeds (estimate, all Phases)	\$15,077,191	\$16,532,569	\$14,053,633		
Average interest rate (coupon)	7.25%	7.25%	7.25%		
Term (years)	30	30	30		
Payment Frequency (May and November)	2	2	2		
Payment periods	60	60	60		
Bond denomination	\$5,000	\$5,000	\$5,000		
Capitalized interest term (in months)	36	36	36		
Maximum Annual Debt Service (MADS)	\$1,900,064	\$2,083,371	\$1,770,598		

SOURCES AND USES OF FUNDS /(b)					
Sources	ONE	TWO	THREE	Total	%
Bond Proceeds - Par Amount in \$5000 denomination	\$23,115,000	\$25,345,000	\$21,540,000	\$70,000,000	100%
Uses					
Project Fund Deposits:					
Acquisition and Construction Account /(c)	\$15,077,191	\$16,532,569	\$14,053,633	\$45,663,393	65%
Other Fund Deposits:					
Debt Service Reserve Fund (collateral for bonds)	\$1,900,064	\$2,083,371	\$1,770,598		
Capitalized Interest (pre-funded interest)	\$5,027,513	\$5,512,538	\$4,684,950		
	\$6,927,577	\$7,595,909	\$6,455,548	\$20,979,033	30%
Delivery Date Expenses:					
Cost of Issuance	\$532,358	\$582,898	\$492,319		
Underwriter's Discount	\$577,875	\$633,625	\$538,500		
	\$1,110,233	\$1,216,523	\$1,030,819	\$3,357,574	5%
Total Sources over Uses	\$0	\$0	\$0	\$0	

Footnotes:

(a) Preliminary and subject to change, actual interest rates to be determined at pricing.

(b) Maximum amount funded given assumed interest rates, MADS constraints and expenses.

(c) Estimated construction costs for all Phases from District Engineer's Report.

Appendix 4 - Preliminary Assessment Roll

Assessment Area /(b)	Owner /(b)	Total Acreage (a)	Total District Debt /(c)	Total District Debt per acre/(c)	Total MADS /(d)	Total MADS per acre /(d)
One	VK Avalon Groves, LLC	302.0	\$23,115,000	\$76,539.74	\$1,900,064	\$6,291.60
Two	VK Avalon Groves, LLC	328.0	\$25,345,000	\$77,271.34	\$2,083,371	\$6,351.74
Three	VK Avalon Groves, LLC	341.0	\$21,540,000	\$63,167.16	\$1,770,598	\$5,192.37
Total		971.0	\$70,000,000		\$5,754,033	

Footnotes:

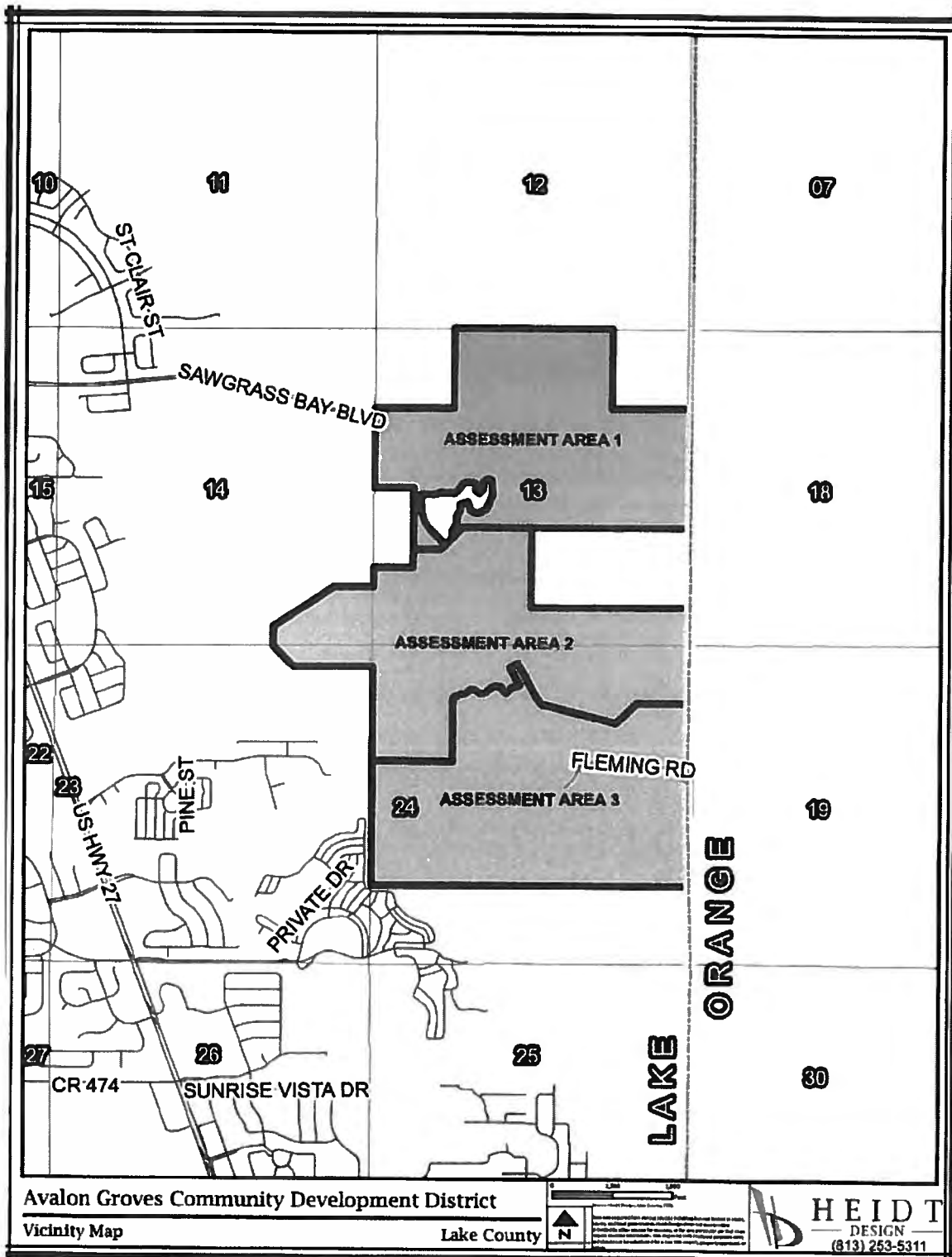
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is 971.265 acre, per establishment ordinance.

(b) Owner information per Petition to Establish the District. Refer to Engineer's Report and Appendix for sketch of the areas.

(c) The Assessments will remain levied against Undeveloped Property on an equal acreage basis until the Assessable Property is platted.

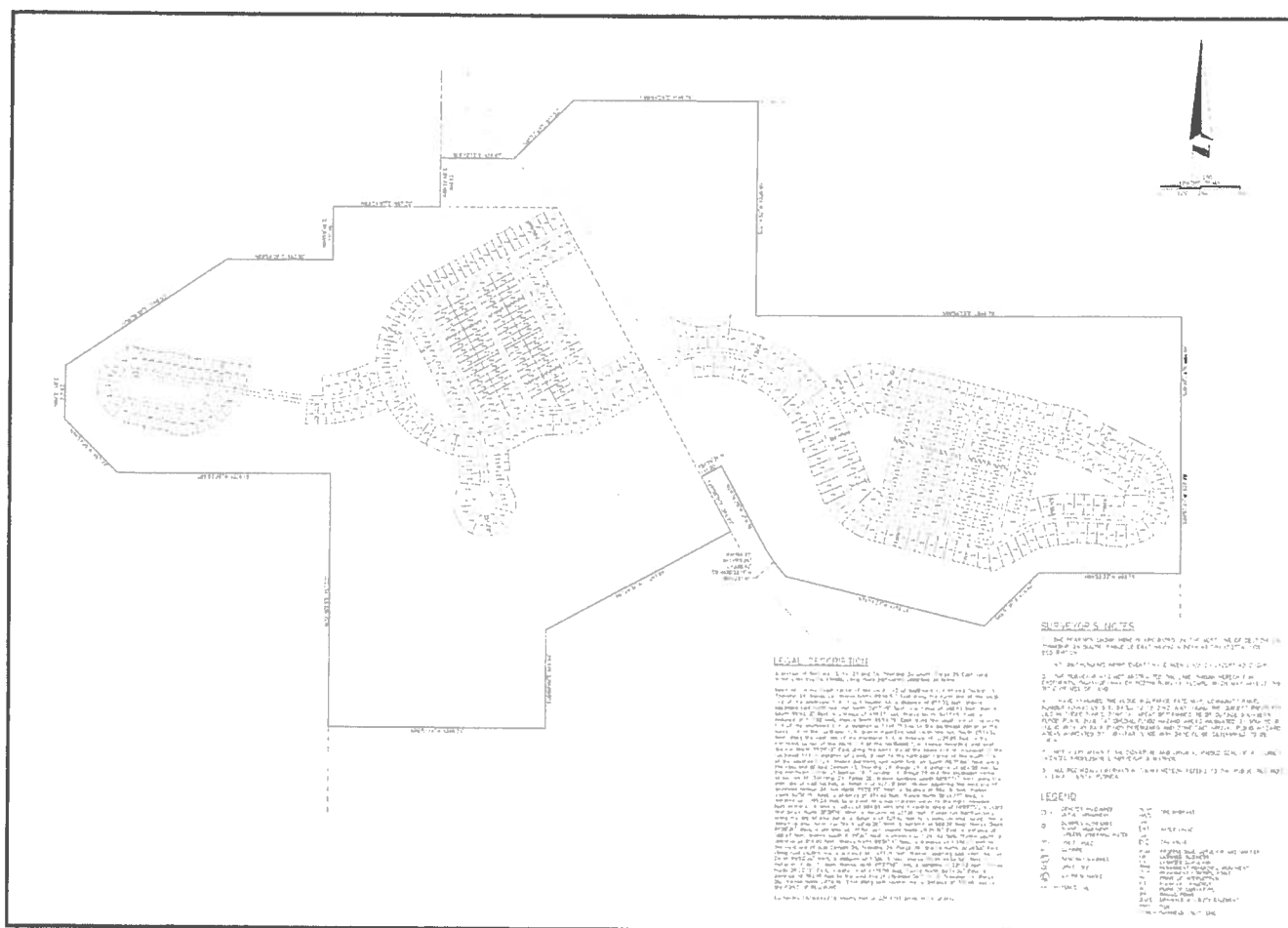
(d) Excluding County collection charges and early payment discounts.

Appendix 5 - CDD Vicinity Map and Proposed Assessment Areas



Source: District Engineer.

Appendix 6 – Legal Descriptions Proposed Assessment Areas



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SHEET NO.	DATE	BY	CHECKED BY	APPROVED BY	REVISION	DESCRIPTION
1	10/1/78	J. L. G.				PROPOSED ASSESSMENT AREA 2
2	10/1/78	J. L. G.				AVOLON GROVES



1. $\frac{1}{2} \ln 2$
 2. $\frac{1}{2} \ln 2$
 3. $\frac{1}{2} \ln 2$
 4. $\frac{1}{2} \ln 2$
 5. $\frac{1}{2} \ln 2$
 6. $\frac{1}{2} \ln 2$
 7. $\frac{1}{2} \ln 2$
 8. $\frac{1}{2} \ln 2$
 9. $\frac{1}{2} \ln 2$
 10. $\frac{1}{2} \ln 2$

