



DPFG Management & Consulting, LLC

***AVALON GROVES
COMMUNITY
DEVELOPMENT DISTRICT***

Agenda Package

***Board of Supervisors
Meeting***

Date & Time:

Friday

March 31, 2017

12:30 p.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

DPFG Management & Consulting, LLC

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

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

March 28, 2017

Board of Supervisors

**Avalon Groves Community
Development District**

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Avalon Park Community Development District is scheduled for Friday March 31, 2017 at 12:30 p.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: **Friday, March 31, 2017**
Time: 12:30 p.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 February 23, 2017 Meeting Exhibit 1
- B. Acceptance of the Unaudited February 2016 Financials Exhibit 2

IV. Business Items

- A. Consideration and Adoption of Resolution 2017-14 Assessment Exhibit 3
 - Area One Project
 - Exhibit A- Engineers Supplemental Report 2-23-2017
 - Exhibit B- First Supplemental Special AMR 3-27-2017
 - Exhibit C- Assessment Area One Legal Description
 - Exhibit D- Composite
 - Maturities and Coupon of 2017 Bonds
 - Sources and Uses of Funds for 2017 Bonds
 - Annual Debt Service Payment Due on 2017 Bonds
- B. Consideration and Adoption of Resolution 2017-15 Assessment Exhibit 4
 - Area Two Project
 - Exhibit A- Engineers Supplemental Report 2-23-2017
 - Exhibit B- First Supplemental Special AMR 3-27-2017
 - Exhibit C- Assessment Area One Legal Description
 - Exhibit D- Composite
 - Maturities and Coupon of 201A-1 Bonds
 - Sources and Uses of Funds for 2017A-1 Bonds
 - Annual Debt Service Payment Due on 2017A-1 Bonds
- C. Consideration and Adoption of Resolution 2017-16 Assessment Exhibit 5
 - Area Two B Project
 - Exhibit A- Engineers Supplemental Report 2-23-2017
 - Exhibit B- First Supplemental Special AMR 3-27-2017
 - Exhibit C- Assessment Area One Legal Description
 - Exhibit D- Composite
 - Maturities and Coupon of 201A-2 Bonds
 - Sources and Uses of Funds for 2017A-2 Bonds
 - Annual Debt Service Payment Due on 2017A-2 Bonds

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 Wednesday, February 23, 2017 at 10:00 a.m. at the Cagan Crossing Community Library, 16729 Cagan Oaks, and 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 (joined in progress)
David Langhout	Board Supervisor, Assistant Secretary
Troy Simpson	Board Supervisor, Assistant Secretary
Candice Smith	Board Supervisor, Assistant Secretary

Also present were:

Patricia Comings-Thibault	District Manager
Maik Aagaard	DPFG Management & Consulting, LLC
Roy Van Wyk	District Counsel (via phone)
Gary Miller	District Engineer (via phone)
Victor Barbosa	Heidt Design (via phone)
Steve Sanford	GreenbergTraurig (via phone)

SECOND ORDER OF BUSINESS – Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS – Administrative Matters

A. Approval of Minutes of January 18, 2017 Meeting Minutes

Ms. Comings-Thibault presented the Minutes of the January 18, 2017 Meeting and asked for comments, questions or corrections.

On a MOTION by Mr. Simpson, SECONDED by Mr. Langhout, WITH ALL IN FAVOR, the Board approved the Minutes of the Meeting held on January 18, 2017 for the Avalon Groves Community Development District.

B. Acceptance of the Unaudited January 2017 Financials

Ms. Comings-Thibault presented the Unaudited January 2017 Financials and asked for comments or questions.

On a MOTION by Mr. Langhout, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved the Unaudited January 2017 Financials for the Avalon Groves Community Development District.

FOURTH ORDER OF BUSINESS – Business Items

A. Consideration and Adoption of Revised Engineer's Report

Ms. Comings-Thibault presented the Revised Engineer's Report and asked for comments or questions.

District Engineer gave an overview of the Revised Engineer's Report.

On a MOTION by Mr. Langhout, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board adopted the Revised Engineer's Report for the Avalon Groves Community Development District.

B. Consideration and Adoption of Revised AMR

Mr. Aagaard presented Consideration and Adoption of Revised AMR and asked for comments or questions.

C. Consideration & Adoption of Resolution 2017-13 Amending & Restating Resolution 2017-12 2017 Special Assessments

- Exhibit A – Bond Purchase Contract
- Exhibit B – Preliminary Limited Offering memorandum
- Exhibit C – Continuing Disclosure Agreement
- Exhibit D – First Supplemental Trust Indenture
- Exhibit D – Second Supplemental Trust Indenture
- Exhibit D – Third Supplemental Trust Indenture

Mr. Sanford presented Consideration and Adoption of Resolution 2017-13 Amending & Restating Resolution 2017-12 2017 Assessments and asked for comments or questions.

On a MOTION by Mr. Harvey, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board adopted Resolution **2017-13** Amending & Restating Resolution 2017-12 2017 Special Assessments for the Avalon Groves Community Development District.

D. Consideration & Adoption of Purchase & Sale Agreement and Escrow

Mr. Aagaard presented Consideration & Adoption of Purchase & Sale Agreement and Escrow.

Mr. Harvey gave an overview. Discussion ensued.

On a MOTION by Mr. Harvey, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board adopted the Purchase & Sale Agreement & Escrow in substantial form for the Avalon Groves Community Development District.

E. Consideration & Adoption of the Uniform Method of Collection Agreement with the Lake County Property Appraiser

Ms. Comings-Thibault presented Consideration & Adoption of the Uniform Method of Collection Agreement with the Lake County Property Appraiser and asked for comments or questions.

On a MOTION by Mr. Harvey, SECONDED by Mr. Langhout, WITH ALL IN FAVOR, the Board adopted the Uniform Method of Agreement with the Lake County Property Appraiser for the Avalon Groves Community Development District.

FIFTH ORDER OF BUSINESS – Staff Reports

A. Manager

➤ **District Management Contract Assignment**

Mr. Aagaard presented District Management contract Assignment and stated that DPFG was changing corporate identity from Inc. to LLC with no other changes.

On a MOTION by Mr. Harvey, SECONDED by Mr. Langhout, WITH ALL IN FAVOR, the Board approved the District Management Contract Assignment for the Avalon Groves Community Development District.

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. Langhout, SECONDED by Mr. Harvey, 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.*

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

Title: ☐ Secretary ☐ Assistant Secretary

Printed Name

Title: ☐ Chairman ☐ Vice Chairman

EXHIBIT 2.

Avalon Groves Community Development District

Summary Financial Statements
(Unaudited)

Period Ending
February 28, 2017

Avalon Groves Community Development District
Balance Sheet
Unaudited
February 28, 2017

	<u>GENERAL FUND</u>
<u>ASSETS:</u>	
CASH	\$ 221
INVESTMENTS:	
ACCOUNTS RECEIVABLE	5,000
TOTAL ASSETS	<u>\$ 5,221</u>
 <u>LIABILITIES:</u>	
ACCOUNTS PAYABLE	\$ 5,000
 <u>FUND BALANCE:</u>	
NONSPENDABLE:	
PREPAID AND DEPOSITS	-
ASSIGNED:	
OPERATING RESERVES	-
RESERVES - ROADWAYS	-
UNASSIGNED:	221
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 5,221</u>

Avalon Groves Community Development District
Statement of Revenue, Expenditures And Change In Fund Balance
For The Period Ending February 28, 2017

	FY2017 ADOPTED BUDGET	BUDGET YEAR-TO-DATE	ACTUAL YEAR-TO-DATE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
SPECIAL ASSESSMENTS (LANDOWNER OFF-ROLL)	\$ 220,035	\$ 91,681	\$ 64,413	\$ (27,268)
TOTAL REVENUES	220,035	91,681	64,413	(27,268)
EXPENDITURES				
GENERAL ADMINISTRATIVE				
DISTRICT MANAGEMENT SERVICES	32,000	20,000	20,000	-
BANK FEES	150	63	15	48
AUDITING SERVICES	5,500	2,292	-	2,292
REGULATORY & PERMIT FEES	175	175	175	-
LEGAL ADVERTISEMENTS	750	313	2,816	(2,503)
ENGINEERING SERVICES	10,000	4,167	1,813	2,354
LEGAL SERVICES	10,000	4,167	12,767	(8,600)
TECHNOLOGY & WEBSITE ADMIN.	960	400	400	-
APPRAISAL REPORT	-	-	4,300	(4,300)
MISC. OFFICE (PRINTING)	500	208	-	208
TOTAL GENERAL ADMINISTRATIVE	60,035	31,783	42,285	(10,501)
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	1,042	-	1,042
LANDSCAPE MAINTENANCE	25,000	10,417	-	10,417
LANDSCAPE - MISCELLANEOUS	5,000	2,083	-	2,083
WETLAND MITIGATION & MAINTENANCE	5,000	2,083	-	2,083
FIELD CONTINGENCY	100,000	41,667	-	41,667
TOTAL PHYSICAL ENVIRONMENT EXPENDITURES	137,500	57,292	-	57,292
TOTAL EXPENDITURES	220,035	91,485	44,695	46,790
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	19,719	19,719
FUND BALANCE - BEGINNING	-	-	(19,497)	(19,497)
FUND BALANCE - ENDING	\$ -	\$ -	\$ 221	\$ 221

Avalon Groves Community Development District
General Fund - Bank Reconciliation
Operating Accounts
February 28, 2017

	<u>BU</u>
Balance Per Bank Statement	\$ 6,212.29
Less: Outstanding AP Checks	(5,991.00)
<i>Adjusted Bank Balance</i>	<u><u>\$ 221.29</u></u>
Beginning Bank Balance Per Books	\$ 1,238.10
Deposits & Interest	12,602.20
Cash Disbursements	(13,619.01)
<i>Balance Per Books</i>	<u><u>\$ 221.29</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
12/09/2016		Deposit	Developer funding	7,838.30		8,573.50
12/12/2016 1006		DPFG	CDD Meeting - Oct		4,000.00	4,573.50
12/12/2016 1007		Hopping Green & Sams	Legal Services - Aug/Sep		3,427.55	1,145.95
12/12/2016 1008		Orlando Sentinel	Legal Ad		235.75	910.20
12/31/2016	EOM		Balance	7,838.30	7,663.30	910.20
01/06/2017		Developer Funding	GF 2017-04	7,933.10		8,843.30
01/09/2017 1009		DPFG	CDD Meeting - November		4,000.00	4,843.30
01/09/2017 1010		Hopping Green & Sams	Legal Svcs - October		3,525.20	1,318.10
01/09/2017 1011		The Daily Commercial	Voided		0.00	1,318.10
01/09/2017 1012		Venturesin.com, Inc.	Web Site Hosting - December		80.00	1,238.10
01/19/2017		Developer Funding	GF 2017-05	7,330.55		8,568.65
01/20/2017 1013		DPFG	CDD Meeting - December		4,000.00	4,568.65
01/20/2017 1014		Hopping Green & Sams	Legal Services		3,330.55	1,238.10
01/23/2017		Developer Funding	GF 2017-06	4,380.00		5,618.10
01/23/2017 1015		Pinel & Carpenter, Inc.	Appraisal Report		4,300.00	1,318.10
01/23/2017 1016		Venturesin.com, Inc.	Web Site Hosting - January		80.00	1,238.10
1/31/2017	EOM		Balance	19,643.65	19,315.75	1,238.10
02/09/2017		Developer Funding	GF 2017-07	6,691.20		7,929.30
02/09/2017 1017		DPFG	CDD Mtg - Jan		4,000.00	3,929.30
02/09/2017 1018		Orlando Sentinel	Legal Ads		2,691.20	1,238.10
02/14/2017 1019		Heidt Design	Engineering Svcs - Dec		812.50	425.60
02/14/2017 1020		Venturesin.com, Inc.	Web Site Hosting - Feb		80.00	345.60
02/15/2017 1021		Orlando Sentinel	Legal Ad		124.31	221.29
02/17/2017		Developer Funding	GF 2017-08	5,911.00		6,132.29
02/24/2017 1022		Hopping Green & Sams	Legal Services - Dec		5,911.00	221.29
2/28/2017	EOM		Balance	12,602.20	13,619.01	221.29

EXHIBIT 3.

RESOLUTION 2017-14

A RESOLUTION SETTING FORTH THE SPECIFIC TERMS OF THE DISTRICT'S SPECIAL ASSESSMENT BONDS, SERIES 2017 (ASSESSMENT AREA ONE PROJECT); MAKING CERTAIN FINDINGS AND CONFIRMING AND ADOPTING A SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT; ESTABLISHING AND CONFIRMING THE MAXIMUM ASSESSMENT LIEN SECURING THE SERIES 2017 BONDS (ASSESSMENT AREA ONE PROJECT); ADDRESSING THE ALLOCATION AND COLLECTION OF THE ASSESSMENTS SECURING THE SERIES 2017 BONDS (ASSESSMENT AREA ONE PROJECT); ADDRESSING TRUE-UP PAYMENTS; PROVIDING FOR THE SUPPLEMENTATION OF THE IMPROVEMENT LIEN BOOK; PROVIDING FOR CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Avalon Groves Community Development District ("**District**"), has previously indicated its intention to undertake, install, establish, construct or acquire certain public improvements and to finance such public improvements through the imposition of special assessments on benefited property within the District and the issuance of bonds; and

WHEREAS, on December 22, 2016, the District's Board of Supervisors ("**Board**") previously adopted, after notice and public hearing, Resolution 2017-08, relating to the imposition, levy, collection and enforcement of debt service special assessments to secure the repayment of such bonds; and

WHEREAS, on March 27, 2017, and in order to finance all or a portion of what is known as the "**Assessment Area One Project**," the District entered into that certain Bond Purchase Contract with FMSbonds, Inc., whereby the District agreed to sell its Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One Project) ("**2017 Bonds**") in the par amount of \$2,415,000; and

WHEREAS, pursuant to and consistent with Resolution 2017-08, the District desires to set forth the particular terms of the sale of the 2017 Bonds and confirm the lien for special assessments securing the 2017 Bonds.

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

SECTION 1. INCORPORATION OF RECITALS. All of the above representations, findings and determinations contained above are recognized as true and accurate and are expressly incorporated into this Resolution.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Florida law, including Chapters 170, 190 and 197, *Florida Statutes*, and Resolution 2017-08.

SECTION 3. FINDINGS; ADOPTION OF A SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT. The Board hereby finds and determines as follows:

(a) On December 22, 2016, the District, after due notice and public hearing, adopted Resolution 2017-08 which, among other things, equalized, approved, confirmed and levied special assessments on property benefiting from the improvements authorized by the District. That Resolution provided that as each series of bonds were issued to fund all or any portion of the District's improvements, a supplemental resolution would be adopted to set forth the specific terms of the bonds and certify the amount of the lien of the special assessments securing any portion of the bonds, including interest, costs of issuance, the number of payments due, any true-up amounts and the application of receipt of any true-up proceeds.

(b) The *Avalon Groves Community Development District Engineer's Supplemental Report*, dated February 23, 2017, attached to this Resolution as **Exhibit A** ("**Engineer's Report**"), identifies and describes the presently expected components of the Assessment Area One Project. The Engineer's Report sets forth the estimated costs of the Assessment Area One Project as \$13,686,273. The District hereby confirms that the Assessment Area One Project serves a proper, essential and valid public purpose. The Engineer's Report is hereby approved, adopted, and confirmed. The District ratifies its use in connection with the sale of the 2017 Bonds.

(c) The *Master Assessment Methodology Report*, dated October 27, 2016, as supplemented by the *First Supplemental Special Assessment Methodology Report*, dated January 16, 2017, as amended March 27, 2017, and attached to this Resolution as **Exhibit B** (the "**Assessment Report**"), applies to the Assessment Area One Project and the actual terms of the 2017 Bonds. The Assessment Report is hereby approved, adopted and confirmed. The District ratifies its use in connection with the sale of the 2017 Bonds.

(d) The Assessment Area One Project specially benefits all developable property within Assessment Area One of the District, as further described in **Exhibit C** attached hereto ("**Assessment Area One**"). Moreover, the benefits from the Assessment Area One Project funded by the 2017 Bonds and to Assessment Area One equal or exceed the amount of the special assessments ("**2017 Assessments**"), as described in **Exhibit B**, and such 2017 Assessments are fairly and reasonably allocated across Assessment Area One. It is reasonable, proper, just and right to assess the portion of the costs of the Assessment Area One Project to be financed with the 2017 Bonds to the specially benefited properties within Assessment Area One of the District as set forth in Resolution 2017-08 and this Resolution.

SECTION 4. ESTABLISHMENT AND CONFIRMATION OF MAXIMUM ASSESSMENT LIEN SECURING THE 2017 BONDS. As provided in Resolution 2017-08, this Resolution is intended to set forth the terms of the 2017 Bonds and the imposition of a final

amount of the 2017 Assessment lien. **Composite Exhibit D** shows: (i) the rates of interest and maturity on the 2017 Bonds, (ii) the estimated sources and uses of funds of the 2017 Bonds; and (iii) the debt service due on the 2017 Bonds. The lien of the 2017 Assessments shall be the principal amount due on the 2017 Bonds, together with interest and collection costs.

SECTION 5. ALLOCATION OF ASSESSMENTS SECURING 2017 BONDS.

(a) The 2017 Assessments shall be allocated in accordance with **Exhibit B**. The Assessment Report, considered herein, reflects the actual terms of the issuance of the 2017 Bonds.

(b) To the extent land is added to the District, the District may, by supplemental resolution, determine such land to be benefited by the Assessment Area One Project and reallocate the 2017 Assessments and impose special assessments on the newly added and benefited property.

(c) Debt service payments and semi-annual installments of interest are reflected on **Composite Exhibit D**. The District shall begin annual collection of the 2017 Assessments using the methods available to it by law, and in time to meet the debt service obligations set forth in **Composite Exhibit D**.

(d) Section 7 of Resolution 2017-08 sets forth the terms for collection and enforcement of the 2017 Assessments. The District hereby certifies the 2017 Assessments for collection to ensure payment of debt service as set forth in **Exhibit B** and **Composite Exhibit D**. The District Manager is directed and authorized to take all actions necessary to collect special assessments on property using methods available to the District authorized by Florida law in order to provide for the timely payment of debt service. Among other things, the District Manager shall prepare or cause to be prepared each year an assessment roll for purposes of effecting the collection of the 2017 Assessments and present same to the District Board as required by law.

(e) An owner of property subject to the Series 2017 Special Assessments may pay in whole or in part the principal balance of such Series 2017 Special Assessments at any time if there is also paid 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 (45) day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date.

(f) An owner of property subject to the levy of Series 2017 Special Assessments may pay the entire balance of the Series 2017 Special Assessments remaining due, without interest, within thirty (30) days after the related Project has been completed or acquired by the District, and the Board has adopted a resolution accepting such Project pursuant to Chapter 170.09, Florida Statutes. This provision is subject to waiver by the owner of property at any time prior to or after the issuance of the 2017A-1 Bonds.

(g) A default in the payment of the 2017 Assessments does not constitute an automatic default in the payment of any other special assessments securing any other series of bonds issued by the District, and vice versa.

(h) Any impact fee credits received for improvements funded by the 2017 Bonds may be applied to pay costs of the Assessment Area One Project or may be applied to the 2017 Bonds, or otherwise assigned to the owner of property at the District's option.

SECTION 6. APPLICATION OF TRUE-UP PAYMENTS.

(a) As parcels of land or lots are platted, the 2017 Assessments shall be allocated as set forth in the Assessment Report. In furtherance thereof, at such time as parcels or land or lots are platted, and at the intervals identified in the Assessment Report, it shall be an express condition of the lien established by this Resolution that any and all plats of any portion of the lands within Assessment Area One, as such area 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 2017 Assessments to be reallocated to the units being platted and the remaining property in accordance with the Assessment Report, 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 foregoing is based on the District's understanding that the unit numbers and types shown in the Assessment Report shall be developed on the net developable acres within Assessment Area One and is intended to ensure that the appropriate ratio of the 2017 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 the Assessment Report from being developed. In no event shall the District collect 2017 Assessments pursuant to this Resolution in excess of the total debt service related to the portion of the Assessment Area One Project funded by the proceeds of the 2017 Bonds, 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 2017 Assessments collected in excess of the District's total debt service obligation for the Assessment Area One Project, the Board shall by resolution take appropriate action to equitably reallocate the 2017 Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated 2017 Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

SECTION 7. IMPROVEMENT LIEN BOOK. Immediately following the adoption of this Resolution, the 2017 Assessments as reflected herein shall be recorded by the Secretary of

the Board of the District in the District's Improvement Lien Book. The 2017 Assessments shall be and shall remain a legal, valid and binding first lien against all benefitted property as described in **Exhibit B** 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.

SECTION 8. CONFLICTS. This Resolution is intended to supplement Resolution 2017-08, which remains in full force and effect. This Resolution and Resolution 2017-08 shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution, provided however that to the extent of any conflict, this resolution shall control. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

SECTION 9. 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 10. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED and ADOPTED this ____ day of _____, 2017.

ATTEST:

**AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT**

Secretary

Chairperson

Exhibit A:	<i>Avalon Groves Community Development District Engineer's Supplemental Report</i> , dated February 23, 2017
Exhibit B:	<i>First Supplemental Special Assessment Methodology Report</i> , dated January 16, 2017, as amended March 27, 2017
Exhibit C:	Legal Description of Assessment Area One
Comp. Exhibit D:	Maturities and Coupon of 2017 Bonds Sources and Uses of Funds for 2017 Bonds Annual Debt Service Payment Due on 2017 Bonds

Exhibit A



HEIDT
DESIGN

P: (813) 253-5311 | F: (813) 464-7629
5806-B Breckenridge Pkwy.
Tampa, FL 33610
www.heidtdesign.com

February 23, 2017

Mr. Maik Aagaard, District Manager
DPFG, Inc.
1060 Maitland Center Commons
Suite 340
Maitland, FL 32751

RE: Avalon Groves Community Development District Supplemental Engineer's Report

To Whom It Concerns:

Pursuant to the Board of Supervisor's authorization, Heidt Design, LLC is pleased to submit this Supplemental Engineer's Report for the proposed improvements for the Avalon Groves Community Development District related to the first issuance of Capital Improvement Revenue Bonds. This report has been prepared on behalf of the District in connection with the financing for these proposed initial improvements. A detailed description of the first phase of improvements and their corresponding estimates of costs are outlined in the following report.

Thank you for this opportunity to be of professional service.

Sincerely,

HEIDT DESIGN, LLC

Gary D. Miller, P.E.
District Engineer

cc: Jim Harvey, Kolter Land Partners
Roy Van Wyk, Hopping, Green & Sams, P.A.
Alyssa Willson, Hopping, Green & Sams, P.A.
File

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT ENGINEER'S SUPPLEMENTAL 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**

February 23, 2017

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INTRODUCTION

The purpose of this Supplemental Engineer's Report is to provide a description of the improvements and land acquisition that is to be financed by the District's first bond issues (collectively, the "Series 2017 Bonds"). Refer to Table 1A for a costs summary associated with the Series 2017 Bonds. Public infrastructure and land improvements needed to service the initial phases of development within the District include the construction of the Sawgrass Bay Boulevard extension from the northwest project boundary through Assessment Areas One and Two. Also included are wetland mitigation creation, listed species habitat mitigation creation and relocation costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities for the initial phases of development. Construction of the improvements associated with the Series 2017 Bonds commenced in Q4 of 2016 and is anticipated to be complete by December 2019.

As described in the Preliminary Engineer's Report, the Avalon Groves CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map in Appendix A. Assessment Area One is approximately 303 acres located in the northernmost portion of the District property and is being established as a residential active adult community with approximately 580 lots. Assessment Area Two contains approximately 334 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 and contain 479 single family detached (SFD) residential units. Assessment Area Three is approximately 335 acres in total land area and is located in the southern portion of the District property. The public infrastructure to be built for Assessment Area 3 will not be financed with the Series 2017 Bonds.

The initial phases of development for the Serenoa (fka Avalon Groves) community include infrastructure within Assessment Areas One and Two and contain approximately 1,059 residential housing units and various parks and recreational facilities. An Amenity site is planned within Assessment Area Two; however, at this time, it is anticipated to be private and not funded by the District. Updated permit status information is provided in the "Permit Status" section of this report.

This Supplemental 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 initial phases of development of the Serenoa community within the boundaries of the District. As mentioned in the Preliminary Engineer's Report, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. 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 1A.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that comprise the District 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 the acquisition costs will be allocated by the District as needed. It is anticipated that approx. 92 acres of wetlands and 81 acres of uplands located within Assessment Area One and 151 acres of wetlands and 76 acres of uplands located within Assessment Area Two will be conveyed to the District as part of the initial development; however, the acreages are still being finalized and are subject to change.

MASTER ROADS AND STREETS

Sawgrass Bay Boulevard: Only those portions of Sawgrass Bay Blvd associated with Assessment Areas One and Two will be constructed as part of the initial phase of development. As indicated in the Preliminary Engineer's Report, 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 by the District. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway as well as make required off-site modifications to the existing roadway west of the District limits. All construction plans and permitting efforts were performed and funded by the Developer. Construction of Phases 1 and 2 of the Sawgrass Bay Boulevard improvements commenced in the 4th quarter of 2016. The approximate LF of Sawgrass Bay Boulevard associated with each Assessment Area is as follows: Assessment Area 1: 2,720 LF, Assessment Area 2: 3,320 LF, Assessment Area 3: 3,035 LF. Some of the proceeds of the Series 2017 Bonds will fund Sawgrass Bay Blvd costs which are impact fee creditable. The cost to the District for such improvements will be adjusted by the amount of such impact fee credits. The Developer will be prepaying the Series 2017 A-2 Bonds at each lot closing and, therefore, will receive the benefit of the credits derived from the improvements.

MASTER WATER AND WASTEWATER

The Water Distribution, Sanitary Sewer Collection and Reuse Water Distribution systems will be owned and maintained by Utilities, Inc., a private utility owner. Consequently, the Water,

Wastewater and Reuse systems will be Developer funded and any costs associated with those utilities are excluded from this Report.

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. Only the cost of hauling and spreading the surplus fill material for the road sub-base and perimeter landscape berms will be financed by the District. Components of the surface water management infrastructure related to the first phases of development and associated with wetland / listed species mitigation are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Serenoa project. It is anticipated that all wetland and listed species mitigation costs will be divided between all lots within the Avalon Groves CDD. 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. Only the portion of the total cost of the mitigation credits and threatened and endangered species relocation costs allocable to the public lands within the District will be financed by the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential portion of the Serenoa 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 to be funded by the District. An additional 28,800 LF (5.5 miles) of local roads are anticipated to be private (gated) roadways. Asphalt for the private roadways is not CDD eligible and will be Developer funded.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Serenoa 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 Serenoa 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. Only Phases 1 and 2 of Sawgrass Bay Boulevard will be constructed and landscaped at this time.

Monument Walls: The monument walls/signs associated with the Series 2017 Bonds are as follows:

- Active Adult Village (Assessment Area 1)
- Village 1 (Assessment Area 2)
- Village 2 (Assessment Area 2)

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. Currently, this Amenity is anticipated to be funded by the Developer and 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 UPDATE

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

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

* Permits will be issued prior to Bond issuance

NOTE: AA One and some AA Two permits will not be issued prior to bond issuance

Avalon Groves Community Development District

Table 1A

Item	Assessment Area One (Active Adult) 580 Lots / 303 Ac.	Assessment Area Two (Villages 1&2) 479 Lots / 334 Ac.	Series 2017 Bond Issuance Totals AA One and AA Two 1,059 Lots / 637 Ac.
Master Infrastructure			
Land Acquisition (1)	\$2,450,850	\$2,493,600	\$4,944,450
Clearing / Earthwork (2)	\$2,464,414	\$3,732,685	\$6,197,099
Master Stormwater Management	\$1,719,152	\$1,481,068	\$3,200,220
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$3,615,780
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,962,500
Professional Fees (3)	\$1,072,500	\$936,000	\$2,008,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0
Sub-total	\$9,614,806	\$12,313,743	\$21,928,549
Residential Tract Costs			
Roadway (Local Streets)	\$1,993,260	\$1,604,186	\$3,597,446
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$1,554,000
Sub-total	\$2,827,260	\$2,324,186	\$5,151,446
Contingency	\$1,244,207	\$1,056,455	\$2,300,662
Project Total	\$13,686,273	\$15,694,385	\$29,380,657

Anticipated Buildout Assessment Area One

December, 2019

Anticipated Buildout Assessment Area Two (221 Lots)

December, 2017

Anticipated Buildout Assessment Area Two (258 Lots)

December, 2018

(1) Assumes \$26,850 for Uplands & \$3,000 for Wetlands; Land Acquisition values are based on appraisal received by District

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

(3) Professional fees for design of public infrastructure only

(4) Only mitigation costs allocable to the public lands within the District are included

(5) All Costs are in 2017 Dollars

NOTE: As of 1/31/17, the Developer has spent approximately \$1,500,000 for CDD public improvements within Assessment Areas One and Two. It is anticipated the District will reimburse the Developer for any CDD eligible costs per the approved Developer funding agreement.

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.

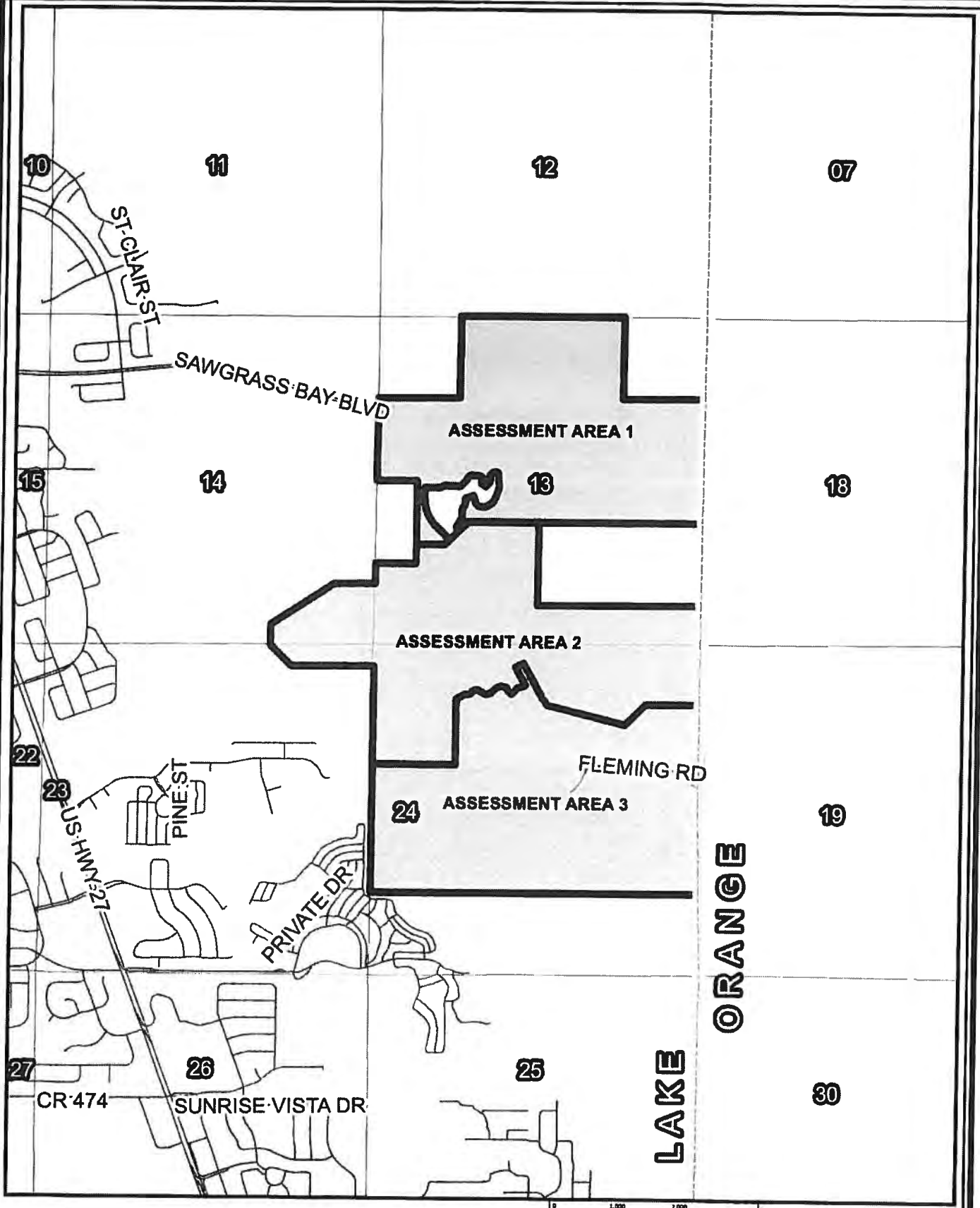
The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

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 Community Development District

Vicinity Map

Lake County

Scale: 1,000 Feet
North Arrow
HEIDT DESIGN
(813) 253-5311

HEIDT
DESIGN
(813) 253-5311

Exhibit B

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

**FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY
REPORT FOR THE ISSUANCE OF PROPOSED**

ASSESSMENT AREA ONE

**\$2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)**

AND

ASSESSMENT AREA TWO

**\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)**

**\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)**

March 27, 2017
(final pricing)



1060 Maitland Center Commons Blvd., Suite 340
Maitland, FL 32751
Phone: (321) 263-0132
www.dpfg.com

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT**

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A. Purpose of this Report

This First Supplemental Special Assessment Methodology Report describes and explains the Assessment Area One Special Assessments, Series 2017A-1 Special Assessments (Assessment Area Two Project), and Series 2017A-2 Special Assessments (Assessment Area Two Project) (collectively, the "**Series 2017 Assessments**") assigned and pledged in connection with the Avalon Groves Community Development District's (the "**District**") issuance of its

- \$2,415,000 Special Assessment Bonds, Series 2017 (Assessment Area One) (the "**Series 2017 Bonds AA One**"),
- \$7,215,000 Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "**Series 2017A-1 Bonds (AA Two Project)**"),
- \$4,400,000 Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "**Series 2017A-2 Bonds (AA Two Project)**"),

Altogether, the "**Series 2017 Bonds**".

This report supplements the District's Master Special Assessment Methodology Report, dated October 27, 2016 (the "**Master Methodology Report**"). The District has previously conducted assessment proceedings and levied a master special assessment lien over all real property within the District in accordance with the Master Methodology report, with the understanding that such lien would become "activated" in conjunction with any bonds issued by the District in the future and in connection with the financing of the District's capital improvement plan and upon adoption of a supplemental assessment methodology report. Accordingly, this Report is intended to supplement the Master Methodology Report, which remains in full force and effect. This Report and the Master Methodology Report shall be construed to the maximum extent possible to give full force and effect to the provisions of each report.

B. Purpose of the District and Issuer Information

The District is an independent unit of special purpose local government of the State of Florida, created and established in accordance with Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes (the "**Act**"), as amended, and by Ordinance No. 2016-16 approved by the Lake County, enacted April 19, 2016. 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, storm water management, water supply, sewer and wastewater management, landscape/hardscape, community amenities, professional services, and permitting pursuant to the Act. The District has the power to issue bonds to fund public improvements.

The District encompasses approximately 971.265 acres. The lands within the District are located entirely within the jurisdictional boundaries of Lake County and such lands are also part of a master planned residential community known as Avalon Groves (the "**Development**"). The Development is planned for approximately 1,352 total residential units within the District. Certain public infrastructure is needed in order to for property within the District to be developed. The District Engineer in the Engineer's Report, dated February 20, 2017, (the "**Engineer's Report**") has identified certain public, master and subdivision infrastructure improvements necessary for development of production lots within Assessment Area

One, Assessment Area Two, and Assessment Area Three of the development, and certain master and subdivision infrastructure improvements necessary for development of active adult lots within the Development. In order to finance portions of the infrastructure improvements, the District plans to issue the Series 2017 Bonds, to designate assessment areas and assign special assessments to repay these bonds, including interest, and other financing costs to certain real property within the District as described herein.

C. Overall Financing Plan and Purpose of the Series 2017 Bond Issuance

The Series 2017 Bonds are being issued for the primary purpose of funding costs related to the Series 2017 Project. In addition, net proceeds of the Series 2017 Bonds will be used to provide funds to (i) fund debt service reserve accounts for the Series 2017 Bonds, (ii) pay the costs of issuance of the Series 2017 Bonds, and (iii) pay capitalized interest. The Series 2017 Bonds are secured by and payable from Series 2017 Assessments (as described herein).

Summary of District Debt

A sources and uses table of the bond financing is enclosed herein in the Appendix. The following table summarizes the total estimated Series 2017 Bonds principal amount and maximum annual debt service amounts ("MADS") of the Series 2017 Bonds.¹

Table 1 - Total District Debt and Maximum Annual Debt Service

Bond	Par Amount	MADS
Series 2017 Bond (AA One)	\$2,415,000	\$170,337.50
2017A-1 Bond (AA Two Project)	\$7,215,000	\$517,815.63
2017A-2 Bond (AA Two Project)	\$4,400,000	\$264,000.00
Total	\$14,030,000	\$952,153.13

Each fiscal year, the CDD will certify for collection the Series 2017 Assessments on all 2017 Assessable Property (described below), apportioned proportionately to the 2017 Assessable Property until the aggregate amount of the Series 2017 Assessments has satisfied all of the debt service requirement for the Series 2017 Bonds.

D. Designation of 2017 Assessment Areas

As described in the Master Methodology Report, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. At this time, the District will issue its Series 2017 Bonds to fund improvements related to two assessment areas in the District, namely "Assessment Area One" and "Assessment Area Two" (and collectively the "2017 Assessment Areas"), which accommodates and aligns the bond financing with the Series 2017 Area One Project, and the Series 2017 Area Two Project, respectively, (collectively the "Series 2017 Project"). The Series 2017 Bonds are expected to be repaid from special assessments assigned on only those units planned within each respective 2017 Assessment Areas.

¹ Excluding early payment discount and County collection charges

Development in the 2017 Assessment Areas

At buildout, the Development is anticipated to contain a total of 1,352 single family residential lots, and it is anticipated to be developed in multiple construction phases with multiple assigned Assessment Areas. At this point, the Series 2017 Area One Project and Series 2017 Area Two Project are planned to include certain public improvements and community facilities, including District land, roads, water management and control, landscaping, hardscape, irrigation, water supply, sewer and wastewater management, professional services, and permitting. The total cost of the Series 2017 Project has been estimated to be approximately \$29 million. Refer to the Engineer's Report for further details on the relevant public improvements and community facilities. The table below shows an overview of the 2017 Assessment Areas and associated lot count and acreage.

Table 2 – Acreage and Proposed Lot Count for the 2017 Assessment Areas

Assessment Area One	Assessment Area Two
Initially comprised of 303 gross acres , assessments securing the Series 2017 Bonds (AA One) will be levied on the first 580 lots comprising Active Adults Lots.	Initially comprised of 328 gross acres , assessments securing the Series 2017 A-1 Bonds (AA Two Project) will be levied and assigned to the first 479 platted lots ; and assessments securing the Series 2017A-2 Bonds (AA Two Project) will be levied, assigned to, and absorbed by the first 221 platted lots , which are expected to comprise Villages 1&2-Phases 1A and 1B production lots.

E. Series 2017 Assessments and Assessable Property

The District will acquire or construct a portion of the Series 2017 Project, utilizing developer contributions, which are more specifically described in the Engineer's Report (the "Developer Contributions"), and proceeds from the Series 2017 Bonds, which are secured by the Series 2017 Assessments. The benefits related to the Assessable Property in the 2017 Assessment Areas are the completed public infrastructure with estimated costs in the amount of \$31 million. The Developer has spent approximately \$1,535,000 in public improvements to date. The table below shows the special assessments levied and collected on certain assessable land securing the Series 2017 Bonds.

Table 3 - Overview of Assessable Property, Special Assessments and Bonds

Assessable Property within	Benefiting From	Is Subject To	Securing
AA One	Series 2017 Area One Project	Assessment Area One Special Assessments	Series 2017 Bonds AA One
AA Two	Series 2017 Area Two Project	Series 2017A-1 Special Assessments	Series 2017A-1 Bonds (AA Two Project)
AA Two	Series 2017 Area Two Project	Series 2017A-2 Special Assessments	Series 2017A-2 Bonds (AA Two Project)

Any Developer Contributions will reduce the allocation of assessments for the associated properties that a Developer Contribution has been made for.² At this time, the Developer has chosen to contribute \$230,130 towards reducing the Series 2017 A-1 Assessments for 479 lots in Assessment Area Two and \$382,700 towards reducing the Series 2017 A-2 Assessments for 221 lots in Assessment Area Two, as opposed to all other units within the 2017 Assessment Areas that benefit from the Series 2017 Project. The following table summarizes the Adjustment and Developer Contribution.

Table 4 - Allocation of Adjustment and Developer Contribution

Description	Adjustment To Series 2017A-1 Special Assessments	Adjustment To Series 2017A-2 Special Assessments	Estimated Developer Contribution ²	Multiple
\$ Amount (proxy for benefit)	\$230,130	\$382,700	\$1,535,000	2.5

Since the Developer Contribution is approximately 2.5 times larger than the Adjustment, it essentially offsets the benefit derived from the Adjustment in an amount sufficient to effectively "pay off" the assessment that would otherwise be assigned to the benefitting units, other than the lots planned for in Assessment Areas Two.³

Assessment Area One Assessable Property

As described in the table above, the Assessment Area One Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017 Bonds AA One. The Assessment Area One Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017 Bonds AA One, and on the basis of benefit received on the assessable lands within Assessment Area One of the District, at least initially, as a result of the Series 2017 Area One Project. The following table provides an overview of the Assessable Property in Assessment Area One.

Table 5 - Assessable Property Assessment Area One

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
Series 2017 Bonds AA One	303 acres ⁴	580 Active Adult Lots	AA One Assessments

In Assessment Area One, the AA One Assessments, which secure the Series 2017 Bonds AA One, will be assigned prior to plat map recordation and development on an equal acreage basis across all of Assessment Area One. After plat map recordation, the AA One Assessments will attach on a first platted, first assessed basis to the first 580 lots comprising Active Adult Lots as described in the following table.

² Refer to the Engineer's Report for further details.

³ The Developer Contribution is 2.5 times that of the Adjustment (i.e., per \$1 of Adjustment, the Developer directly contributes \$2.5 for the District to fund the public infrastructure system). Given that all lots' benefits must be equal to or in excess of the assessments thereon, and therefore, assessments must be the same or less than the public improvement cost per unit, the implication is that the Developer Contribution has 2.5 times the benefit of the Adjustment costs/assessments.

⁴ It is anticipated that up to 173 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

Table 6 – Series 2017A: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Assigned ERU	Units	Par Amount	Par/Unit	MADS	MADS/Unit
50'	1.0	580	\$2,415,000	\$4,164	\$170,338	\$294

Assessment Area Two Project Assessable Property

The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively. The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively, and on the basis of benefit received on the assessable lands within Assessment Area Two of the District, at least initially, as a result of the Series 2017 Area Two A Project adjusted for developer contributions (described below). The following table provides an overview of the Assessable Property in Assessment Area Two.

Table 7 - Assessable Property Assessment Area Two

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured
Series 2017A-1 Bonds (AA Two Project)	328.0 acres ⁵	479 Single Family Detached Lots	Series 2017A-1 Special Assessments
Series 2017A-2 Bonds (AA Two Project)	328.0 acres ⁵	221 Single Family Detached Lots	Series 2017A-2 Special Assessments

Developer Contribution and Adjustment

The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-1 Assessments.

Table 8 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-1 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	83	0.90	74.70	15.21%	\$1,132,460	\$0	\$1,132,460	\$13,644
50	294	1.00	294.00	59.87%	\$4,457,073	(\$44,571)	\$4,412,502	\$15,009
60	102	1.20	122.40	24.92%	\$1,855,598	(\$185,560)	\$1,670,038	\$16,373
Total	479		491.10	100.00%	\$7,445,130	(\$230,130)	\$7,215,000	

⁵ It is anticipated that up to 227 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

In Assessment Area Two, the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments will be assigned prior to plat map recordation and development on an equal acreage basis across all of the 328 acres Assessment Area Two. After plat map recordation, the Series 2017A-1 Assessments will attach on a first platted, first assessed basis to the 479 lots comprising production lots as described in the following table.

Table 9 – Series 2017A-1 Special Assessments and Assessable Units After Plat Map Recordation

Lot Product Type	Units	Par Amount after Adjustment	Par/Unit	MADS	MADS/Unit
40	83	\$1,132,460	\$13,644	\$81,276	\$979
50	294	\$4,412,502	\$15,009	\$316,682	\$1,077
60	102	\$1,670,038	\$16,373	\$119,857	\$1,175
Total	479	\$7,215,000		\$517,816	

In addition, the Series 2017A-2 Assessments, which secure the Series 2017A-2 Bonds, will also be initially assigned on an equal acreage basis across all of Assessment Area Two, but will be assigned on a first platted, first assessed basis and will be absorbed by the first 228.70 ERUs. The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-2 Assessments.

Table 10 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-2 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	53	0.90	47.70	20.86%	\$997,529	(\$110,837)	\$886,692	\$16,730
50	103	1.00	103.00	45.04%	\$2,153,992	\$0	\$2,153,992	\$20,913
60	65	1.20	78.00	34.11%	\$1,631,179	(\$271,863)	\$1,359,316	\$20,913
Total	221		228.70	100.00%	\$4,782,700	(\$382,700)	\$4,400,000	

However, at the time the first 221 lots are fully developed and platted, the Series 2017A-2 Assessments are expected to be paid in full at closing with a builder as described in the following table.

Table 11 – Series 2017A-2: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Units	ERU	Total ERU	% ERU	Par Amount	Par/Unit	MADS	MADS/Unit
40	53	0.90	47.70	20.86%	\$886,692	\$16,730	\$55,063	\$1,039
50	103	1.00	103.00	45.04%	\$2,153,992	\$20,913	\$118,898	\$1,154
60	65	1.20	78.00	34.11%	\$1,359,316	\$20,913	\$90,039	\$1,385
Total	221		228.70	100.00%	\$4,400,000		\$264,000	

F. Exemptions and Non-Benefitted Property

No Special Assessment shall be assigned or attached to public property, property owner association Property, or community amenities and facilities. These properties are treated as ancillary uses as a whole, because they will serve and benefit the primary residential development. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, special assessments 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:

- Subdivision property not included within lots constituting inventory for the developer which are intended to be conveyed or have been conveyed into private ownership.
- 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.
- 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.
- 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. Assessment Allocation and Benefits

The District levied and imposed special assessment liens for lands within the District in order to secure the repayment of any bonds issued in connection with the financing of the District's capital improvement plan. As part of the Series 2017 Project, the District has designated the 2017 Assessment Areas, because the Development will be developed in multiple construction phases. In each 2017 Assessment Areas, the Series 2017 Assessments are apportioned in an amount corresponding to the debt service on the respective Series 2017 Bonds, and on the basis of benefit received by the real property that is assessable within the 2017 Assessment Areas as a result of the Series 2017 Project. It is expected that each 2017 Assessment Areas will have peculiar benefits from the Series 2017 Project at the time that such 2017 Assessment Areas is platted and individual lots are sold, that are in excess of the

Series 2017 Special Assessments that are being levied thereon. The construction costs associated with the Series 2017 Project are used as a proxy for benefit, and are the basis upon which to assign the Series 2017 Assessments to the proposed lots in the 2017 Assessment Areas.

Benefit Analysis and Allocation

In terms of benefit, the Series 2017 Project functions as a part of the total public infrastructure system provided by the District for each 2017 Assessment Areas. The estimated total cost of the public infrastructure system provided by the District, which includes the Series 2017 Project, is \$45.663 million for the completion of water management and control, roads, water supply, sewer and wastewater management, landscaping, irrigation, hardscaping on public tracts of land, and other public improvements and community facilities. Approximately \$11.5 million of public infrastructure improvements that are part of the Series 2017 Project, in the aggregate, are anticipated to be funded with the Series 2017 Bonds. The Series 2017 Project is a logical component of the District's public infrastructure system related to each 2017 Assessment Areas.

In terms of allocation, the Series 2017 Assessments are assigned over all undeveloped property on an equal acreage basis prior to plat map recordation for their respective 2017 Assessment Areas. The land within the District is currently undeveloped. It is anticipated that up to 173 in Assessment Area One and up to 227 acres in Assessment Area Two will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds to undeveloped land in each Assessment Area will be adjusted accordingly. The following table shows the Series 2017 Assessments allocation to undeveloped land prior to conveyance.

Table 12 - Series 2017 Allocation to Assessable Property Prior to Plat Map Recordation

Assessment Area	Bond Series	Par Amount	Acreage	Par Amount per Acres
One	Series 2017 Bonds AA One	\$2,415,000	302	\$7,996.69
Two Project	Series 2017A-1 Bonds (AA Two Project)	\$7,215,000	328	\$21,996.95
Two Project	Series 2017A-2 Bonds (AA Two Project)	\$4,400,000	328	\$13,414.63
Total		\$14,030,000		

H. Series 2017 Bonds Assessment Standard

To finance costs of a portion of the Series 2017 Project, the District assigns special assessments in each respective 2017 Assessment Areas, which are pledged to repay the District's Series 2017 Bonds. 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. See Sections 170.01 – 170.02 of Florida Statutes.

Although the general public outside the District will arguably benefit from the Series 2017 Project, such benefits are incidental. The facilities comprising the Series 2017 Project meet the needs of the

developed property within the 2017 Assessment Areas. Since the Series 2017 Project is not necessary for neighboring developments to obtain development approvals, the property owners within the respective 2017 Assessment Areas are therefore receiving special benefits not received by those outside the boundaries and outside of any other assessment areas within the District, and direct and cumulative benefits accrue mainly to residents. The benefits are quantified and assigned to parcels based on construction timing and costs. The costs will be spent on each of the 2017 Assessment Areas, and so, at the time when portions of the Series 2017 Project are complete and the 2017 Assessment Areas are platted, it is anticipated that the Production Lots in Assessment Area One and the Active Adult Lots in Assessment Area Two, that are subject to special assessments as described herein, will benefit more from the components comprising the Series 2017 Project, than the remaining lots in other areas in the District and will also benefit in excess of the Series 2017 Special Assessment amounts that are being levied thereon in accordance with this report.

I. True-Up

As of this date, the Developer (defined below) has informed the District that it plans to construct a total of 580 lots in connection with Assessment Area One, which represents a total of 580.0 ERUs, and 479 lots in connection with Assessment Area Two Project, which represents 491.10 ERUs. As development occurs, it is possible that the number of lots and lot mix may change within the respective 2017 Assessment Areas. In order to ensure that the Series 2017 Assessment allocation is maintained in accordance with the methodology specified by this report, a true-up analysis may be necessary ("True-Up Analysis").

This True-Up Analysis is utilized to ensure that the principal amount of the Series 2017 Assessments on a per lot and per acre basis never exceeds the initially allocated amount as contemplated in the assessment methodology described herein. In accordance with the True-Up Agreement to be entered into by the Developer and the District at the issuance of the Series 2017 Bonds, prior to the time a parcel within the respective 2017 Assessment Areas is platted and developed, or ownership is transferred by the Developer to any other entity or person with a specific number of assessable units allocated thereto, the True-Up Analysis will be conducted in accordance with the assessment methodology set forth herein and in the True-Up Agreement. As the lands within the District's 2017 Assessment Areas are developed, the allocation of the amounts assessed to and constituting a lien upon the 2017 Assessable Property will be calculated based upon certain density assumptions, which assumptions were provided by the Developer.

At such time as acreage is contained within a proposed plat, or a deed or assignment agreement between the Developer and a transferee that specifies the residential Lots or entitlements thereto being transferred to such transferee ("Entitlement Transfer Document"), the Developer agrees that such proposed plat or Entitlement Transfer Document shall be presented to the District in accordance with the terms of the True-Up Agreement. The District will allocate the Series 2017 Assessments to the 2017 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2017 Assessable Property within the District, and such reallocation will be recorded in the District's lien book. This True-Up Analysis will ensure that the Series 2017 Bond debt does not accumulate disproportionately on Undeveloped Property, or undevelopable property, within the District's 2017 Assessment Areas. In the event that the density assumptions upon which this report is based change over time as determined by any True-Up Analysis such that fewer ERUs are being developed within the respective 2017 Assessment Areas than are contemplated by this report, the True-Up Analysis will determine the amount required to be paid by the

Developer to the District in order to satisfy, in whole or in part, the Series 2017 Assessments and ensure that the Series 2017 Assessments continue to be allocated ratably against the actual density within the District's 2017 Assessment Areas in accordance with the methodology set forth in this report (the "True-Up Obligation"). The True-Up Agreement shall further set forth the terms associated with the Developer's satisfaction of the True-Up Obligation.

J. Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The District expects to bill and collect directly the assessments associated with the Series 2017 Bonds. Once platted, the County tax collector will collect the assessments on behalf of the District.

K. Document Review

The documents associated with the above referenced financing program, assessment plat and assessment roll are available for review at the District Offices at 1060 Maitland Center Commons Blvd., Suite 340, Maitland, FL 32751 Tel: (321) 263-0132.

L. Conclusion

The acquisition and construction of the Series 2017 Project using the Series 2017 Bond proceeds will be utilized for common District purposes associated with each 2017 Assessment Areas. The Series 2017 Assessments will be assigned over all 2017 Assessable Property on a fair and equitable basis for each Assessment Area as described herein. The 2017 Assessable Property will receive benefits in excess of the allocated Series 2017 Assessments. Accordingly, this is an appropriate District project that will significantly benefit the 2017 Assessable Property and enhance the District.

Special Benefit

The Series 2017 Project will provide special benefit to parcels within the District. The Series 2017 Project yields benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The assessments are fairly and equally apportioned over all 2017 Assessable Property. The benefits are quantified and assigned to parcels based on construction costs, developer contributions, and phasing.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Series 2017 Project against lands in the District. As a result of the Series 2017 Project, properties in the District receive special benefit and increase in value. Based on the premise that the Series 2017 Project makes the properties more valuable, in return it is reasonable for the District to assign the assessments on the 2017 Assessable Property within the District. The benefits will be equal to or in excess of the assessments thereon when allocated.

Best Interest

The District provides for delivering the public 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 the Series 2017 Project 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.

M. Prepayment Calculation Method

The Series 2017 Special Assessment obligation of a lot may be prepaid in full or in part at lot closing, and the obligation of the lot to pay the Series 2017 Special Assessment may be permanently satisfied; provided that a prepayment may be made only if there are no delinquent Series 2017 Special Assessments with respect to such lot at time of prepayment. The Series 2017 Special Assessment Prepayment amount is calculated as follows:

Determine the Outstanding District Debt amount allocated to the subject Lot

Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date, which shall occur at least 45 days prior to the tender of the prepayment or calculated to the next succeeding interest payment date if the prepayment is made within 45 days of the next interest payment date

Less: A proportionate amount of Capitalized Interest, if any remains at time of the prepayment

Equals: Total Prepayment Amount (PA)

Plus: Reasonable administrative fees and expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

N. Sources and Uses of Funds for the Series 2017 Project

ASSESSMENT AREA ONE

\$ 2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)

Sources	A-1
Par Amount	2,415,000
Original Issue Discount	-24,150
	<u>2,390,850</u>
Uses	
Net Construction Proceeds	1,988,905
Capitalized Interest	145,137
Debt Service Reserve Fund	170,338
Cost of Issuance	86,470
	<u>2,390,850</u>

ASSESSMENT AREA TWO Project

\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)

\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)

Sources	A-1	A-2	Total
Par Amount	7,215,000	4,400,000	11,615,000
	-210,425	-88,000	-298,425
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>
Uses			
Net Construction Proceeds	5,773,515	3,608,123	9,381,638
Capitalized Interest	454,908	282,333	737,241
Debt Service Reserve Fund	517,816	264,000	781,816
Cost of Issuance	258,336	157,544	415,880
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>

O. Allocation of Public Improvements Costs and Proposed Debt

Public improvements are a proxy for benefit. The following tables allocate public improvement costs to the properties within the District based on lot size.

Assessment Area One

Table 13 - Allocation of Public Improvement Costs

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁴	Benefit Per Lot
50'	580	1.00	580.00	100.00%	\$16,474,856	\$28,405

Table 14 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit)

Lot Width	Series 2017 Area Two B Project Principal	Benefit Per Lot	Debt Over/(Under) Benefit
50'	\$4,164	\$28,405	(\$24,241)

Assessment Area Two Project

Table 15- Allocation of Public Improvement Costs – AA Two Project

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁶	Benefit Per Lot
40	83	0.90	74.70	15.21%	\$3,027,105	\$36,471
50	294	1.00	294.00	59.87%	\$11,913,906	\$40,523
60	102	1.20	122.40	24.92%	\$4,960,075	\$48,628
Total	479.00		491.10	100.00%	\$19,901,086	

⁶ The public improvement costs listed above, include expenses and uses specific to the bond financing transaction, such as capitalized interest, debt service reserve fund deposit and cost of issuance. Refer to the Master Engineer's Report for public improvement cost details.

Table 16 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit) – AA Two Project

Lot Width	Series 2017A-1 Bonds (AA Two – A Project) Principal	Series 2017A-2 Bonds (AA Two – A Project) Principal	Total Principal	Benefit Per Lot	Debt Over/(Under) Benefit
40	\$13,644	\$16,730	\$30,374	\$36,471	(\$6,097)
50	\$15,009	\$20,913	\$35,921	\$40,523	(\$4,602)
60	\$16,373	\$20,913	\$37,285	\$48,628	(\$11,343)

P. Preliminary Assessment Roll

Table 17 - Summary of 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	\$2,415,000	\$7,996.69	\$170,338	\$564.03
Two Project	VK Avalon Groves, LLC	328.0	\$11,615,000	\$35,411.59	\$781,816	\$2,383.58
Total		630.0	\$14,030,000		\$952,153	

Footnotes:

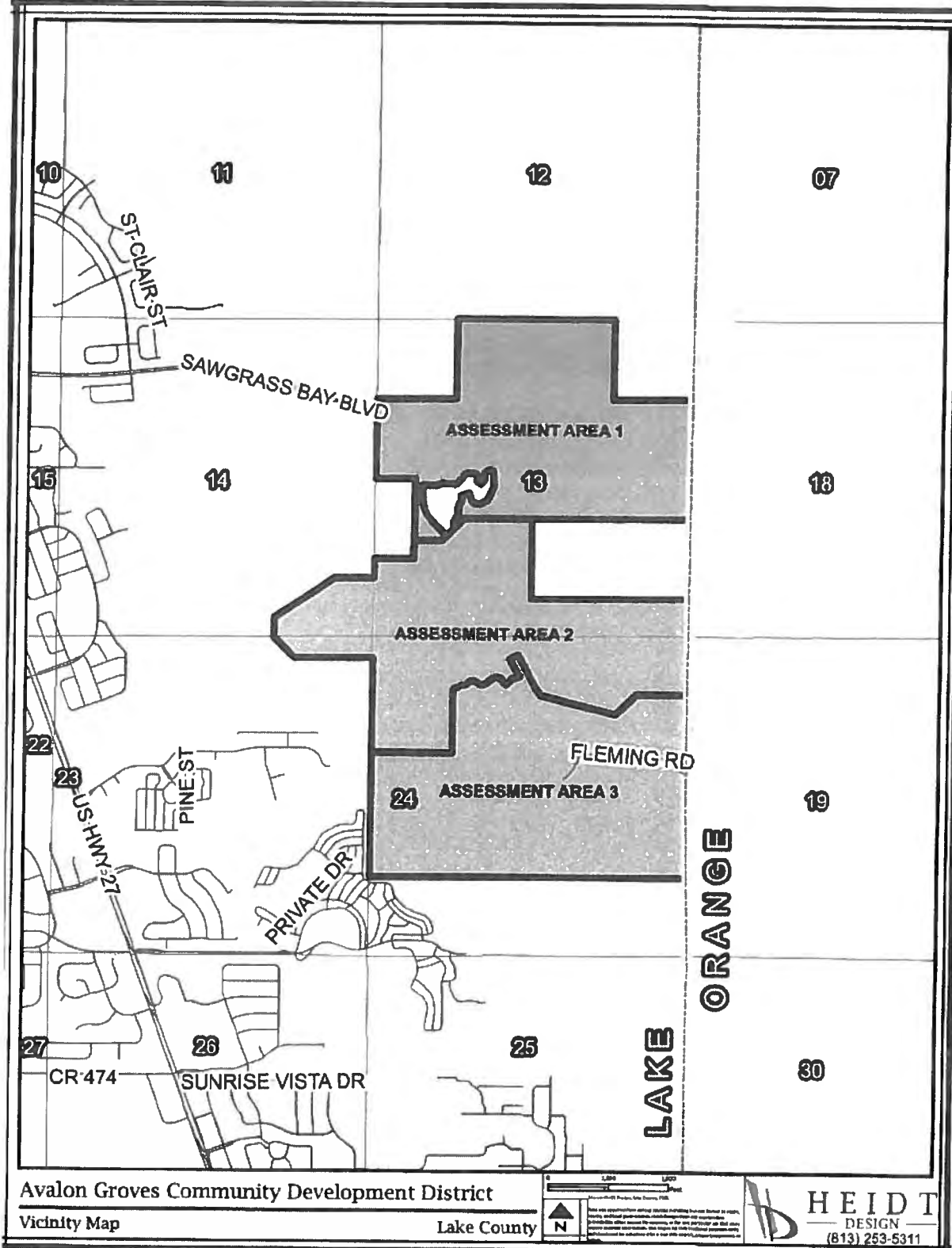
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is approximately 971 acre.

(b) Refer to Engineer's Report and Appendix for sketch of the areas.

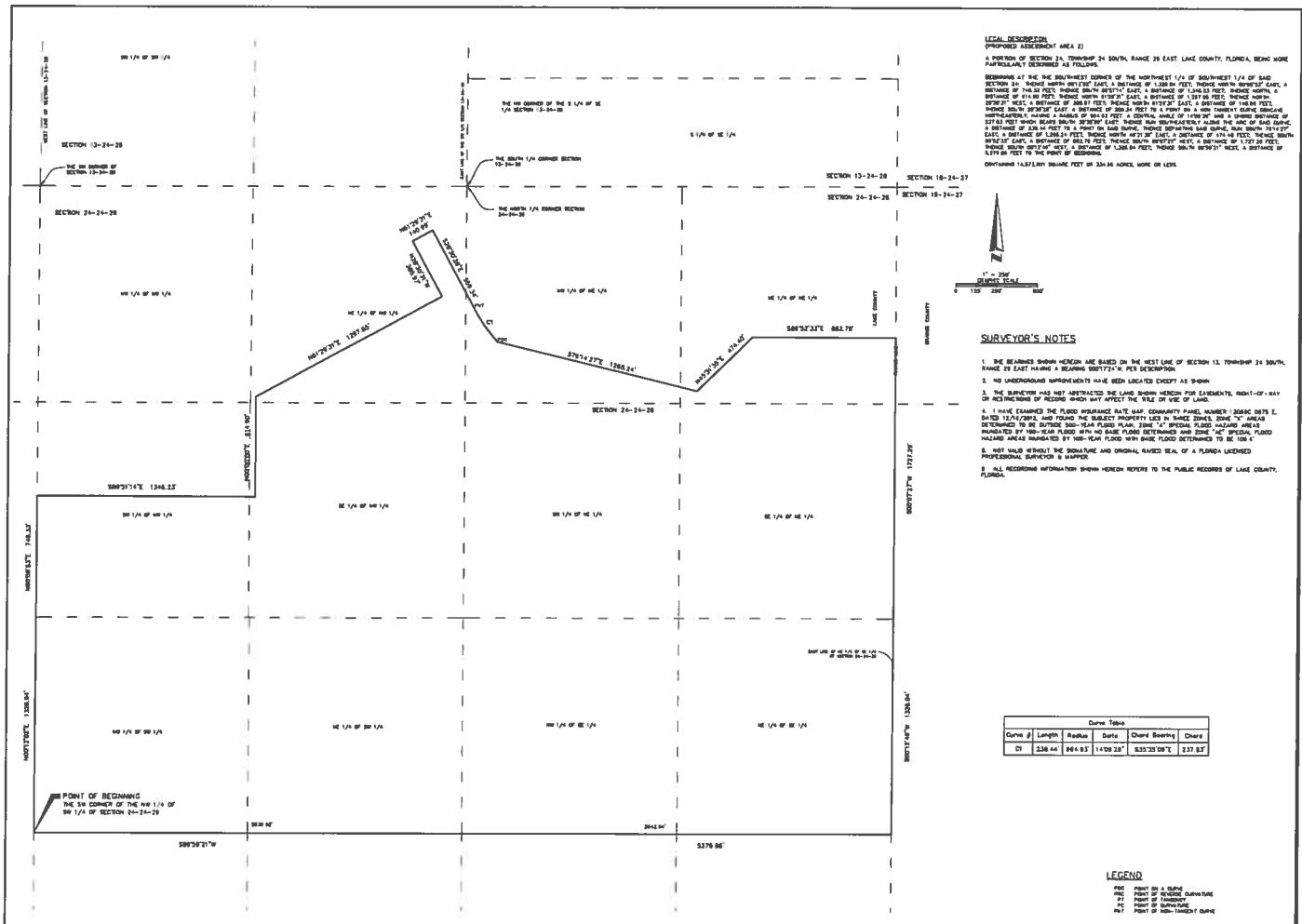
(c) The Assessments will remain assigned against Undeveloped Property on an equal acreage basis until the 2017 Assessable Property is platted.

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

Preliminary Site Plan



Legal Descriptions



SHEET 1 OF 1

BEARS IS A SKETCH AND DESCRIPTION
AND IS NOT A SURVEY. AS SUCH
IT IS NOT VALID WITHOUT THE SIGNATURE AND SEAL OF A LICENSED SURVEYOR.

8	
7	

SKETCH OF DESCRIPTION
PROPOSED ASSESSMENT AREA 3
AVALON GROVES
SECTION 24, TOWNSHIP 2, SOUTHWEST 1/4, RANGE 28 EAST
LAKE COUNTY, FLORIDA

ASAM
AMERICAN
SURVEYING
AND MAPPING INC.

JOB NO.: 31200004
FIELD DATE: N/A
SCALE: 1" = 200'
DRAWN BY: CHF
APPROVED BY: JB
C. LINDSEY, JR., P.E.
ELECTRICAL ENGINEER
16100 WILLOW PARK DRIVE
SUITE 100
DALLAS, TEXAS 75244
PHONE: 972-382-1111
FAX: 972-382-1112

[illegible]

1. THE BEARINGS SHOWN HEREON ARE BASED ON THE WEST LINE OF SECTION 24 TOWNSHIP 14 SOUTH, RANGE 30 EAST WYOMING & BEARING 007°37'77" P PER DESCRIPTION.

2. NO UNDERGROUND IMPROVEMENTS HAVE BEEN LOCATED AS SHOWN.

3. THE SURVEYOR HAS NOT ABSTRACTED THE LANDS SHOWN HEREON FOR EASEMENTS OF RIGHT OR RESTRICTIONS OF RECORD WHICH MAY AFFECT THE TITLE OR USE OF LAND.

4. I HAVE EXAMINED THE FLOOD INSURANCE RATE MAP, COMMUNITY PANEL NUMBER 13806C (RATED 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808,

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THIS IS A SKETCH AND DESCRIPTION
AND IS NOT A SURVEY, AS SUCH
SHOULD BE MADE BY THE BUREAU OF
LAND MANAGEMENT, BUREAU OF REVENUE AND
TAXATION, U.S. DEPARTMENT OF THE INTERIOR.

The NSA logo consists of the letters "NSA" in a large, bold, stylized font. To the right of the letters is a vertical stack of text: "NATIONAL SECURITY AGENCY" at the top, followed by "UNITED STATES OF AMERICA" below it. The entire logo is set against a dark background.

QID: 5120804
DATE: 12/11/2004
C: 1"= 250'
BY: JLB
CHECKED BY: JLB
HATCH FILE: 040404
DRAWN BY: JLB
DATE: 12/11/2004

Exhibit C

LEGAL DESCRIPTION

(PROPOSED ASSESSMENT AREA 1)

A PORTION OF SECTION 13, TOWNSHIP 24 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF NORTHWEST 1/4 OF SAID SECTION 13; THENCE NORTH 89°53'50" EAST, A DISTANCE OF 1,313.39 FEET; THENCE NORTH 00°16'10" EAST, A DISTANCE OF 1,327.17 FEET; THENCE NORTH 89°54'03" EAST, A DISTANCE OF 1,312.89 FEET; THENCE NORTH 89°52'45" EAST, A DISTANCE OF 1,324.37 FEET; THENCE SOUTH 00°19'03" WEST, A DISTANCE OF 1,327.26 FEET; THENCE NORTH 89°53'11" EAST, A DISTANCE OF 1,322.75 FEET; THENCE SOUTH 00°23'14" WEST, A DISTANCE OF 1,327.44 FEET; THENCE SOUTH 00°07'04" WEST, A DISTANCE OF 664.09 FEET; THENCE SOUTH 89°54'29" WEST, A DISTANCE OF 3,790.53 FEET; THENCE SOUTH 45°17'48" WEST, A DISTANCE OF 228.70 FEET; THENCE NORTH 08°56'58" WEST, A DISTANCE OF 35.59 FEET; THENCE NORTH 14°27'02" WEST, A DISTANCE OF 53.70 FEET; THENCE NORTH 31°22'56" EAST, A DISTANCE OF 53.95 FEET; THENCE NORTH 26°17'01" EAST, A DISTANCE OF 64.58 FEET; THENCE NORTH 34°42'49" EAST, A DISTANCE OF 53.19 FEET; THENCE NORTH 00°20'40" WEST, A DISTANCE OF 57.90 FEET; THENCE NORTH 05°03'54" WEST, A DISTANCE OF 58.32 FEET; THENCE NORTH 26°00'27" EAST, A DISTANCE OF 52.65 FEET; THENCE NORTH 31°49'58" EAST, A DISTANCE OF 52.27 FEET; THENCE NORTH 07°47'15" EAST, A DISTANCE OF 40.56 FEET; THENCE NORTH 00°05'55" WEST, A DISTANCE OF 60.02 FEET; THENCE NORTH 70°31'53" EAST, A DISTANCE OF 85.77 FEET; THENCE SOUTH 22°41'12" EAST, A DISTANCE OF 55.08 FEET; THENCE SOUTH 59°53'02" EAST, A DISTANCE OF 42.08 FEET; THENCE SOUTH 30°11'30" EAST, A DISTANCE OF 64.34 FEET; THENCE SOUTH 60°11'01" EAST, A DISTANCE OF 63.37 FEET; THENCE SOUTH 85°21'17" EAST, A DISTANCE OF 35.91 FEET; THENCE SOUTH 88°02'19" EAST, A DISTANCE OF 54.87 FEET; THENCE NORTH 64°21'03" EAST, A DISTANCE OF 67.33 FEET; THENCE NORTH 59°17'35" EAST, A DISTANCE OF 63.78 FEET; THENCE NORTH 28°37'17" EAST, A DISTANCE OF 107.79 FEET; THENCE NORTH 23°16'19" EAST, A DISTANCE OF 64.98 FEET; THENCE NORTH 20°28'58" EAST, A DISTANCE OF 44.59 FEET; THENCE NORTH 10°11'12" EAST, A DISTANCE OF 69.14 FEET; THENCE NORTH 06°45'16" WEST, A DISTANCE OF 62.02 FEET; THENCE NORTH 04°40'19" WEST, A DISTANCE OF 58.91 FEET; THENCE NORTH 00°34'10" EAST, A DISTANCE OF 37.88 FEET; THENCE NORTH 09°01'01" WEST, A DISTANCE OF 54.75 FEET; THENCE NORTH 48°10'15" WEST, A DISTANCE OF 45.62 FEET; THENCE SOUTH 70°43'41" WEST, A DISTANCE OF 47.64 FEET; THENCE SOUTH 43°44'02" WEST, A DISTANCE OF 75.29 FEET; THENCE SOUTH 05°29'09" EAST, A DISTANCE OF 58.52 FEET; THENCE SOUTH 13°08'54" WEST, A DISTANCE OF 53.78 FEET; THENCE SOUTH 41°14'49" WEST, A DISTANCE OF 85.95 FEET; THENCE NORTH 49°33'12" WEST, A DISTANCE OF 87.21 FEET; THENCE NORTH 06°59'09" EAST, A DISTANCE OF 65.52 FEET; THENCE NORTH 24°06'31" WEST, A DISTANCE OF 35.19 FEET; THENCE NORTH 64°02'06" WEST, A DISTANCE OF 45.70 FEET; THENCE NORTH 88°00'55" WEST, A DISTANCE OF 54.43 FEET; THENCE NORTH 81°13'17" WEST, A DISTANCE OF 50.28 FEET; THENCE SOUTH 67°21'15" WEST, A DISTANCE OF 60.77 FEET; THENCE SOUTH 34°40'21" WEST, A DISTANCE OF 91.81 FEET; THENCE SOUTH 46°37'36" WEST, A DISTANCE OF 114.82 FEET; THENCE NORTH 87°09'49" WEST, A DISTANCE OF

100.82 FEET; THENCE SOUTH $89^{\circ}18'54''$ WEST, A DISTANCE OF 77.65 FEET; THENCE NORTH $78^{\circ}01'53''$ WEST, A DISTANCE OF 56.01 FEET; THENCE SOUTH $65^{\circ}06'51''$ WEST, A DISTANCE OF 95.33 FEET; THENCE NORTH $89^{\circ}58'50''$ WEST, A DISTANCE OF 250.01 FEET; THENCE SOUTH $00^{\circ}17'48''$ WEST, A DISTANCE OF 158.94 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE EASTERLY HAVING A RADIUS OF 644.00 FEET, A CENTRAL ANGLE OF $45^{\circ}00'00''$ AND A CHORD DISTANCE 492.90 FEET WHICH BEARS SOUTH $22^{\circ}12'12''$ EAST; THENCE RUN SOUTHERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 505.80 FEET TO A POINT OF TANGENCY; THENCE SOUTH $44^{\circ}42'12''$ EAST, A DISTANCE OF 316.79 FEET; THENCE SOUTH $45^{\circ}17'48''$ WEST, A DISTANCE OF 106.00 FEET; THENCE NORTH $89^{\circ}42'12''$ WEST, A DISTANCE OF 458.67 FEET; THENCE NORTH $00^{\circ}17'48''$ EAST, A DISTANCE OF 1,023.28 FEET; THENCE SOUTH $89^{\circ}53'37''$ WEST, A DISTANCE OF 656.95 FEET; THENCE NORTH $00^{\circ}17'28''$ EAST, A DISTANCE OF 1,327.26 FEET TO THE POINT OF BEGINNING.

CONTAINING 13,165,430 SQUARE FEET OR 302.24 ACRES, MORE OR LESS.

Composite Exhibit D

BOND PRICING

Avalon Grove Community Development District Special Assessment Revenue Bonds, Series 2017

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Assessment Area 1 - Term 1:					
	05/01/2028	420,000	5.000%	5.119%	99.000
Assessment Area 1 - Term 2:					
	05/01/2048	1,995,000	5.750%	5.820%	99.000
Assessment Area 2 - A1, Term 1:					
	05/01/2028	1,205,000	5.375%	5.682%	97.500
Assessment Area 2 - A1, Term 2:					
	05/01/2048	6,010,000	6.000%	6.219%	97.000
Assessment Area 2 - A2:					
	05/01/2029	4,400,000	6.000%	6.238%	98.000
		14,030,000			

Dated Date	04/06/2017	
Delivery Date	04/06/2017	
First Coupon	11/01/2017	
Par Amount	14,030,000.00	
Original Issue Discount	-322,575.00	
Production	13,707,425.00	97.700820%
Underwriter's Discount	-280,600.00	-2.000000%
Purchase Price	13,426,825.00	95.700820%
Accrued Interest		
Net Proceeds	13,426,825.00	

SOURCES AND USES OF FUNDS

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017

Sources:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Bond Proceeds:				
Par Amount	2,415,000.00	7,215,000.00	4,400,000.00	14,030,000.00
Original Issue Discount	-24,150.00	-210,425.00	-88,000.00	-322,575.00
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00
Uses:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Other Fund Deposits:				
Debt Service Reserve Fund - AA1	170,337.50			170,337.50
Capitalized Interest AA1	145,136.98			145,136.98
Reserve Fund - AA2 -- A1		517,815.63		517,815.63
Capitalized Interest AA2 -- A1		454,908.25		454,908.25
Reserve Fund - AA2 - A2			264,000.00	264,000.00
Capitalized Interest AA2 -- A2			282,333.33	282,333.33
	315,474.48	972,723.88	546,333.33	1,834,531.69
Delivery Date Expenses:				
Cost of Issuance	38,170.08	114,036.09	69,543.83	221,750.00
Underwriter's Discount	48,300.00	144,300.00	88,000.00	280,600.00
	86,470.08	258,336.09	157,543.83	502,350.00
Other Uses of Funds:				
Construction Fund	1,988,905.44	5,773,515.03	3,608,122.84	11,370,543.31
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00

BOND DEBT SERVICE

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
11/01/2017			77,280.73	77,280.73	2,415,000	2,415,000
11/01/2018			135,712.50	135,712.50	2,415,000	2,415,000
11/01/2019	35,000	5.000%	134,837.50	169,837.50	2,380,000	2,380,000
11/01/2020	35,000	5.000%	133,087.50	168,087.50	2,345,000	2,345,000
11/01/2021	35,000	5.000%	131,337.50	166,337.50	2,310,000	2,310,000
11/01/2022	40,000	5.000%	129,462.50	169,462.50	2,270,000	2,270,000
11/01/2023	40,000	5.000%	127,462.50	167,462.50	2,230,000	2,230,000
11/01/2024	45,000	5.000%	125,337.50	170,337.50	2,185,000	2,185,000
11/01/2025	45,000	5.000%	123,087.50	168,087.50	2,140,000	2,140,000
11/01/2026	45,000	5.000%	120,837.50	165,837.50	2,095,000	2,095,000
11/01/2027	50,000	5.000%	118,462.50	168,462.50	2,045,000	2,045,000
11/01/2028	50,000	5.000%	115,962.50	165,962.50	1,995,000	1,995,000
11/01/2029	55,000	5.750%	113,131.25	168,131.25	1,940,000	1,940,000
11/01/2030	60,000	5.750%	109,825.00	169,825.00	1,880,000	1,880,000
11/01/2031	60,000	5.750%	106,375.00	166,375.00	1,820,000	1,820,000
11/01/2032	65,000	5.750%	102,781.25	167,781.25	1,755,000	1,755,000
11/01/2033	70,000	5.750%	98,900.00	168,900.00	1,685,000	1,685,000
11/01/2034	75,000	5.750%	94,731.25	169,731.25	1,610,000	1,610,000
11/01/2035	80,000	5.750%	90,275.00	170,275.00	1,530,000	1,530,000
11/01/2036	80,000	5.750%	85,675.00	165,675.00	1,450,000	1,450,000
11/01/2037	85,000	5.750%	80,931.25	165,931.25	1,365,000	1,365,000
11/01/2038	90,000	5.750%	75,900.00	165,900.00	1,275,000	1,275,000
11/01/2039	95,000	5.750%	70,581.25	165,581.25	1,180,000	1,180,000
11/01/2040	105,000	5.750%	64,831.25	169,831.25	1,075,000	1,075,000
11/01/2041	110,000	5.750%	58,650.00	168,650.00	965,000	965,000
11/01/2042	115,000	5.750%	52,181.25	167,181.25	850,000	850,000
11/01/2043	120,000	5.750%	45,425.00	165,425.00	730,000	730,000
11/01/2044	130,000	5.750%	38,237.50	168,237.50	600,000	600,000
11/01/2045	135,000	5.750%	30,618.75	165,618.75	465,000	465,000
11/01/2046	145,000	5.750%	22,568.75	167,568.75	320,000	320,000
11/01/2047	155,000	5.750%	13,943.75	168,943.75	165,000	165,000
11/01/2048	165,000	5.750%	4,743.75	169,743.75		
	2,415,000		2,833,174.48	5,248,174.48		

EXHIBIT 4.

RESOLUTION 2017-15

A RESOLUTION SETTING FORTH THE SPECIFIC TERMS OF THE DISTRICT'S SPECIAL ASSESSMENT BONDS, SERIES 2017A-1 (ASSESSMENT AREA TWO PROJECT); MAKING CERTAIN FINDINGS AND CONFIRMING AND ADOPTING A SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT; ESTABLISHING AND CONFIRMING THE MAXIMUM ASSESSMENT LIEN SECURING THE SERIES 2017A-1 BONDS (ASSESSMENT AREA TWO PROJECT); ADDRESSING THE ALLOCATION AND COLLECTION OF THE ASSESSMENTS SECURING THE SERIES 2017A-1 BONDS (ASSESSMENT AREA TWO PROJECT); ADDRESSING TRUE-UP PAYMENTS; PROVIDING FOR THE SUPPLEMENTATION OF THE IMPROVEMENT LIEN BOOK; PROVIDING FOR CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Avalon Groves Community Development District ("**District**"), has previously indicated its intention to undertake, install, establish, construct or acquire certain public improvements and to finance such public improvements through the imposition of special assessments on benefited property within the District and the issuance of bonds; and

WHEREAS, on December 22, 2016, the District's Board of Supervisors ("**Board**") previously adopted, after notice and public hearing, Resolution 2017-09, relating to the imposition, levy, collection and enforcement of debt service special assessments to secure the repayment of such bonds; and

WHEREAS, on March 27, 2017, and in order to finance all or a portion of what is known as the "**Assessment Area Two Project**," the District entered into that certain Bond Purchase Contract with FMSbonds, Inc., whereby the District agreed to sell its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) ("**2017A-1 Bonds**") in the par amount of \$7,215,000; and

WHEREAS, pursuant to and consistent with Resolution 2017-09, the District desires to set forth the particular terms of the sale of the 2017A-1 Bonds and establish and confirm the lien for special assessments securing the 2017A-1 Bonds, ("**2017A-1 Assessments**"); and

WHEREAS, the 2017A-1 Assessment lien established and imposed by this Resolution against the lands subject to the 2017A-1 Assessments, is a separate and distinct lien from all other liens imposed by the District for any other series of bonds issued on parity with the 2017A-1 Bonds.

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

SECTION 1. INCORPORATION OF RECITALS. All of the above representations, findings and determinations contained above are recognized as true and accurate and are expressly incorporated into this Resolution.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Florida law, including Chapters 170, 190 and 197, *Florida Statutes*, and Resolution 2017-09.

SECTION 3. FINDINGS; ADOPTION OF SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT. The Board hereby finds and determines as follows:

(a) On December 22, 2016, the District, after due notice and public hearing, adopted Resolution 2017-09 which, among other things, equalized, approved, confirmed and levied special assessments on property benefiting from the improvements authorized by the District. That Resolution provided that as each series of bonds were issued to fund all or any portion of the District's improvements, a supplemental resolution would be adopted to set forth the specific terms of the bonds and certify the amount of the lien of the special assessments securing any portion of the bonds, including interest, costs of issuance, the number of payments due, any true-up amounts and the application of receipt of any true-up proceeds.

(b) The *Avalon Groves Community Development District Engineer's Supplemental Report*, dated February 23, 2017, attached to this Resolution as **Exhibit A ("Engineer's Report")**, identifies and describes the presently expected components of the Assessment Area Two Project. The Engineer's Report sets forth the estimated costs of the Assessment Area Two Project as \$15,694,385. The District hereby confirms that the Assessment Area Two Project serves a proper, essential and valid public purpose. The Engineer's Report is hereby approved, adopted, and confirmed. The District ratifies its use in connection with the sale of the 2017A-1 Bonds.

(c) The *Master Assessment Methodology Report*, dated October 27, 2016, as supplemented by the *First Supplemental Special Assessment Methodology Report*, dated January 16, 2017, amended on March 27, 2017, and attached to this Resolution as **Exhibit B** (together, the "**Assessment Report**"), applies to the Assessment Area Two Project and the actual terms of the 2017A-1 Bonds. The Assessment Report is hereby approved, adopted and confirmed. The District ratifies its use in connection with the sale of the 2017A-1 Bonds.

(d) The Assessment Area Two Project specially benefits all developable property within Assessment Area Two of the District, as further described in **Exhibit C** attached hereto ("**Assessment Area Two**"). Moreover, the benefits from the Assessment Area Two Project funded by the 2017A-1 Bonds and to Assessment Area Two equal or exceed the amount of the 2017A-1 Assessments, as described in **Exhibit B**, and such 2017A-1 Assessments are fairly and reasonably allocated across Assessment Area Two. It is reasonable, proper, just and right to assess the portion of the costs of the Assessment Area Two Project to be financed with the 2017A-1 Bonds to the specially benefited properties within Assessment Area Two of the District as set forth in Resolution 2017-09 and this Resolution.

SECTION 4. ESTABLISHMENT AND CONFIRMATION OF MAXIMUM ASSESSMENT LIEN SECURING THE 2017A-1 BONDS. As provided in Resolution 2017-09, this Resolution is intended to set forth the terms of the 2017A-1 Bonds and the imposition of a final amount of the 2017A-1 Assessment lien. **Composite Exhibit D** shows: (i) the rates of interest and maturity on the 2017A-1 Bonds, (ii) the estimated sources and uses of funds of the 2017A-1 Bonds; and (iii) the debt service due on the 2017A-1 Bonds. The lien of the 2017A-1 Assessments shall be the principal amount due on the 2017A-1 Bonds, together with interest and collection costs.

SECTION 5. ALLOCATION OF ASSESSMENTS SECURING 2017A-1 BONDS.

(a) The 2017A-1 Assessments shall be allocated in accordance with **Exhibit B**. The Assessment Report, considered herein, reflects the actual terms of the issuance of the 2017A-1 Bonds.

(b) To the extent land is added to the District, the District may, by supplemental resolution, determine such land to be benefited by the Assessment Area Two Project and reallocate the 2017A-1 Assessments and impose special assessments on the newly added and benefited property.

(c) To the extent that the Developer fails to complete the Assessment Area Two Project, or otherwise fails to provide sufficient Developer Contribution or payment of funds sufficient for the District to complete the Assessment Area Two Project to support the apportionment of the 2017A-1 Assessments, the District shall

determine the actual amount of benefit and, by supplemental resolution, determine such land to be benefited by the Assessment Area Two Project and reallocate the 2017A-1 Assessments to all the lands so benefited.

(d) Debt service payments and semi-annual installments of interest are reflected on **Composite Exhibit D**. The District shall begin annual collection of the 2017A-1 Assessments using the methods available to it by law, and in time to meet the debt service obligations set forth in **Composite Exhibit D**.

(e) Section 7 of Resolution 2017-09 sets forth the terms for collection and enforcement of the 2017A-1 Assessments. The District hereby certifies the 2017A-1 Assessments for collection to ensure payment of debt service as set forth in **Exhibit B** and **Composite Exhibit D**. The District Manager is directed and authorized to take all actions necessary to collect special assessments on property using methods available to the District authorized by Florida law in order to provide for the timely payment of debt service. Among other things, the District Manager shall prepare or cause to be prepared each year an assessment roll for purposes of effecting the collection of the 2017A-1 Assessments and present same to the District Board as required by law.

(f) An owner of property subject to the Series 2017A-1 Special Assessments may pay in whole or in part the principal balance of such Series 2017A-1 Special Assessments at any time if there is also paid 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 (45) day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date.

(g) An owner of property subject to the levy of Series 2017A-1 Special Assessments may pay the entire balance of the Series 2017 Special Assessments remaining due, without interest, within thirty (30) days after the related Project has been completed or acquired by the District, and the Board has adopted a resolution accepting such Project pursuant to Chapter 170.09, Florida Statutes. This provision is subject to waiver by the owner of property at any time prior to or after the issuance of the 2017A-1 Bonds.

(h) A default in the payment of the 2017A-1 Assessments does not constitute an automatic default in the payment of any other special assessments securing any other series of bonds issued by the District, and vice versa.

(i) Any impact fee credits received for improvements funded by the 2017A-1 Bonds may be applied to pay costs of the Assessment Area Two Project, may be applied against the 2017A-1 Bonds, or otherwise assigned to the property owner at the District's option.

SECTION 6. APPLICATION OF TRUE-UP PAYMENTS.

(a) As parcels of land or lots are platted, the 2017A-1 Assessments shall be allocated as set forth in the Assessment Report. In furtherance thereof, at such time as parcels or land or lots are platted, and at the intervals identified in the Assessment Report, it shall be an express condition of the lien established by this Resolution that any and all plats of any portion of the lands within Assessment Area Two, as such area 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 2017A-1 Assessments to be reallocated to the units being platted and the remaining property in accordance with the Assessment Report, 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 foregoing is based on the District's understanding that the unit numbers and types shown in the Assessment Report shall be developed on the net developable acres within Assessment Area Two and is intended to ensure that the appropriate ratio of the 2017A-1 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 the Assessment Report from being developed. In no event shall the District collect 2017A-1 Assessments pursuant to this Resolution in excess of the total debt service related to the portion of the Assessment Area Two Project funded by the proceeds of the 2017A-1 Bonds, 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 2017A-1 Assessments collected in excess of the District's total debt service obligation for the Assessment Area Two Project, the Board shall by resolution take appropriate action to equitably reallocate the 2017A-1 Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated 2017A-1 Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

SECTION 7. IMPROVEMENT LIEN BOOK. Immediately following the adoption of this Resolution, the 2017A-1 Assessments as reflected herein shall be recorded by the Secretary of the Board of the District in the District's Improvement Lien Book. The 2017A-1 Assessments shall be and shall remain a separate legal, valid and binding first lien against all benefitted property as described in **Exhibit B** 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.

SECTION 8. CONFLICTS. This Resolution is intended to supplement Resolution 2017-09, which remains in full force and effect. This Resolution and Resolution 2017-09 shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution, provided however that to the extent of any conflict, this resolution shall control. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

SECTION 9. 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 10. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED and ADOPTED this ____ day of _____, 2017.

ATTEST:

**AVALON GROVES COMMUNITY DEVELOPMENT
DISTRICT**

Secretary

Chairperson

Exhibit A: *Avalon Groves Community Development District Engineer's Supplemental Report, dated February 23, 2017*
Exhibit B: *First Supplemental Special Assessment Methodology Report, dated January 16, 2017, amended on March 27, 2017*
Exhibit C: Legal Description of Assessment Area Two
Comp. Exhibit D: Maturities and Coupon of 2017A-1 Bonds
Sources and Uses of Funds for 2017A-1 Bonds
Annual Debt Service Payment Due on 2017A-1 Bonds

Exhibit A



HEIDT
DESIGN

P: (813) 253-5311 | F: (813) 464-7629
5806-B Breckenridge Pkwy.
Tampa, FL 33610
www.heidtdesign.com

February 23, 2017

Mr. Maik Aagaard, District Manager
DPFG, Inc.
1060 Maitland Center Commons
Suite 340
Maitland, FL 32751

RE: Avalon Groves Community Development District Supplemental Engineer's Report

To Whom It Concerns:

Pursuant to the Board of Supervisor's authorization, Heidt Design, LLC is pleased to submit this Supplemental Engineer's Report for the proposed improvements for the Avalon Groves Community Development District related to the first issuance of Capital Improvement Revenue Bonds. This report has been prepared on behalf of the District in connection with the financing for these proposed initial improvements. A detailed description of the first phase of improvements and their corresponding estimates of costs are outlined in the following report.

Thank you for this opportunity to be of professional service.

Sincerely,

HEIDT DESIGN, LLC

Gary D. Miller, P.E.
District Engineer

cc: Jim Harvey, Kolter Land Partners
Roy Van Wyk, Hopping, Green & Sams, P.A.
Alyssa Willson, Hopping, Green & Sams, P.A.
File

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT ENGINEER'S SUPPLEMENTAL 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**

February 23, 2017

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INTRODUCTION

The purpose of this Supplemental Engineer's Report is to provide a description of the improvements and land acquisition that is to be financed by the District's first bond issues (collectively, the "Series 2017 Bonds"). Refer to Table 1A for a costs summary associated with the Series 2017 Bonds. Public infrastructure and land improvements needed to service the initial phases of development within the District include the construction of the Sawgrass Bay Boulevard extension from the northwest project boundary through Assessment Areas One and Two. Also included are wetland mitigation creation, listed species habitat mitigation creation and relocation costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities for the initial phases of development. Construction of the improvements associated with the Series 2017 Bonds commenced in Q4 of 2016 and is anticipated to be complete by December 2019.

As described in the Preliminary Engineer's Report, the Avalon Groves CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map in Appendix A. Assessment Area One is approximately 303 acres located in the northernmost portion of the District property and is being established as a residential active adult community with approximately 580 lots. Assessment Area Two contains approximately 334 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 and contain 479 single family detached (SFD) residential units. Assessment Area Three is approximately 335 acres in total land area and is located in the southern portion of the District property. The public infrastructure to be built for Assessment Area 3 will not be financed with the Series 2017 Bonds.

The initial phases of development for the Serenoa (fka Avalon Groves) community include infrastructure within Assessment Areas One and Two and contain approximately 1,059 residential housing units and various parks and recreational facilities. An Amenity site is planned within Assessment Area Two; however, at this time, it is anticipated to be private and not funded by the District. Updated permit status information is provided in the "Permit Status" section of this report.

This Supplemental 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 initial phases of development of the Serenoa community within the boundaries of the District. As mentioned in the Preliminary Engineer's Report, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. 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 1A.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that comprise the District 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 the acquisition costs will be allocated by the District as needed. It is anticipated that approx. 92 acres of wetlands and 81 acres of uplands located within Assessment Area One and 151 acres of wetlands and 76 acres of uplands located within Assessment Area Two will be conveyed to the District as part of the initial development; however, the acreages are still being finalized and are subject to change.

MASTER ROADS AND STREETS

Sawgrass Bay Boulevard: Only those portions of Sawgrass Bay Blvd associated with Assessment Areas One and Two will be constructed as part of the initial phase of development. As indicated in the Preliminary Engineer's Report, 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 by the District. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway as well as make required off-site modifications to the existing roadway west of the District limits. All construction plans and permitting efforts were performed and funded by the Developer. Construction of Phases 1 and 2 of the Sawgrass Bay Boulevard improvements commenced in the 4th quarter of 2016. The approximate LF of Sawgrass Bay Boulevard associated with each Assessment Area is as follows: Assessment Area 1: 2,720 LF, Assessment Area 2: 3,320 LF, Assessment Area 3: 3,035 LF. Some of the proceeds of the Series 2017 Bonds will fund Sawgrass Bay Blvd costs which are impact fee creditable. The cost to the District for such improvements will be adjusted by the amount of such impact fee credits. The Developer will be prepaying the Series 2017 A-2 Bonds at each lot closing and, therefore, will receive the benefit of the credits derived from the improvements.

MASTER WATER AND WASTEWATER

The Water Distribution, Sanitary Sewer Collection and Reuse Water Distribution systems will be owned and maintained by Utilities, Inc., a private utility owner. Consequently, the Water,

Wastewater and Reuse systems will be Developer funded and any costs associated with those utilities are excluded from this Report.

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. Only the cost of hauling and spreading the surplus fill material for the road sub-base and perimeter landscape berms will be financed by the District. Components of the surface water management infrastructure related to the first phases of development and associated with wetland / listed species mitigation are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Serenoa project. It is anticipated that all wetland and listed species mitigation costs will be divided between all lots within the Avalon Groves CDD. 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. Only the portion of the total cost of the mitigation credits and threatened and endangered species relocation costs allocable to the public lands within the District will be financed by the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential portion of the Serenoa 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 to be funded by the District. An additional 28,800 LF (5.5 miles) of local roads are anticipated to be private (gated) roadways. Asphalt for the private roadways is not CDD eligible and will be Developer funded.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Serenoa 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 Serenoa 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. Only Phases 1 and 2 of Sawgrass Bay Boulevard will be constructed and landscaped at this time.

Monument Walls: The monument walls/signs associated with the Series 2017 Bonds are as follows:

- Active Adult Village (Assessment Area 1)
- Village 1 (Assessment Area 2)
- Village 2 (Assessment Area 2)

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. Currently, this Amenity is anticipated to be funded by the Developer and 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 UPDATE

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

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

* Permits will be issued prior to Bond issuance

NOTE: AA One and some AA Two permits will not be issued prior to bond issuance

Avalon Groves Community Development District

Table 1A

Item	Assessment Area One (Active Adult) 580 Lots / 303 Ac.	Assessment Area Two (Villages 1&2) 479 Lots / 334 Ac.	Series 2017 Bond Issuance Totals AA One and AA Two 1,059 Lots / 637 Ac.
Master Infrastructure			
Land Acquisition (1)	\$2,450,850	\$2,493,600	\$4,944,450
Clearing / Earthwork (2)	\$2,464,414	\$3,732,685	\$6,197,099
Master Stormwater Management	\$1,719,152	\$1,481,068	\$3,200,220
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$3,615,780
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,962,500
Professional Fees (3)	\$1,072,500	\$936,000	\$2,008,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0
Sub-total	\$9,614,806	\$12,313,743	\$21,928,549
Residential Tract Costs			
Roadway (Local Streets)	\$1,993,260	\$1,604,186	\$3,597,446
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$1,554,000
Sub-total	\$2,827,260	\$2,324,186	\$5,151,446
Contingency	\$1,244,207	\$1,056,455	\$2,300,662
Project Total	\$13,686,273	\$15,694,385	\$29,380,657

Anticipated Buildout Assessment Area One

December, 2019

Anticipated Buildout Assessment Area Two (221 Lots)

December, 2017

Anticipated Buildout Assessment Area Two (258 Lots)

December, 2018

(1) Assumes \$26,850 for Uplands & \$3,000 for Wetlands; Land Acquisition values are based on appraisal received by District

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

(3) Professional fees for design of public infrastructure only

(4) Only mitigation costs allocable to the public lands within the District are included

(5) All Costs are in 2017 Dollars

NOTE: As of 1/31/17, the Developer has spent approximately \$1,500,000 for CDD public improvements within Assessment Areas One and Two. It is anticipated the District will reimburse the Developer for any CDD eligible costs per the approved Developer funding agreement.

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.

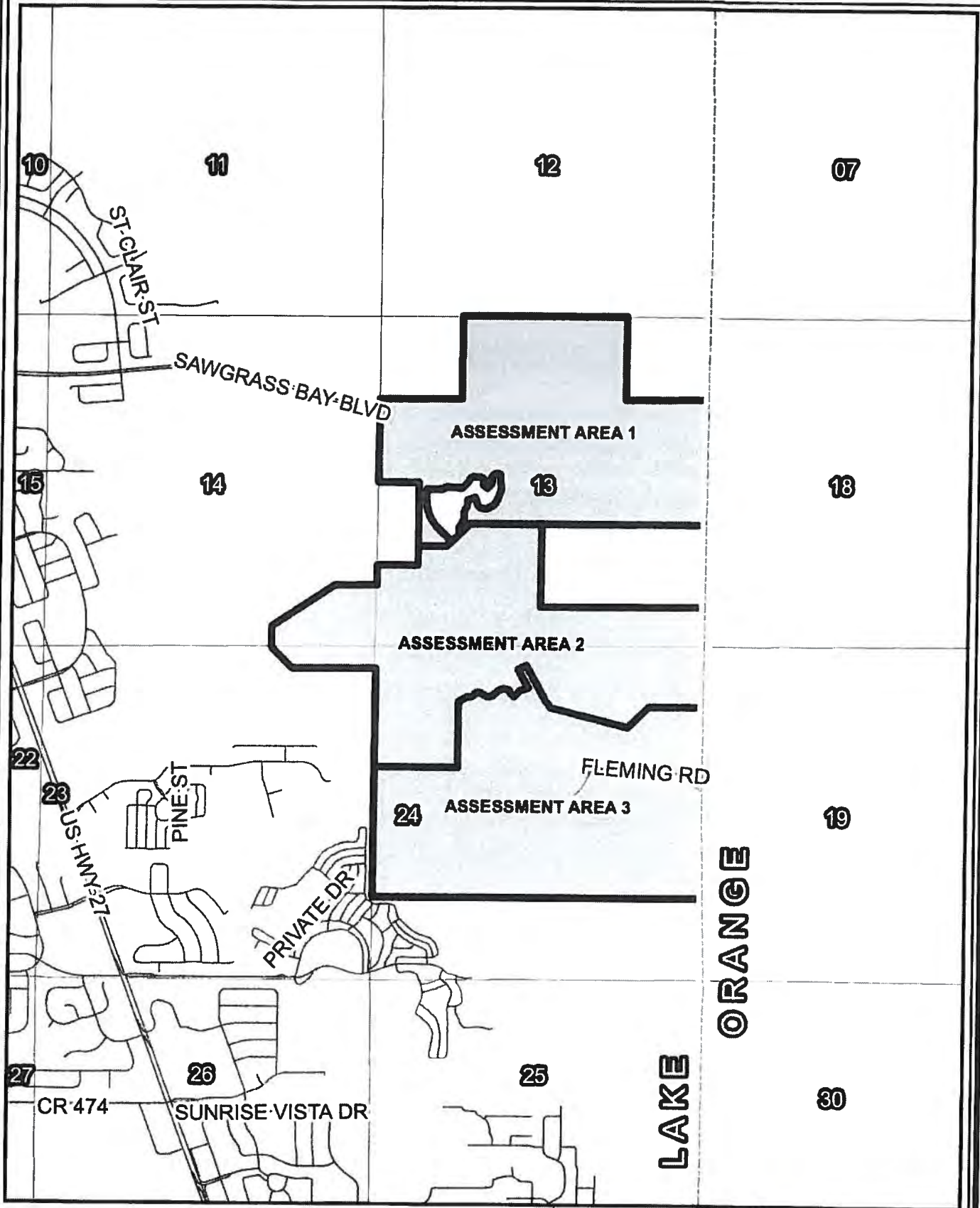
The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

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 Community Development District

Vicinity Map

Lake County

Scale: 1,000 2,000 Feet
North Arrow: N
Disclaimer: This map is based on aerial photography and is not intended to be used for any purpose other than general information. It is not a legal document and should not be used for any legal purpose.

HEIDT
DESIGN
(813) 253-5311

Exhibit B

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

**FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY
REPORT FOR THE ISSUANCE OF PROPOSED**

ASSESSMENT AREA ONE

**\$2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)**

AND

ASSESSMENT AREA TWO

**\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)**

**\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)**

March 27, 2017
(final pricing)



DPFG Management and Consulting, LLC

1060 Maitland Center Commons Blvd., Suite 340
Maitland, FL 32751
Phone: (321) 263-0132
www.dpfg.com

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT**

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A. Purpose of this Report

This First Supplemental Special Assessment Methodology Report describes and explains the Assessment Area One Special Assessments, Series 2017A-1 Special Assessments (Assessment Area Two Project), and Series 2017A-2 Special Assessments (Assessment Area Two Project) (collectively, the "**Series 2017 Assessments**") assigned and pledged in connection with the Avalon Groves Community Development District's (the "**District**") issuance of its

- \$2,415,000 Special Assessment Bonds, Series 2017 (Assessment Area One) (the "**Series 2017 Bonds AA One**"),
- \$7,215,000 Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "**Series 2017A-1 Bonds (AA Two Project)**"),
- \$4,400,000 Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "**Series 2017A-2 Bonds (AA Two Project)**"),

Altogether, the "**Series 2017 Bonds**".

This report supplements the District's Master Special Assessment Methodology Report, dated October 27, 2016 (the "**Master Methodology Report**"). The District has previously conducted assessment proceedings and levied a master special assessment lien over all real property within the District in accordance with the Master Methodology report, with the understanding that such lien would become "activated" in conjunction with any bonds issued by the District in the future and in connection with the financing of the District's capital improvement plan and upon adoption of a supplemental assessment methodology report. Accordingly, this Report is intended to supplement the Master Methodology Report, which remains in full force and effect. This Report and the Master Methodology Report shall be construed to the maximum extent possible to give full force and effect to the provisions of each report.

B. Purpose of the District and Issuer Information

The District is an independent unit of special purpose local government of the State of Florida, created and established in accordance with Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes (the "**Act**"), as amended, and by Ordinance No. 2016-16 approved by the Lake County, enacted April 19, 2016. 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, storm water management, water supply, sewer and wastewater management, landscape/hardscape, community amenities, professional services, and permitting pursuant to the Act. The District has the power to issue bonds to fund public improvements.

The District encompasses approximately 971.265 acres. The lands within the District are located entirely within the jurisdictional boundaries of Lake County and such lands are also part of a master planned residential community known as Avalon Groves (the "**Development**"). The Development is planned for approximately 1,352 total residential units within the District. Certain public infrastructure is needed in order to for property within the District to be developed. The District Engineer in the Engineer's Report, dated February 20, 2017, (the "**Engineer's Report**") has identified certain public, master and subdivision infrastructure improvements necessary for development of production lots within Assessment Area

One, Assessment Area Two, and Assessment Area Three of the development, and certain master and subdivision infrastructure improvements necessary for development of active adult lots within the Development. In order to finance portions of the infrastructure improvements, the District plans to issue the Series 2017 Bonds, to designate assessment areas and assign special assessments to repay these bonds, including interest, and other financing costs to certain real property within the District as described herein.

C. Overall Financing Plan and Purpose of the Series 2017 Bond Issuance

The Series 2017 Bonds are being issued for the primary purpose of funding costs related to the Series 2017 Project. In addition, net proceeds of the Series 2017 Bonds will be used to provide funds to (i) fund debt service reserve accounts for the Series 2017 Bonds, (ii) pay the costs of issuance of the Series 2017 Bonds, and (iii) pay capitalized interest. The Series 2017 Bonds are secured by and payable from Series 2017 Assessments (as described herein).

Summary of District Debt

A sources and uses table of the bond financing is enclosed herein in the Appendix. The following table summarizes the total estimated Series 2017 Bonds principal amount and maximum annual debt service amounts ("MADS") of the Series 2017 Bonds.¹

Table 1 - Total District Debt and Maximum Annual Debt Service

Bond	Par Amount	MADS
Series 2017 Bond (AA One)	\$2,415,000	\$170,337.50
2017A-1 Bond (AA Two Project)	\$7,215,000	\$517,815.63
2017A-2 Bond (AA Two Project)	\$4,400,000	\$264,000.00
Total	\$14,030,000	\$952,153.13

Each fiscal year, the CDD will certify for collection the Series 2017 Assessments on all 2017 Assessable Property (described below), apportioned proportionately to the 2017 Assessable Property until the aggregate amount of the Series 2017 Assessments has satisfied all of the debt service requirement for the Series 2017 Bonds.

D. Designation of 2017 Assessment Areas

As described in the Master Methodology Report, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. At this time, the District will issue its Series 2017 Bonds to fund improvements related to two assessment areas in the District, namely "Assessment Area One" and "Assessment Area Two" (and collectively the "2017 Assessment Areas"), which accommodates and aligns the bond financing with the Series 2017 Area One Project, and the Series 2017 Area Two Project, respectively, (collectively the "Series 2017 Project"). The Series 2017 Bonds are expected to be repaid from special assessments assigned on only those units planned within each respective 2017 Assessment Areas.

¹ Excluding early payment discount and County collection charges

Development in the 2017 Assessment Areas

At buildout, the Development is anticipated to contain a total of 1,352 single family residential lots, and it is anticipated to be developed in multiple construction phases with multiple assigned Assessment Areas. At this point, the Series 2017 Area One Project and Series 2017 Area Two Project are planned to include certain public improvements and community facilities, including District land, roads, water management and control, landscaping, hardscape, irrigation, water supply, sewer and wastewater management, professional services, and permitting. The total cost of the Series 2017 Project has been estimated to be approximately \$29 million. Refer to the Engineer's Report for further details on the relevant public improvements and community facilities. The table below shows an overview of the 2017 Assessment Areas and associated lot count and acreage.

Table 2 – Acreage and Proposed Lot Count for the 2017 Assessment Areas

Assessment Area One	Assessment Area Two
Initially comprised of 303 gross acres , assessments securing the Series 2017 Bonds (AA One) will be levied on the first 580 lots comprising Active Adults Lots.	Initially comprised of 328 gross acres , assessments securing the Series 2017 A-1 Bonds (AA Two Project) will be levied and assigned to the first 479 platted lots ; and assessments securing the Series 2017A-2 Bonds (AA Two Project) will be levied, assigned to, and absorbed by the first 221 platted lots , which are expected to comprise Villages 1&2-Phases 1A and 1B production lots.

E. Series 2017 Assessments and Assessable Property

The District will acquire or construct a portion of the Series 2017 Project, utilizing developer contributions, which are more specifically described in the Engineer's Report (the "Developer Contributions"), and proceeds from the Series 2017 Bonds, which are secured by the Series 2017 Assessments. The benefits related to the Assessable Property in the 2017 Assessment Areas are the completed public infrastructure with estimated costs in the amount of \$31 million. The Developer has spent approximately \$1,535,000 in public improvements to date. The table below shows the special assessments levied and collected on certain assessable land securing the Series 2017 Bonds.

Table 3 - Overview of Assessable Property, Special Assessments and Bonds

Assessable Property within	Benefiting From	Is Subject To	Securing
AA One	Series 2017 Area One Project	Assessment Area One Special Assessments	Series 2017 Bonds AA One
AA Two	Series 2017 Area Two Project	Series 2017A-1 Special Assessments	Series 2017A-1 Bonds (AA Two Project)
AA Two	Series 2017 Area Two Project	Series 2017A-2 Special Assessments	Series 2017A-2 Bonds (AA Two Project)

Any Developer Contributions will reduce the allocation of assessments for the associated properties that a Developer Contribution has been made for.² At this time, the Developer has chosen to contribute \$230,130 towards reducing the Series 2017 A-1 Assessments for 479 lots in Assessment Area Two and \$382,700 towards reducing the Series 2017 A-2 Assessments for 221 lots in Assessment Area Two, as opposed to all other units within the 2017 Assessment Areas that benefit from the Series 2017 Project. The following table summarizes the Adjustment and Developer Contribution.

Table 4 - Allocation of Adjustment and Developer Contribution

Description	Adjustment To Series 2017A-1 Special Assessments	Adjustment To Series 2017A-2 Special Assessments	Estimated Developer Contribution ²	Multiple
\$ Amount (proxy for benefit)	\$230,130	\$382,700	\$1,535,000	2.5

Since the Developer Contribution is approximately 2.5 times larger than the Adjustment, it essentially offsets the benefit derived from the Adjustment in an amount sufficient to effectively "pay off" the assessment that would otherwise be assigned to the benefitting units, other than the lots planned for in Assessment Areas Two.³

Assessment Area One Assessable Property

As described in the table above, the Assessment Area One Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017 Bonds AA One. The Assessment Area One Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017 Bonds AA One, and on the basis of benefit received on the assessable lands within Assessment Area One of the District, at least initially, as a result of the Series 2017 Area One Project. The following table provides an overview of the Assessable Property in Assessment Area One.

Table 5 - Assessable Property Assessment Area One

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
Series 2017 Bonds AA One	303 acres ⁴	580 Active Adult Lots	AA One Assessments

In Assessment Area One, the AA One Assessments, which secure the Series 2017 Bonds AA One, will be assigned prior to plat map recordation and development on an equal acreage basis across all of Assessment Area One. After plat map recordation, the AA One Assessments will attach on a first platted, first assessed basis to the first 580 lots comprising Active Adult Lots as described in the following table.

² Refer to the Engineer's Report for further details.

³ The Developer Contribution is 2.5 times that of the Adjustment (i.e., per \$1 of Adjustment, the Developer directly contributes \$2.5 for the District to fund the public infrastructure system). Given that all lots' benefits must be equal to or in excess of the assessments thereon, and therefore, assessments must be the same or less than the public improvement cost per unit, the implication is that the Developer Contribution has 2.5 times the benefit of the Adjustment costs/assessments.

⁴ It is anticipated that up to 173 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

Table 6 – Series 2017A: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Assigned ERU	Units	Par Amount	Par/Unit	MADS	MADS/Unit
50'	1.0	580	\$2,415,000	\$4,164	\$170,338	\$294

Assessment Area Two Project Assessable Property

The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively. The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively, and on the basis of benefit received on the assessable lands within Assessment Area Two of the District, at least initially, as a result of the Series 2017 Area Two A Project adjusted for developer contributions (described below). The following table provides an overview of the Assessable Property in Assessment Area Two.

Table 7 - Assessable Property Assessment Area Two

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured
Series 2017A-1 Bonds (AA Two Project)	328.0 acres ⁵	479 Single Family Detached Lots	Series 2017A-1 Special Assessments
Series 2017A-2 Bonds (AA Two Project)	328.0 acres ⁵	221 Single Family Detached Lots	Series 2017A-2 Special Assessments

Developer Contribution and Adjustment

The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-1 Assessments.

Table 8 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-1 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	83	0.90	74.70	15.21%	\$1,132,460	\$0	\$1,132,460	\$13,644
50	294	1.00	294.00	59.87%	\$4,457,073	(\$44,571)	\$4,412,502	\$15,009
60	102	1.20	122.40	24.92%	\$1,855,598	(\$185,560)	\$1,670,038	\$16,373
Total	479		491.10	100.00%	\$7,445,130	(\$230,130)	\$7,215,000	

⁵ It is anticipated that up to 227 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

In Assessment Area Two, the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments will be assigned prior to plat map recordation and development on an equal acreage basis across all of the 328 acres Assessment Area Two. After plat map recordation, the Series 2017A-1 Assessments will attach on a first platted, first assessed basis to the 479 lots comprising production lots as described in the following table.

Table 9 – Series 2017A-1 Special Assessments and Assessable Units After Plat Map Recordation

Lot Product Type	Units	Par Amount after Adjustment	Par/Unit	MADS	MADS/Unit
40	83	\$1,132,460	\$13,644	\$81,276	\$979
50	294	\$4,412,502	\$15,009	\$316,682	\$1,077
60	102	\$1,670,038	\$16,373	\$119,857	\$1,175
Total	479	\$7,215,000		\$517,816	

In addition, the Series 2017A-2 Assessments, which secure the Series 2017A-2 Bonds, will also be initially assigned on an equal acreage basis across all of Assessment Area Two, but will be assigned on a first platted, first assessed basis and will be absorbed by the first 228.70 ERUs. The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-2 Assessments.

Table 10 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-2 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	53	0.90	47.70	20.86%	\$997,529	(\$110,837)	\$886,692	\$16,730
50	103	1.00	103.00	45.04%	\$2,153,992	\$0	\$2,153,992	\$20,913
60	65	1.20	78.00	34.11%	\$1,631,179	(\$271,863)	\$1,359,316	\$20,913
Total	221		228.70	100.00%	\$4,782,700	(\$382,700)	\$4,400,000	

However, at the time the first 221 lots are fully developed and platted, the Series 2017A-2 Assessments are expected to be paid in full at closing with a builder as described in the following table.

Table 11 – Series 2017A-2: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Units	ERU	Total ERU	% ERU	Par Amount	Par/Unit	MADS	MADS/Unit
40	53	0.90	47.70	20.86%	\$886,692	\$16,730	\$55,063	\$1,039
50	103	1.00	103.00	45.04%	\$2,153,992	\$20,913	\$118,898	\$1,154
60	65	1.20	78.00	34.11%	\$1,359,316	\$20,913	\$90,039	\$1,385
Total	221		228.70	100.00%	\$4,400,000		\$264,000	

F. Exemptions and Non-Benefitted Property

No Special Assessment shall be assigned or attached to public property, property owner association Property, or community amenities and facilities. These properties are treated as ancillary uses as a whole, because they will serve and benefit the primary residential development. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, special assessments 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. Assessment Allocation and Benefits

The District levied and imposed special assessment liens for lands within the District in order to secure the repayment of any bonds issued in connection with the financing of the District's capital improvement plan. As part of the Series 2017 Project, the District has designated the 2017 Assessment Areas, because the Development will be developed in multiple construction phases. In each 2017 Assessment Areas, the Series 2017 Assessments are apportioned in an amount corresponding to the debt service on the respective Series 2017 Bonds, and on the basis of benefit received by the real property that is assessable within the 2017 Assessment Areas as a result of the Series 2017 Project. It is expected that each 2017 Assessment Areas will have peculiar benefits from the Series 2017 Project at the time that such 2017 Assessment Areas is platted and individual lots are sold, that are in excess of the

Series 2017 Special Assessments that are being levied thereon. The construction costs associated with the Series 2017 Project are used as a proxy for benefit, and are the basis upon which to assign the Series 2017 Assessments to the proposed lots in the 2017 Assessment Areas.

Benefit Analysis and Allocation

In terms of benefit, the Series 2017 Project functions as a part of the total public infrastructure system provided by the District for each 2017 Assessment Areas. The estimated total cost of the public infrastructure system provided by the District, which includes the Series 2017 Project, is \$45.663 million for the completion of water management and control, roads, water supply, sewer and wastewater management, landscaping, irrigation, hardscaping on public tracts of land, and other public improvements and community facilities. Approximately \$11.5 million of public infrastructure improvements that are part of the Series 2017 Project, in the aggregate, are anticipated to be funded with the Series 2017 Bonds. The Series 2017 Project is a logical component of the District's public infrastructure system related to each 2017 Assessment Areas.

In terms of allocation, the Series 2017 Assessments are assigned over all undeveloped property on an equal acreage basis prior to plat map recordation for their respective 2017 Assessment Areas. The land within the District is currently undeveloped. It is anticipated that up to 173 in Assessment Area One and up to 227 acres in Assessment Area Two will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds to undeveloped land in each Assessment Area will be adjusted accordingly. The following table shows the Series 2017 Assessments allocation to undeveloped land prior to conveyance.

Table 12 - Series 2017 Allocation to Assessable Property Prior to Plat Map Recordation

Assessment Area	Bond Series	Par Amount	Acreage	Par Amount per Acres
One	Series 2017 Bonds AA One	\$2,415,000	302	\$7,996.69
Two Project	Series 2017A-1 Bonds (AA Two Project)	\$7,215,000	328	\$21,996.95
Two Project	Series 2017A-2 Bonds (AA Two Project)	\$4,400,000	328	\$13,414.63
Total		\$14,030,000		

H. Series 2017 Bonds Assessment Standard

To finance costs of a portion of the Series 2017 Project, the District assigns special assessments in each respective 2017 Assessment Areas, which are pledged to repay the District's Series 2017 Bonds. 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. See Sections 170.01 – 170.02 of Florida Statutes.

Although the general public outside the District will arguably benefit from the Series 2017 Project, such benefits are incidental. The facilities comprising the Series 2017 Project meet the needs of the

developed property within the 2017 Assessment Areas. Since the Series 2017 Project is not necessary for neighboring developments to obtain development approvals, the property owners within the respective 2017 Assessment Areas are therefore receiving special benefits not received by those outside the boundaries and outside of any other assessment areas within the District, and direct and cumulative benefits accrue mainly to residents. The benefits are quantified and assigned to parcels based on construction timing and costs. The costs will be spent on each of the 2017 Assessment Areas, and so, at the time when portions of the Series 2017 Project are complete and the 2017 Assessment Areas are platted, it is anticipated that the Production Lots in Assessment Area One and the Active Adult Lots in Assessment Area Two, that are subject to special assessments as described herein, will benefit more from the components comprising the Series 2017 Project, than the remaining lots in other areas in the District and will also benefit in excess of the Series 2017 Special Assessment amounts that are being levied thereon in accordance with this report.

I. True-Up

As of this date, the Developer (defined below) has informed the District that it plans to construct a total of 580 lots in connection with Assessment Area One, which represents a total of 580.0 ERUs, and 479 lots in connection with Assessment Area Two Project, which represents 491.10 ERUs. As development occurs, it is possible that the number of lots and lot mix may change within the respective 2017 Assessment Areas. In order to ensure that the Series 2017 Assessment allocation is maintained in accordance with the methodology specified by this report, a true-up analysis may be necessary ("True-Up Analysis").

This True-Up Analysis is utilized to ensure that the principal amount of the Series 2017 Assessments on a per lot and per acre basis never exceeds the initially allocated amount as contemplated in the assessment methodology described herein. In accordance with the True-Up Agreement to be entered into by the Developer and the District at the issuance of the Series 2017 Bonds, prior to the time a parcel within the respective 2017 Assessment Areas is platted and developed, or ownership is transferred by the Developer to any other entity or person with a specific number of assessable units allocated thereto, the True-Up Analysis will be conducted in accordance with the assessment methodology set forth herein and in the True-Up Agreement. As the lands within the District's 2017 Assessment Areas are developed, the allocation of the amounts assessed to and constituting a lien upon the 2017 Assessable Property will be calculated based upon certain density assumptions, which assumptions were provided by the Developer.

At such time as acreage is contained within a proposed plat, or a deed or assignment agreement between the Developer and a transferee that specifies the residential Lots or entitlements thereto being transferred to such transferee ("Entitlement Transfer Document"), the Developer agrees that such proposed plat or Entitlement Transfer Document shall be presented to the District in accordance with the terms of the True-Up Agreement. The District will allocate the Series 2017 Assessments to the 2017 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2017 Assessable Property within the District, and such reallocation will be recorded in the District's lien book. This True-Up Analysis will ensure that the Series 2017 Bond debt does not accumulate disproportionately on Undeveloped Property, or undevelopable property, within the District's 2017 Assessment Areas. In the event that the density assumptions upon which this report is based change over time as determined by any True-Up Analysis such that fewer ERUs are being developed within the respective 2017 Assessment Areas than are contemplated by this report, the True-Up Analysis will determine the amount required to be paid by the

Developer to the District in order to satisfy, in whole or in part, the Series 2017 Assessments and ensure that the Series 2017 Assessments continue to be allocated ratably against the actual density within the District's 2017 Assessment Areas in accordance with the methodology set forth in this report (the "True-Up Obligation"). The True-Up Agreement shall further set forth the terms associated with the Developer's satisfaction of the True-Up Obligation.

J. Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The District expects to bill and collect directly the assessments associated with the Series 2017 Bonds. Once platted, the County tax collector will collect the assessments on behalf of the District.

K. Document Review

The documents associated with the above referenced financing program, assessment plat and assessment roll are available for review at the District Offices at 1060 Maitland Center Commons Blvd., Suite 340, Maitland, FL 32751 Tel: (321) 263-0132.

L. Conclusion

The acquisition and construction of the Series 2017 Project using the Series 2017 Bond proceeds will be utilized for common District purposes associated with each 2017 Assessment Areas. The Series 2017 Assessments will be assigned over all 2017 Assessable Property on a fair and equitable basis for each Assessment Area as described herein. The 2017 Assessable Property will receive benefits in excess of the allocated Series 2017 Assessments. Accordingly, this is an appropriate District project that will significantly benefit the 2017 Assessable Property and enhance the District.

Special Benefit

The Series 2017 Project will provide special benefit to parcels within the District. The Series 2017 Project yields benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The assessments are fairly and equally apportioned over all 2017 Assessable Property. The benefits are quantified and assigned to parcels based on construction costs, developer contributions, and phasing.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Series 2017 Project against lands in the District. As a result of the Series 2017 Project, properties in the District receive special benefit and increase in value. Based on the premise that the Series 2017 Project makes the properties more valuable, in return it is reasonable for the District to assign the assessments on the 2017 Assessable Property within the District. The benefits will be equal to or in excess of the assessments thereon when allocated.

Best Interest

The District provides for delivering the public 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 the Series 2017 Project 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.

M. Prepayment Calculation Method

The Series 2017 Special Assessment obligation of a lot may be prepaid in full or in part at lot closing, and the obligation of the lot to pay the Series 2017 Special Assessment may be permanently satisfied; provided that a prepayment may be made only if there are no delinquent Series 2017 Special Assessments with respect to such lot at time of prepayment. The Series 2017 Special Assessment Prepayment amount is calculated as follows:

Determine the Outstanding District Debt amount allocated to the subject Lot

Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date, which shall occur at least 45 days prior to the tender of the prepayment or calculated to the next succeeding interest payment date if the prepayment is made within 45 days of the next interest payment date

Less: A proportionate amount of Capitalized Interest, if any remains at time of the prepayment

Equals: Total Prepayment Amount (PA)

Plus: Reasonable administrative fees and expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

N. Sources and Uses of Funds for the Series 2017 Project

ASSESSMENT AREA ONE

\$ 2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)

Sources	A-1
Par Amount	2,415,000
Original Issue Discount	-24,150
	<u>2,390,850</u>
Uses	
Net Construction Proceeds	1,988,905
Capitalized Interest	145,137
Debt Service Reserve Fund	170,338
Cost of Issuance	86,470
	<u>2,390,850</u>

ASSESSMENT AREA TWO Project

\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)

\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)

Sources	A-1	A-2	Total
Par Amount	7,215,000	4,400,000	11,615,000
	-210,425	-88,000	-298,425
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>
Uses			
Net Construction Proceeds	5,773,515	3,608,123	9,381,638
Capitalized Interest	454,908	282,333	737,241
Debt Service Reserve Fund	517,816	264,000	781,816
Cost of Issuance	258,336	157,544	415,880
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>

O. Allocation of Public Improvements Costs and Proposed Debt

Public improvements are a proxy for benefit. The following tables allocate public improvement costs to the properties within the District based on lot size.

Assessment Area One

Table 13 - Allocation of Public Improvement Costs

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁴	Benefit Per Lot
50'	580	1.00	580.00	100.00%	\$16,474,856	\$28,405

Table 14 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit)

Lot Width	Series 2017 Area Two B Project Principal	Benefit Per Lot	Debt Over/(Under) Benefit
50'	\$4,164	\$28,405	(\$24,241)

Assessment Area Two Project

Table 15- Allocation of Public Improvement Costs – AA Two Project

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁶	Benefit Per Lot
40	83	0.90	74.70	15.21%	\$3,027,105	\$36,471
50	294	1.00	294.00	59.87%	\$11,913,906	\$40,523
60	102	1.20	122.40	24.92%	\$4,960,075	\$48,628
Total	479.00		491.10	100.00%	\$19,901,086	

⁶ The public improvement costs listed above, include expenses and uses specific to the bond financing transaction, such as capitalized interest, debt service reserve fund deposit and cost of issuance. Refer to the Master Engineer's Report for public improvement cost details.

Table 16 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit) – AA Two Project

Lot Width	Series 2017A-1 Bonds (AA Two – A Project) Principal	Series 2017A-2 Bonds (AA Two – A Project) Principal	Total Principal	Benefit Per Lot	Debt Over/(Under) Benefit
40	\$13,644	\$16,730	\$30,374	\$36,471	(\$6,097)
50	\$15,009	\$20,913	\$35,921	\$40,523	(\$4,602)
60	\$16,373	\$20,913	\$37,285	\$48,628	(\$11,343)

P. Preliminary Assessment Roll

Table 17 - Summary of 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	\$2,415,000	\$7,996.69	\$170,338	\$564.03
Two Project	VK Avalon Groves, LLC	328.0	\$11,615,000	\$35,411.59	\$781,816	\$2,383.58
Total		630.0	\$14,030,000		\$952,153	

Footnotes:

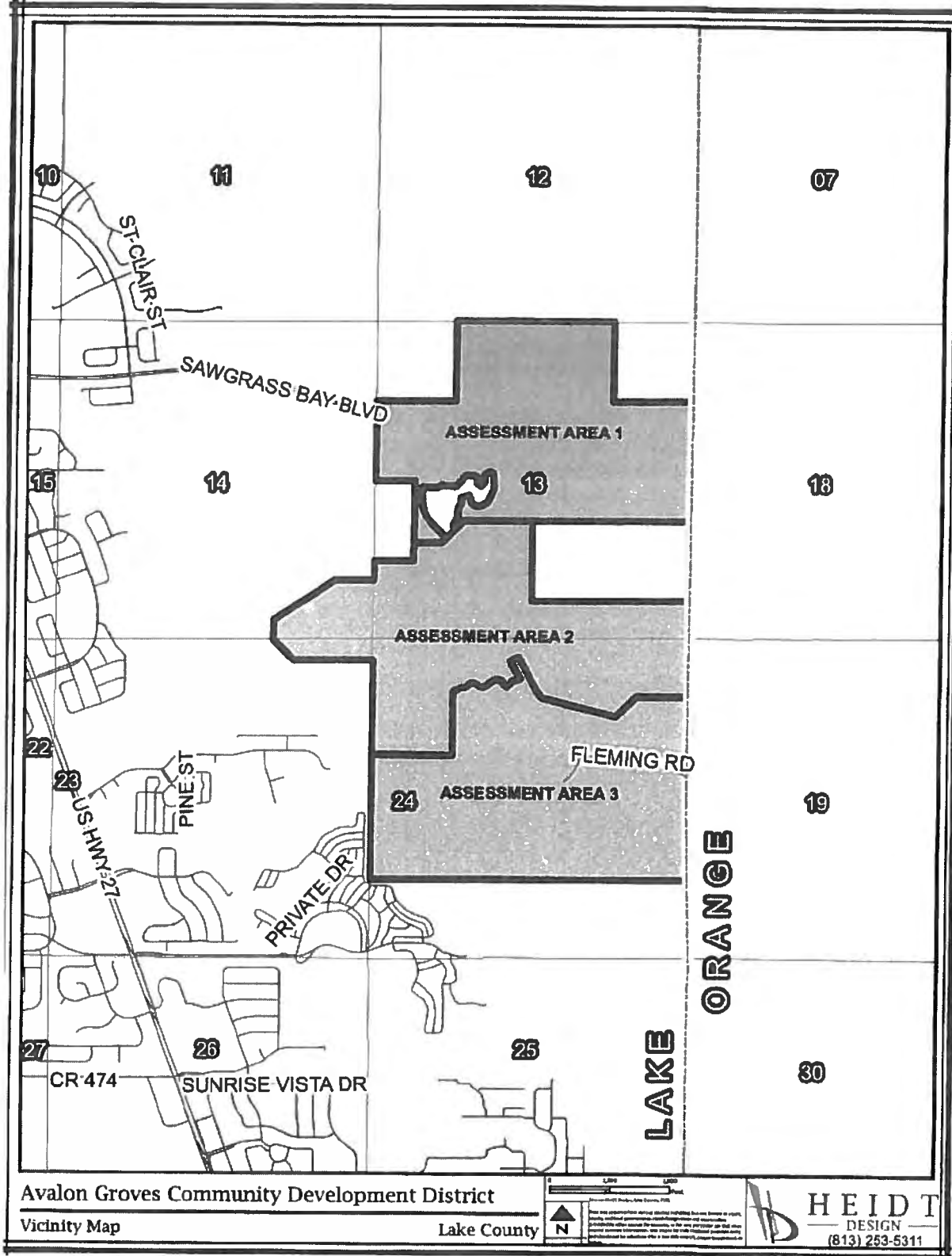
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is approximately 971 acre.

(b) Refer to Engineer's Report and Appendix for sketch of the areas.

(c) The Assessments will remain assigned against Undeveloped Property on an equal acreage basis until the 2017 Assessable Property is platted.

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

Preliminary Site Plan



Avalon Groves Community Development District

Vicinity Map

Lake County



HEIDT
DESIGN
(813) 253-5311

Legal Descriptions

Exhibit C

LEGAL DESCRIPTION

(PROPOSED ASSESSMENT AREA 2)

A PORTION OF SECTION 24, TOWNSHIP 24 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SOUTHWEST 1/4 OF SAID SECTION 24; THENCE NORTH 00°12'02" EAST, A DISTANCE OF 1,326.04 FEET; THENCE NORTH 00°08'53" EAST, A DISTANCE OF 746.33 FEET; THENCE SOUTH 89°51'14" EAST, A DISTANCE OF 1,346.23 FEET; THENCE NORTH, A DISTANCE OF 614.90 FEET; THENCE NORTH 61°29'31" EAST, A DISTANCE OF 1,297.85 FEET; THENCE NORTH 28°30'31" WEST, A DISTANCE OF 385.97 FEET; THENCE NORTH 61°29'31" EAST, A DISTANCE OF 140.99 FEET; THENCE SOUTH 28°30'28" EAST, A DISTANCE OF 559.34 FEET TO A POINT ON A NON TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 964.93 FEET, A CENTRAL ANGLE OF 14°09'29" AND A CHORD DISTANCE OF 237.83 FEET WHICH BEARS SOUTH 35°35'09" EAST; THENCE RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 238.44 FEET TO A POINT ON SAID CURVE; THENCE DEPARTING SAID CURVE, RUN SOUTH 76°14'27" EAST, A DISTANCE OF 1,265.24 FEET; THENCE NORTH 45°31'35" EAST, A DISTANCE OF 474.40 FEET; THENCE SOUTH 89°52'33" EAST, A DISTANCE OF 882.78 FEET; THENCE SOUTH 00°07'27" WEST, A DISTANCE OF 1,727.29 FEET; THENCE SOUTH 00°12'49" WEST, A DISTANCE OF 1,326.04 FEET; THENCE SOUTH 89°59'21" WEST, A DISTANCE OF 5,279.86 FEET TO THE POINT OF BEGINNING.

CONTAINING 14,573,001 SQUARE FEET OR 334.55 ACRES, MORE OR LESS.

Composite Exhibit D

BOND PRICING

Avalon Grove Community Development District Special Assessment Revenue Bonds, Series 2017

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Assessment Area 1 - Term 1:					
	05/01/2028	420,000	5.000%	5.119%	99.000
Assessment Area 1 - Term 2:					
	05/01/2048	1,995,000	5.750%	5.820%	99.000
Assessment Area 2 - A1, Term 1:					
	05/01/2028	1,205,000	5.375%	5.682%	97.500
Assessment Area 2 - A1, Term 2:					
	05/01/2048	6,010,000	6.000%	6.219%	97.000
Assessment Area 2 - A2:					
	05/01/2029	4,400,000	6.000%	6.238%	98.000
		14,030,000			

Dated Date	04/06/2017	
Delivery Date	04/06/2017	
First Coupon	11/01/2017	
Par Amount	14,030,000.00	
Original Issue Discount	-322,575.00	
Production	13,707,425.00	97.700820%
Underwriter's Discount	-280,600.00	-2.000000%
Purchase Price	13,426,825.00	95.700820%
Accrued Interest		
Net Proceeds	13,426,825.00	

SOURCES AND USES OF FUNDS

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017

Sources:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Bond Proceeds:				
Par Amount	2,415,000.00	7,215,000.00	4,400,000.00	14,030,000.00
Original Issue Discount	-24,150.00	-210,425.00	-88,000.00	-322,575.00
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00
Uses:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Other Fund Deposits:				
Debt Service Reserve Fund - AA1	170,337.50			170,337.50
Capitalized Interest AA1	145,136.98			145,136.98
Reserve Fund - AA2 -- A1		517,815.63		517,815.63
Capitalized Interest AA2 -- A1		454,908.25		454,908.25
Reserve Fund - AA2 - A2			264,000.00	264,000.00
Capitalized Interest AA2 -- A2			282,333.33	282,333.33
	315,474.48	972,723.88	546,333.33	1,834,531.69
Delivery Date Expenses:				
Cost of Issuance	38,170.08	114,036.09	69,543.83	221,750.00
Underwriter's Discount	48,300.00	144,300.00	88,000.00	280,600.00
	86,470.08	258,336.09	157,543.83	502,350.00
Other Uses of Funds:				
Construction Fund	1,988,905.44	5,773,515.03	3,608,122.84	11,370,543.31
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00

BOND DEBT SERVICE

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
11/01/2017			242,223.87	242,223.87	7,215,000	7,215,000
11/01/2018			425,368.76	425,368.76	7,215,000	7,215,000
11/01/2019	95,000	5.375%	422,815.63	517,815.63	7,120,000	7,120,000
11/01/2020	100,000	5.375%	417,575.00	517,575.00	7,020,000	7,020,000
11/01/2021	105,000	5.375%	412,065.63	517,065.63	6,915,000	6,915,000
11/01/2022	110,000	5.375%	406,287.51	516,287.51	6,805,000	6,805,000
11/01/2023	115,000	5.375%	400,240.63	515,240.63	6,690,000	6,690,000
11/01/2024	120,000	5.375%	393,925.00	513,925.00	6,570,000	6,570,000
11/01/2025	130,000	5.375%	387,206.25	517,206.25	6,440,000	6,440,000
11/01/2026	135,000	5.375%	380,084.38	515,084.38	6,305,000	6,305,000
11/01/2027	145,000	5.375%	372,559.38	517,559.38	6,160,000	6,160,000
11/01/2028	150,000	5.375%	364,631.25	514,631.25	6,010,000	6,010,000
11/01/2029	160,000	6.000%	355,800.00	515,800.00	5,850,000	5,850,000
11/01/2030	170,000	6.000%	345,900.00	515,900.00	5,680,000	5,680,000
11/01/2031	180,000	6.000%	335,400.00	515,400.00	5,500,000	5,500,000
11/01/2032	190,000	6.000%	324,300.00	514,300.00	5,310,000	5,310,000
11/01/2033	205,000	6.000%	312,450.00	517,450.00	5,105,000	5,105,000
11/01/2034	215,000	6.000%	299,850.00	514,850.00	4,890,000	4,890,000
11/01/2035	230,000	6.000%	286,500.00	516,500.00	4,660,000	4,660,000
11/01/2036	245,000	6.000%	272,250.00	517,250.00	4,415,000	4,415,000
11/01/2037	260,000	6.000%	257,100.00	517,100.00	4,155,000	4,155,000
11/01/2038	275,000	6.000%	241,050.00	516,050.00	3,880,000	3,880,000
11/01/2039	290,000	6.000%	224,100.00	514,100.00	3,590,000	3,590,000
11/01/2040	310,000	6.000%	206,100.00	516,100.00	3,280,000	3,280,000
11/01/2041	330,000	6.000%	186,900.00	516,900.00	2,950,000	2,950,000
11/01/2042	350,000	6.000%	166,500.00	516,500.00	2,600,000	2,600,000
11/01/2043	370,000	6.000%	144,900.00	514,900.00	2,230,000	2,230,000
11/01/2044	395,000	6.000%	121,950.00	516,950.00	1,835,000	1,835,000
11/01/2045	420,000	6.000%	97,500.00	517,500.00	1,415,000	1,415,000
11/01/2046	445,000	6.000%	71,550.00	516,550.00	970,000	970,000
11/01/2047	470,000	6.000%	44,100.00	514,100.00	500,000	500,000
11/01/2048	500,000	6.000%	15,000.00	515,000.00		
	7,215,000		8,934,183.29	16,149,183.29		

EXHIBIT 5.

RESOLUTION 2017-16

A RESOLUTION SETTING FORTH THE SPECIFIC TERMS OF THE DISTRICT'S SPECIAL ASSESSMENT BONDS, SERIES 2017A-2 (ASSESSMENT AREA TWO PROJECT); MAKING CERTAIN FINDINGS AND CONFIRMING AND ADOPTING A SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT; ESTABLISHING AND CONFIRMING THE MAXIMUM ASSESSMENT LIEN SECURING THE SERIES 2017A-2 BONDS (ASSESSMENT AREA TWO PROJECT); ADDRESSING THE ALLOCATION AND COLLECTION OF THE ASSESSMENTS SECURING THE SERIES 2017A-2 BONDS (ASSESSMENT AREA TWO PROJECT); ADDRESSING TRUE-UP PAYMENTS; PROVIDING FOR THE SUPPLEMENTATION OF THE IMPROVEMENT LIEN BOOK; PROVIDING FOR CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Avalon Groves Community Development District ("**District**"), has previously indicated its intention to undertake, install, establish, construct or acquire certain public improvements and to finance such public improvements through the imposition of special assessments on benefited property within the District and the issuance of bonds; and

WHEREAS, on December 22, 2016, the District's Board of Supervisors ("**Board**"), previously adopted, after notice and public hearing, Resolution 2017-09, relating to the imposition, levy, collection and enforcement of debt service special assessments to secure the repayment of such bonds; and

WHEREAS, on March 27, 2017, and in order to finance all or a portion of what is known as the "**Assessment Area Two Project**," the District entered into that certain Bond Purchase Contract with FMSbonds, Inc., whereby the District agreed to sell its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) ("**2017A-2 Bonds**") in the par amount of \$4,400,000; and

WHEREAS, pursuant to and consistent with Resolution 2017-09, the District desires to set forth the particular terms of the sale of the 2017A-2 Bonds and establish and confirm the lien for special assessments securing the 2017A-2 Bonds, ("**2017A-2 Assessments**"); and

WHEREAS, the 2017A-2 Assessment lien established and imposed by this Resolution against the lands subject to the 2017A-2 Assessments, is a separate and distinct lien from all other liens imposed by the District for any other series of bonds issued on parity with the 2017A-2 Bonds.

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

SECTION 1. INCORPORATION OF RECITALS. All of the above representations, findings and determinations contained above are recognized as true and accurate and are expressly incorporated into this Resolution.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Florida law, including Chapters 170, 190 and 197, *Florida Statutes*, and Resolution 2017-09.

SECTION 3. FINDINGS; ADOPTION OF A SUPPLEMENTAL ENGINEER'S REPORT AND FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT. The Board hereby finds and determines as follows:

(a) On December 22, 2016, the District, after due notice and public hearing, adopted Resolution 2017-09 which, among other things, equalized, approved, confirmed and levied special assessments on property benefiting from the improvements authorized by the District. That Resolution provided that as each series of bonds were issued to fund all or any portion of the District's improvements, a supplemental resolution would be adopted to set forth the specific terms of the bonds and certify the amount of the lien of the special assessments securing any portion of the bonds, including interest, costs of issuance, the number of payments due, any true-up amounts and the application of receipt of any true-up proceeds.

(b) The *Avalon Groves Community Development District Engineer's Supplemental Report*, dated February 23, 2017, attached to this Resolution as **Exhibit A ("Engineer's Report")**, identifies and describes the presently expected components of the Assessment Area Two Project. The Engineer's Report sets forth the estimated costs of the Assessment Area Two Project as \$15,694,385. The District hereby confirms that the Assessment Area Two Project serves a proper, essential and valid public purpose. The Engineer's Report is hereby approved, adopted, and confirmed. The District ratifies its use in connection with the sale of the 2017A-2 Bonds.

(c) The *Master Assessment Methodology Report*, dated October 27, 2016, as supplemented by the *First Supplemental Special Assessment Methodology Report*, dated January 16, 2017, amended on March 27, 2017, and attached to this Resolution as **Exhibit B** (together, the "**Assessment Report**"), applies to the Assessment Area Two Project and the actual terms of the 2017A-2 Bonds. The Assessment Report is hereby approved, adopted and confirmed. The District ratifies its use in connection with the sale of the 2017A-2 Bonds.

(d) The Assessment Area Two Project specially benefits all developable property within Assessment Area Two of the District, as further described in **Exhibit C** attached hereto ("**Assessment Area Two**"). Moreover, the benefits from the Assessment Area Two Project funded by the 2017A-2 Bonds and to Assessment Area Two equal or exceed the amount of the 2017A-2 Assessments, as described in **Exhibit B**, and such 2017A-2 Assessments are fairly and reasonably allocated across Assessment Area Two. It is reasonable, proper, just and right to assess the portion of the costs of the Assessment Area Two Project to be financed with the 2017A-2 Bonds to the specially benefited properties within Assessment Area Two of the District as set forth in Resolution 2017-09 and this Resolution.

SECTION 4. ESTABLISHMENT AND CONFIRMATION OF MAXIMUM ASSESSMENT LIEN SECURING THE 2017A-2 BONDS. As provided in Resolution 2017-09, this Resolution is intended to set forth the terms of the 2017A-2 Bonds and the imposition of a final amount of the 2017A-2 Assessment lien. **Composite Exhibit D** shows: (i) the rates of interest and maturity on the 2017A-2 Bonds, (ii) the estimated sources and uses of funds of the 2017A-2 Bonds; and (iii) the debt service due on the 2017A-2 Bonds. The lien of the 2017A-2 Assessments shall be the principal amount due on the 2017A-2 Bonds, together with interest and collection costs.

SECTION 5. ALLOCATION OF ASSESSMENTS SECURING 2017A-2 BONDS.

(a) The 2017A-2 Assessments shall be allocated in accordance with **Exhibit B**. The Assessment Report, considered herein, reflects the actual terms of the issuance of the 2017A-2 Bonds.

(b) To the extent land is added to the District, the District may, by supplemental resolution, determine such land to be benefited by the Assessment Area Two Project and reallocate the 2017A-2 Assessments and impose special assessments on the newly added and benefited property.

(c) To the extent that the Developer fails to complete the Assessment Area Two Project, or otherwise fails to provide sufficient Developer Contribution or payment of funds sufficient for the District to complete the Assessment Area Two Project to support the apportionment of the 2017A-2 Assessments, the District shall

determine the actual amount of benefit and, by supplemental resolution, determine such land to be benefited by the Assessment Area Two Project and reallocate the 2017A-2 Assessments to all the lands so benefited.

(d) Debt service payments and semi-annual installments of interest are reflected on **Composite Exhibit D**. The District shall begin annual collection of the 2017A-2 Assessments using the methods available to it by law, and in time to meet the debt service obligations set forth in **Composite Exhibit D**.

(e) Section 7 of Resolution 2017-09 sets forth the terms for collection and enforcement of the 2017A-2 Assessments. The District hereby certifies the 2017A-2 Assessments for collection to ensure payment of debt service as set forth in **Exhibit B** and **Composite Exhibit D**. The District Manager is directed and authorized to take all actions necessary to collect special assessments on property using methods available to the District authorized by Florida law in order to provide for the timely payment of debt service. Among other things, the District Manager shall prepare or cause to be prepared each year an assessment roll for purposes of effecting the collection of the 2017A-2 Assessments and present same to the District Board as required by law.

(f) An owner of property subject to the Series 2017A-2 Special Assessments may pay in whole or in part the entire principal balance of such Series 2017A-2 Special Assessments at any time if there is also paid 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 (45) day period preceding such interest payment date, to the interest payment date following such next succeeding interest payment date.

(g) An owner of property subject to the levy of Series 2017A-2 Special Assessments may pay the entire balance of the Series 2017 Special Assessments remaining due, without interest, within thirty (30) days after the related Project has been completed or acquired by the District, and the Board has adopted a resolution accepting such Project pursuant to Chapter 170.09, Florida Statutes. This provision is subject to waiver by the owner of property at any time prior to or after the issuance of the 2017A-1 Bonds.

(h) A default in the payment of the 2017A-2 Assessments does not constitute an automatic default in the payment of any other special assessments securing any other series of bonds issued by the District, and vice versa.

(i) Any impact fee credits received for improvements funded by the 2017A-2 Bonds may be applied to pay costs of the Assessment Area Two Project or may be applied against the 2017A-2 Bonds, or otherwise assigned to the property owner at the District's option.

SECTION 6. APPLICATION OF TRUE-UP PAYMENTS.

(a) As parcels of land or lots are platted, the 2017A-2 Assessments shall be allocated as set forth in the Assessment Report. In furtherance thereof, at such time as parcels or land or lots are platted, and at the intervals identified in the Assessment Report, it shall be an express condition of the lien established by this Resolution that any and all plats of any portion of the lands within Assessment Area Two, as such area 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 2017A-2 Assessments to be reallocated to the units being platted and the remaining property in accordance with the Assessment Report, 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 foregoing is based on the District's understanding that the unit numbers and types shown in the Assessment Report shall be developed on the net developable acres within Assessment Area Two and is intended to ensure that the appropriate ratio of the 2017A-2 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 the Assessment Report from being developed. In no event shall the District collect 2017A-2 Assessments pursuant to this Resolution in excess of the total debt service related to the portion of the Assessment Area Two Project funded by the proceeds of the 2017A-2 Bonds, 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 2017A-2 Assessments collected in excess of the District's total debt service obligation for the Assessment Area Two Project, the Board shall by resolution take appropriate action to equitably reallocate the 2017A-2 Assessments. Further, upon the District's review of the final plat for the developable acres, any unallocated 2017A-2 Assessments shall become due and payable and must be paid prior to the District's approval of that plat.

SECTION 7. IMPROVEMENT LIEN BOOK. Immediately following the adoption of this Resolution, the 2017A-2 Assessments as reflected herein shall be recorded by the Secretary of the Board of the District in the District's Improvement Lien Book. The 2017A-2 Assessments shall be and shall remain a separate legal, valid and binding first lien against all benefitted property as described in **Exhibit B** 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.

SECTION 8. CONFLICTS. This Resolution is intended to supplement Resolution 2017-09, which remains in full force and effect. This Resolution and Resolution 2017-09 shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution, provided however that to the extent of any conflict, this resolution shall control. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

SECTION 9. 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 10. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

APPROVED and **ADOPTED** this ____ day of _____, 2017.

ATTEST: **AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**

Secretary Chairperson

- Exhibit A:** *Avalon Groves Community Development District Engineer's Supplemental Report*, dated February 23, 2017
- Exhibit B:** *First Supplemental Special Assessment Methodology Report*, dated January 16, 2017, amended March 27, 2017
- Exhibit C:** Legal Description of Assessment Area Two
- Comp. Exhibit D:** Maturities and Coupon of 2017A-2 Bonds
Sources and Uses of Funds for 2017A-2 Bonds
Annual Debt Service Payment Due on 2017A-2 Bonds

Exhibit A



HEIDT
DESIGN

P: (813) 253-5311 | F: (813) 464-7629
5806-B Breckenridge Pkwy.
Tampa, FL 33610
www.heidtdesign.com

February 23, 2017

Mr. Maik Aagaard, District Manager
DPFG, Inc.
1060 Maitland Center Commons
Suite 340
Maitland, FL 32751

RE: Avalon Groves Community Development District Supplemental Engineer's Report

To Whom It Concerns:

Pursuant to the Board of Supervisor's authorization, Heidt Design, LLC is pleased to submit this Supplemental Engineer's Report for the proposed improvements for the Avalon Groves Community Development District related to the first issuance of Capital Improvement Revenue Bonds. This report has been prepared on behalf of the District in connection with the financing for these proposed initial improvements. A detailed description of the first phase of improvements and their corresponding estimates of costs are outlined in the following report.

Thank you for this opportunity to be of professional service.

Sincerely,

HEIDT DESIGN, LLC

Gary D. Miller, P.E.
District Engineer

cc: Jim Harvey, Kolter Land Partners
Roy Van Wyk, Hopping, Green & Sams, P.A.
Alyssa Willson, Hopping, Green & Sams, P.A.
File

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT ENGINEER'S SUPPLEMENTAL 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**

February 23, 2017

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INTRODUCTION

The purpose of this Supplemental Engineer's Report is to provide a description of the improvements and land acquisition that is to be financed by the District's first bond issues (collectively, the "Series 2017 Bonds"). Refer to Table 1A for a costs summary associated with the Series 2017 Bonds. Public infrastructure and land improvements needed to service the initial phases of development within the District include the construction of the Sawgrass Bay Boulevard extension from the northwest project boundary through Assessment Areas One and Two. Also included are wetland mitigation creation, listed species habitat mitigation creation and relocation costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities for the initial phases of development. Construction of the improvements associated with the Series 2017 Bonds commenced in Q4 of 2016 and is anticipated to be complete by December 2019.

As described in the Preliminary Engineer's Report, the Avalon Groves CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map in Appendix A. Assessment Area One is approximately 303 acres located in the northernmost portion of the District property and is being established as a residential active adult community with approximately 580 lots. Assessment Area Two contains approximately 334 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 and contain 479 single family detached (SFD) residential units. Assessment Area Three is approximately 335 acres in total land area and is located in the southern portion of the District property. The public infrastructure to be built for Assessment Area 3 will not be financed with the Series 2017 Bonds.

The initial phases of development for the Serenoa (fka Avalon Groves) community include infrastructure within Assessment Areas One and Two and contain approximately 1,059 residential housing units and various parks and recreational facilities. An Amenity site is planned within Assessment Area Two; however, at this time, it is anticipated to be private and not funded by the District. Updated permit status information is provided in the "Permit Status" section of this report.

This Supplemental 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 initial phases of development of the Serenoa community within the boundaries of the District. As mentioned in the Preliminary Engineer's Report, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. 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 1A.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that comprise the District 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 the acquisition costs will be allocated by the District as needed. It is anticipated that approx. 92 acres of wetlands and 81 acres of uplands located within Assessment Area One and 151 acres of wetlands and 76 acres of uplands located within Assessment Area Two will be conveyed to the District as part of the initial development; however, the acreages are still being finalized and are subject to change.

MASTER ROADS AND STREETS

Sawgrass Bay Boulevard: Only those portions of Sawgrass Bay Blvd associated with Assessment Areas One and Two will be constructed as part of the initial phase of development. As indicated in the Preliminary Engineer's Report, 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 by the District. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway as well as make required off-site modifications to the existing roadway west of the District limits. All construction plans and permitting efforts were performed and funded by the Developer. Construction of Phases 1 and 2 of the Sawgrass Bay Boulevard improvements commenced in the 4th quarter of 2016. The approximate LF of Sawgrass Bay Boulevard associated with each Assessment Area is as follows: Assessment Area 1: 2,720 LF, Assessment Area 2: 3,320 LF, Assessment Area 3: 3,035 LF. Some of the proceeds of the Series 2017 Bonds will fund Sawgrass Bay Blvd costs which are impact fee creditable. The cost to the District for such improvements will be adjusted by the amount of such impact fee credits. The Developer will be prepaying the Series 2017 A-2 Bonds at each lot closing and, therefore, will receive the benefit of the credits derived from the improvements.

MASTER WATER AND WASTEWATER

The Water Distribution, Sanitary Sewer Collection and Reuse Water Distribution systems will be owned and maintained by Utilities, Inc., a private utility owner. Consequently, the Water,

Wastewater and Reuse systems will be Developer funded and any costs associated with those utilities are excluded from this Report.

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. Only the cost of hauling and spreading the surplus fill material for the road sub-base and perimeter landscape berms will be financed by the District. Components of the surface water management infrastructure related to the first phases of development and associated with wetland / listed species mitigation are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Serenoa project. It is anticipated that all wetland and listed species mitigation costs will be divided between all lots within the Avalon Groves CDD. 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. Only the portion of the total cost of the mitigation credits and threatened and endangered species relocation costs allocable to the public lands within the District will be financed by the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential portion of the Serenoa 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 to be funded by the District. An additional 28,800 LF (5.5 miles) of local roads are anticipated to be private (gated) roadways. Asphalt for the private roadways is not CDD eligible and will be Developer funded.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Serenoa 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 Serenoa 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. Only Phases 1 and 2 of Sawgrass Bay Boulevard will be constructed and landscaped at this time.

Monument Walls: The monument walls/signs associated with the Series 2017 Bonds are as follows:

- Active Adult Village (Assessment Area 1)
- Village 1 (Assessment Area 2)
- Village 2 (Assessment Area 2)

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. Currently, this Amenity is anticipated to be funded by the Developer and 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 UPDATE

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

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

* Permits will be issued prior to Bond issuance

NOTE: AA One and some AA Two permits will not be issued prior to bond issuance

Avalon Groves Community Development District

Table 1A

Item	Assessment Area One (Active Adult) 580 Lots / 303 Ac.	Assessment Area Two (Villages 1&2) 479 Lots / 334 Ac.	Series 2017 Bond Issuance Totals AA One and AA Two 1,059 Lots / 637 Ac.
Master Infrastructure			
Land Acquisition (1)	\$2,450,850	\$2,493,600	\$4,944,450
Clearing / Earthwork (2)	\$2,464,414	\$3,732,685	\$6,197,099
Master Stormwater Management	\$1,719,152	\$1,481,068	\$3,200,220
Master Collector Road (2 lanes, excl. utilities)	\$1,807,890	\$1,807,890	\$3,615,780
Parks and Recreational Facilities / Amenities	\$100,000	\$1,862,500	\$1,962,500
Professional Fees (3)	\$1,072,500	\$936,000	\$2,008,500
Master Utilities (Water, Wastewater, Reuse)	\$0	\$0	\$0
Sub-total	\$9,614,806	\$12,313,743	\$21,928,549
Residential Tract Costs			
Roadway (Local Streets)	\$1,993,260	\$1,604,186	\$3,597,446
Landscaping, Entry Features and Signs	\$834,000	\$720,000	\$1,554,000
Sub-total	\$2,827,260	\$2,324,186	\$5,151,446
Contingency	\$1,244,207	\$1,056,455	\$2,300,662
Project Total	\$13,686,273	\$15,694,385	\$29,380,657

Anticipated Buildout Assessment Area One December, 2019

Anticipated Buildout Assessment Area Two (221 Lots) December, 2017

Anticipated Buildout Assessment Area Two (258 Lots) December, 2018

(1) Assumes \$26,850 for Uplands & \$3,000 for Wetlands; Land Acquisition values are based on appraisal received by District

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

(3) Professional fees for design of public infrastructure only

(4) Only mitigation costs allocable to the public lands within the District are included

(5) All Costs are in 2017 Dollars

NOTE: As of 1/31/17, the Developer has spent approximately \$1,500,000 for CDD public improvements within Assessment Areas One and Two. It is anticipated the District will reimburse the Developer for any CDD eligible costs per the approved Developer funding agreement.

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

Exhibit B

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

**FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY
REPORT FOR THE ISSUANCE OF PROPOSED**

ASSESSMENT AREA ONE

**\$2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)**

AND

ASSESSMENT AREA TWO

**\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)**

**\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)**

March 27, 2017
(final pricing)



1060 Maitland Center Commons Blvd., Suite 340
Maitland, FL 32751
Phone: (321) 263-0132
www.dpfg.com

**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT**

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A. Purpose of this Report

This First Supplemental Special Assessment Methodology Report describes and explains the Assessment Area One Special Assessments, Series 2017A-1 Special Assessments (Assessment Area Two Project), and Series 2017A-2 Special Assessments (Assessment Area Two Project) (collectively, the "**Series 2017 Assessments**") assigned and pledged in connection with the Avalon Groves Community Development District's (the "**District**") issuance of its

- \$2,415,000 Special Assessment Bonds, Series 2017 (Assessment Area One) (the "**Series 2017 Bonds AA One**"),
- \$7,215,000 Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "**Series 2017A-1 Bonds (AA Two Project)**"),
- \$4,400,000 Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "**Series 2017A-2 Bonds (AA Two Project)**"),

Altogether, the "**Series 2017 Bonds**".

This report supplements the District's Master Special Assessment Methodology Report, dated October 27, 2016 (the "**Master Methodology Report**"). The District has previously conducted assessment proceedings and levied a master special assessment lien over all real property within the District in accordance with the Master Methodology report, with the understanding that such lien would become "activated" in conjunction with any bonds issued by the District in the future and in connection with the financing of the District's capital improvement plan and upon adoption of a supplemental assessment methodology report. Accordingly, this Report is intended to supplement the Master Methodology Report, which remains in full force and effect. This Report and the Master Methodology Report shall be construed to the maximum extent possible to give full force and effect to the provisions of each report.

B. Purpose of the District and Issuer Information

The District is an independent unit of special purpose local government of the State of Florida, created and established in accordance with Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes (the "**Act**"), as amended, and by Ordinance No. 2016-16 approved by the Lake County, enacted April 19, 2016. 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, storm water management, water supply, sewer and wastewater management, landscape/hardscape, community amenities, professional services, and permitting pursuant to the Act. The District has the power to issue bonds to fund public improvements.

The District encompasses approximately 971.265 acres. The lands within the District are located entirely within the jurisdictional boundaries of Lake County and such lands are also part of a master planned residential community known as Avalon Groves (the "**Development**"). The Development is planned for approximately 1,352 total residential units within the District. Certain public infrastructure is needed in order to for property within the District to be developed. The District Engineer in the Engineer's Report, dated February 20, 2017, (the "**Engineer's Report**") has identified certain public, master and subdivision infrastructure improvements necessary for development of production lots within Assessment Area

One, Assessment Area Two, and Assessment Area Three of the development, and certain master and subdivision infrastructure improvements necessary for development of active adult lots within the Development. In order to finance portions of the infrastructure improvements, the District plans to issue the Series 2017 Bonds, to designate assessment areas and assign special assessments to repay these bonds, including interest, and other financing costs to certain real property within the District as described herein.

C. Overall Financing Plan and Purpose of the Series 2017 Bond Issuance

The Series 2017 Bonds are being issued for the primary purpose of funding costs related to the Series 2017 Project. In addition, net proceeds of the Series 2017 Bonds will be used to provide funds to (i) fund debt service reserve accounts for the Series 2017 Bonds, (ii) pay the costs of issuance of the Series 2017 Bonds, and (iii) pay capitalized interest. The Series 2017 Bonds are secured by and payable from Series 2017 Assessments (as described herein).

Summary of District Debt

A sources and uses table of the bond financing is enclosed herein in the Appendix. The following table summarizes the total estimated Series 2017 Bonds principal amount and maximum annual debt service amounts ("MADS") of the Series 2017 Bonds.¹

Table 1 - Total District Debt and Maximum Annual Debt Service

Bond	Par Amount	MADS
Series 2017 Bond (AA One)	\$2,415,000	\$170,337.50
2017A-1 Bond (AA Two Project)	\$7,215,000	\$517,815.63
2017A-2 Bond (AA Two Project)	\$4,400,000	\$264,000.00
Total	\$14,030,000	\$952,153.13

Each fiscal year, the CDD will certify for collection the Series 2017 Assessments on all 2017 Assessable Property (described below), apportioned proportionately to the 2017 Assessable Property until the aggregate amount of the Series 2017 Assessments has satisfied all of the debt service requirement for the Series 2017 Bonds.

D. Designation of 2017 Assessment Areas

As described in the Master Methodology Report, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. At this time, the District will issue its Series 2017 Bonds to fund improvements related to two assessment areas in the District, namely "Assessment Area One" and "Assessment Area Two" (and collectively the "2017 Assessment Areas"), which accommodates and aligns the bond financing with the Series 2017 Area One Project, and the Series 2017 Area Two Project, respectively, (collectively the "Series 2017 Project"). The Series 2017 Bonds are expected to be repaid from special assessments assigned on only those units planned within each respective 2017 Assessment Areas.

¹ Excluding early payment discount and County collection charges

Development in the 2017 Assessment Areas

At buildout, the Development is anticipated to contain a total of 1,352 single family residential lots, and it is anticipated to be developed in multiple construction phases with multiple assigned Assessment Areas. At this point, the Series 2017 Area One Project and Series 2017 Area Two Project are planned to include certain public improvements and community facilities, including District land, roads, water management and control, landscaping, hardscape, irrigation, water supply, sewer and wastewater management, professional services, and permitting. The total cost of the Series 2017 Project has been estimated to be approximately \$29 million. Refer to the Engineer's Report for further details on the relevant public improvements and community facilities. The table below shows an overview of the 2017 Assessment Areas and associated lot count and acreage.

Table 2 – Acreage and Proposed Lot Count for the 2017 Assessment Areas

Assessment Area One	Assessment Area Two
Initially comprised of 303 gross acres , assessments securing the Series 2017 Bonds (AA One) will be levied on the first 580 lots comprising Active Adults Lots.	Initially comprised of 328 gross acres , assessments securing the Series 2017 A-1 Bonds (AA Two Project) will be levied and assigned to the first 479 platted lots ; and assessments securing the Series 2017A-2 Bonds (AA Two Project) will be levied, assigned to, and absorbed by the first 221 platted lots , which are expected to comprise Villages 1&2-Phases 1A and 1B production lots.

E. Series 2017 Assessments and Assessable Property

The District will acquire or construct a portion of the Series 2017 Project, utilizing developer contributions, which are more specifically described in the Engineer's Report (the "Developer Contributions"), and proceeds from the Series 2017 Bonds, which are secured by the Series 2017 Assessments. The benefits related to the Assessable Property in the 2017 Assessment Areas are the completed public infrastructure with estimated costs in the amount of \$31 million. The Developer has spent approximately \$1,535,000 in public improvements to date. The table below shows the special assessments levied and collected on certain assessable land securing the Series 2017 Bonds.

Table 3 - Overview of Assessable Property, Special Assessments and Bonds

Assessable Property within	Benefiting From	Is Subject To	Securing
AA One	Series 2017 Area One Project	Assessment Area One Special Assessments	Series 2017 Bonds AA One
AA Two	Series 2017 Area Two Project	Series 2017A-1 Special Assessments	Series 2017A-1 Bonds (AA Two Project)
AA Two	Series 2017 Area Two Project	Series 2017A-2 Special Assessments	Series 2017A-2 Bonds (AA Two Project)

Any Developer Contributions will reduce the allocation of assessments for the associated properties that a Developer Contribution has been made for.² At this time, the Developer has chosen to contribute \$230,130 towards reducing the Series 2017 A-1 Assessments for 479 lots in Assessment Area Two and \$382,700 towards reducing the Series 2017 A-2 Assessments for 221 lots in Assessment Area Two, as opposed to all other units within the 2017 Assessment Areas that benefit from the Series 2017 Project. The following table summarizes the Adjustment and Developer Contribution.

Table 4 - Allocation of Adjustment and Developer Contribution

Description	Adjustment To Series 2017A-1 Special Assessments	Adjustment To Series 2017A-2 Special Assessments	Estimated Developer Contribution ²	Multiple
\$ Amount (proxy for benefit)	\$230,130	\$382,700	\$1,535,000	2.5

Since the Developer Contribution is approximately 2.5 times larger than the Adjustment, it essentially offsets the benefit derived from the Adjustment in an amount sufficient to effectively "pay off" the assessment that would otherwise be assigned to the benefitting units, other than the lots planned for in Assessment Areas Two.³

Assessment Area One Assessable Property

As described in the table above, the Assessment Area One Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017 Bonds AA One. The Assessment Area One Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017 Bonds AA One, and on the basis of benefit received on the assessable lands within Assessment Area One of the District, at least initially, as a result of the Series 2017 Area One Project. The following table provides an overview of the Assessable Property in Assessment Area One.

Table 5 - Assessable Property Assessment Area One

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
Series 2017 Bonds AA One	303 acres ⁴	580 Active Adult Lots	AA One Assessments

In Assessment Area One, the AA One Assessments, which secure the Series 2017 Bonds AA One, will be assigned prior to plat map recordation and development on an equal acreage basis across all of Assessment Area One. After plat map recordation, the AA One Assessments will attach on a first platted, first assessed basis to the first 580 lots comprising Active Adult Lots as described in the following table.

² Refer to the Engineer's Report for further details.

³ The Developer Contribution is 2.5 times that of the Adjustment (i.e., per \$1 of Adjustment, the Developer directly contributes \$2.5 for the District to fund the public infrastructure system). Given that all lots' benefits must be equal to or in excess of the assessments thereon, and therefore, assessments must be the same or less than the public improvement cost per unit, the implication is that the Developer Contribution has 2.5 times the benefit of the Adjustment costs/assessments.

⁴ It is anticipated that up to 173 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

Table 6 – Series 2017A: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Assigned ERU	Units	Par Amount	Par/Unit	MADS	MADS/Unit
50'	1.0	580	\$2,415,000	\$4,164	\$170,338	\$294

Assessment Area Two Project Assessable Property

The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively. The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively, and on the basis of benefit received on the assessable lands within Assessment Area Two of the District, at least initially, as a result of the Series 2017 Area Two A Project adjusted for developer contributions (described below). The following table provides an overview of the Assessable Property in Assessment Area Two.

Table 7 - Assessable Property Assessment Area Two

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured
Series 2017A-1 Bonds (AA Two Project)	328.0 acres ⁵	479 Single Family Detached Lots	Series 2017A-1 Special Assessments
Series 2017A-2 Bonds (AA Two Project)	328.0 acres ⁵	221 Single Family Detached Lots	Series 2017A-2 Special Assessments

Developer Contribution and Adjustment

The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-1 Assessments.

Table 8 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-1 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	83	0.90	74.70	15.21%	\$1,132,460	\$0	\$1,132,460	\$13,644
50	294	1.00	294.00	59.87%	\$4,457,073	(\$44,571)	\$4,412,502	\$15,009
60	102	1.20	122.40	24.92%	\$1,855,598	(\$185,560)	\$1,670,038	\$16,373
Total	479		491.10	100.00%	\$7,445,130	(\$230,130)	\$7,215,000	

⁵ It is anticipated that up to 227 acres will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds will be adjusted accordingly.

In Assessment Area Two, the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments will be assigned prior to plat map recordation and development on an equal acreage basis across all of the 328 acres Assessment Area Two. After plat map recordation, the Series 2017A-1 Assessments will attach on a first platted, first assessed basis to the 479 lots comprising production lots as described in the following table.

Table 9 – Series 2017A-1 Special Assessments and Assessable Units After Plat Map Recordation

Lot Product Type	Units	Par Amount after Adjustment	Par/Unit	MADS	MADS/Unit
40	83	\$1,132,460	\$13,644	\$81,276	\$979
50	294	\$4,412,502	\$15,009	\$316,682	\$1,077
60	102	\$1,670,038	\$16,373	\$119,857	\$1,175
Total	479	\$7,215,000		\$517,816	

In addition, the Series 2017A-2 Assessments, which secure the Series 2017A-2 Bonds, will also be initially assigned on an equal acreage basis across all of Assessment Area Two, but will be assigned on a first platted, first assessed basis and will be absorbed by the first 228.70 ERUs. The table below summarizes the developer contribution and equivalent adjustment to reduce the Series 2017 A-2 Assessments.

Table 10 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-2 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Adjustment	Par after Adjustment	Par/Unit
40	53	0.90	47.70	20.86%	\$997,529	(\$110,837)	\$886,692	\$16,730
50	103	1.00	103.00	45.04%	\$2,153,992	\$0	\$2,153,992	\$20,913
60	65	1.20	78.00	34.11%	\$1,631,179	(\$271,863)	\$1,359,316	\$20,913
Total	221		228.70	100.00%	\$4,782,700	(\$382,700)	\$4,400,000	

However, at the time the first 221 lots are fully developed and platted, the Series 2017A-2 Assessments are expected to be paid in full at closing with a builder as described in the following table.

Table 11 – Series 2017A-2: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Units	ERU	Total ERU	% ERU	Par Amount	Par/Unit	MADS	MADS/Unit
40	53	0.90	47.70	20.86%	\$886,692	\$16,730	\$55,063	\$1,039
50	103	1.00	103.00	45.04%	\$2,153,992	\$20,913	\$118,898	\$1,154
60	65	1.20	78.00	34.11%	\$1,359,316	\$20,913	\$90,039	\$1,385
Total	221		228.70	100.00%	\$4,400,000		\$264,000	

F. Exemptions and Non-Benefitted Property

No Special Assessment shall be assigned or attached to public property, property owner association Property, or community amenities and facilities. These properties are treated as ancillary uses as a whole, because they will serve and benefit the primary residential development. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, special assessments 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. Assessment Allocation and Benefits

The District levied and imposed special assessment liens for lands within the District in order to secure the repayment of any bonds issued in connection with the financing of the District's capital improvement plan. As part of the Series 2017 Project, the District has designated the 2017 Assessment Areas, because the Development will be developed in multiple construction phases. In each 2017 Assessment Areas, the Series 2017 Assessments are apportioned in an amount corresponding to the debt service on the respective Series 2017 Bonds, and on the basis of benefit received by the real property that is assessable within the 2017 Assessment Areas as a result of the Series 2017 Project. It is expected that each 2017 Assessment Areas will have peculiar benefits from the Series 2017 Project at the time that such 2017 Assessment Areas is platted and individual lots are sold, that are in excess of the

Series 2017 Special Assessments that are being levied thereon. The construction costs associated with the Series 2017 Project are used as a proxy for benefit, and are the basis upon which to assign the Series 2017 Assessments to the proposed lots in the 2017 Assessment Areas.

Benefit Analysis and Allocation

In terms of benefit, the Series 2017 Project functions as a part of the total public infrastructure system provided by the District for each 2017 Assessment Areas. The estimated total cost of the public infrastructure system provided by the District, which includes the Series 2017 Project, is \$45.663 million for the completion of water management and control, roads, water supply, sewer and wastewater management, landscaping, irrigation, hardscaping on public tracts of land, and other public improvements and community facilities. Approximately \$11.5 million of public infrastructure improvements that are part of the Series 2017 Project, in the aggregate, are anticipated to be funded with the Series 2017 Bonds. The Series 2017 Project is a logical component of the District's public infrastructure system related to each 2017 Assessment Areas.

In terms of allocation, the Series 2017 Assessments are assigned over all undeveloped property on an equal acreage basis prior to plat map recordation for their respective 2017 Assessment Areas. The land within the District is currently undeveloped. It is anticipated that up to 173 in Assessment Area One and up to 227 acres in Assessment Area Two will be conveyed to the District; however the acreages are still being finalized and subject to change. As a result, the assignment of the Series 2017 Bonds to undeveloped land in each Assessment Area will be adjusted accordingly. The following table shows the Series 2017 Assessments allocation to undeveloped land prior to conveyance.

Table 12 - Series 2017 Allocation to Assessable Property Prior to Plat Map Recordation

Assessment Area	Bond Series	Par Amount	Acreage	Par Amount per Acres
One	Series 2017 Bonds AA One	\$2,415,000	302	\$7,996.69
Two Project	Series 2017A-1 Bonds (AA Two Project)	\$7,215,000	328	\$21,996.95
Two Project	Series 2017A-2 Bonds (AA Two Project)	\$4,400,000	328	\$13,414.63
Total		\$14,030,000		

H. Series 2017 Bonds Assessment Standard

To finance costs of a portion of the Series 2017 Project, the District assigns special assessments in each respective 2017 Assessment Areas, which are pledged to repay the District's Series 2017 Bonds. 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. See Sections 170.01 – 170.02 of Florida Statutes.

Although the general public outside the District will arguably benefit from the Series 2017 Project, such benefits are incidental. The facilities comprising the Series 2017 Project meet the needs of the

developed property within the 2017 Assessment Areas. Since the Series 2017 Project is not necessary for neighboring developments to obtain development approvals, the property owners within the respective 2017 Assessment Areas are therefore receiving special benefits not received by those outside the boundaries and outside of any other assessment areas within the District, and direct and cumulative benefits accrue mainly to residents. The benefits are quantified and assigned to parcels based on construction timing and costs. The costs will be spent on each of the 2017 Assessment Areas, and so, at the time when portions of the Series 2017 Project are complete and the 2017 Assessment Areas are platted, it is anticipated that the Production Lots in Assessment Area One and the Active Adult Lots in Assessment Area Two, that are subject to special assessments as described herein, will benefit more from the components comprising the Series 2017 Project, than the remaining lots in other areas in the District and will also benefit in excess of the Series 2017 Special Assessment amounts that are being levied thereon in accordance with this report.

I. True-Up

As of this date, the Developer (defined below) has informed the District that it plans to construct a total of 580 lots in connection with Assessment Area One, which represents a total of 580.0 ERUs, and 479 lots in connection with Assessment Area Two Project, which represents 491.10 ERUs. As development occurs, it is possible that the number of lots and lot mix may change within the respective 2017 Assessment Areas. In order to ensure that the Series 2017 Assessment allocation is maintained in accordance with the methodology specified by this report, a true-up analysis may be necessary ("True-Up Analysis").

This True-Up Analysis is utilized to ensure that the principal amount of the Series 2017 Assessments on a per lot and per acre basis never exceeds the initially allocated amount as contemplated in the assessment methodology described herein. In accordance with the True-Up Agreement to be entered into by the Developer and the District at the issuance of the Series 2017 Bonds, prior to the time a parcel within the respective 2017 Assessment Areas is platted and developed, or ownership is transferred by the Developer to any other entity or person with a specific number of assessable units allocated thereto, the True-Up Analysis will be conducted in accordance with the assessment methodology set forth herein and in the True-Up Agreement. As the lands within the District's 2017 Assessment Areas are developed, the allocation of the amounts assessed to and constituting a lien upon the 2017 Assessable Property will be calculated based upon certain density assumptions, which assumptions were provided by the Developer.

At such time as acreage is contained within a proposed plat, or a deed or assignment agreement between the Developer and a transferee that specifies the residential Lots or entitlements thereto being transferred to such transferee ("Entitlement Transfer Document"), the Developer agrees that such proposed plat or Entitlement Transfer Document shall be presented to the District in accordance with the terms of the True-Up Agreement. The District will allocate the Series 2017 Assessments to the 2017 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2017 Assessable Property within the District, and such reallocation will be recorded in the District's lien book. This True-Up Analysis will ensure that the Series 2017 Bond debt does not accumulate disproportionately on Undeveloped Property, or undevelopable property, within the District's 2017 Assessment Areas. In the event that the density assumptions upon which this report is based change over time as determined by any True-Up Analysis such that fewer ERUs are being developed within the respective 2017 Assessment Areas than are contemplated by this report, the True-Up Analysis will determine the amount required to be paid by the

Developer to the District in order to satisfy, in whole or in part, the Series 2017 Assessments and ensure that the Series 2017 Assessments continue to be allocated ratably against the actual density within the District's 2017 Assessment Areas in accordance with the methodology set forth in this report (the "True-Up Obligation"). The True-Up Agreement shall further set forth the terms associated with the Developer's satisfaction of the True-Up Obligation.

J. Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The District expects to bill and collect directly the assessments associated with the Series 2017 Bonds. Once platted, the County tax collector will collect the assessments on behalf of the District.

K. Document Review

The documents associated with the above referenced financing program, assessment plat and assessment roll are available for review at the District Offices at 1060 Maitland Center Commons Blvd., Suite 340, Maitland, FL 32751 Tel: (321) 263-0132.

L. Conclusion

The acquisition and construction of the Series 2017 Project using the Series 2017 Bond proceeds will be utilized for common District purposes associated with each 2017 Assessment Areas. The Series 2017 Assessments will be assigned over all 2017 Assessable Property on a fair and equitable basis for each Assessment Area as described herein. The 2017 Assessable Property will receive benefits in excess of the allocated Series 2017 Assessments. Accordingly, this is an appropriate District project that will significantly benefit the 2017 Assessable Property and enhance the District.

Special Benefit

The Series 2017 Project will provide special benefit to parcels within the District. The Series 2017 Project yields benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The assessments are fairly and equally apportioned over all 2017 Assessable Property. The benefits are quantified and assigned to parcels based on construction costs, developer contributions, and phasing.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Series 2017 Project against lands in the District. As a result of the Series 2017 Project, properties in the District receive special benefit and increase in value. Based on the premise that the Series 2017 Project makes the properties more valuable, in return it is reasonable for the District to assign the assessments on the 2017 Assessable Property within the District. The benefits will be equal to or in excess of the assessments thereon when allocated.

Best Interest

The District provides for delivering the public 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 the Series 2017 Project 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.

M. Prepayment Calculation Method

The Series 2017 Special Assessment obligation of a lot may be prepaid in full or in part at lot closing, and the obligation of the lot to pay the Series 2017 Special Assessment may be permanently satisfied; provided that a prepayment may be made only if there are no delinquent Series 2017 Special Assessments with respect to such lot at time of prepayment. The Series 2017 Special Assessment Prepayment amount is calculated as follows:

Determine the Outstanding District Debt amount allocated to the subject Lot

Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date, which shall occur at least 45 days prior to the tender of the prepayment or calculated to the next succeeding interest payment date if the prepayment is made within 45 days of the next interest payment date

Less: A proportionate amount of Capitalized Interest, if any remains at time of the prepayment

Equals: Total Prepayment Amount (PA)

Plus: Reasonable administrative fees and expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

N. Sources and Uses of Funds for the Series 2017 Project

ASSESSMENT AREA ONE

\$ 2,415,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)

Sources		A-1
Par Amount		2,415,000
Original Issue Discount		-24,150
		<u>2,390,850</u>
Uses		
Net Construction Proceeds		1,988,905
Capitalized Interest		145,137
Debt Service Reserve Fund		170,338
Cost of Issuance		86,470
		<u>2,390,850</u>

ASSESSMENT AREA TWO Project

\$7,215,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)

\$4,400,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)

Sources	A-1	A-2	Total
Par Amount	7,215,000	4,400,000	11,615,000
	-210,425	-88,000	-298,425
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>
Uses			
Net Construction Proceeds	5,773,515	3,608,123	9,381,638
Capitalized Interest	454,908	282,333	737,241
Debt Service Reserve Fund	517,816	264,000	781,816
Cost of Issuance	258,336	157,544	415,880
	<u>7,004,575</u>	<u>4,312,000</u>	<u>11,316,575</u>

O. Allocation of Public Improvements Costs and Proposed Debt

Public improvements are a proxy for benefit. The following tables allocate public improvement costs to the properties within the District based on lot size.

Assessment Area One

Table 13 - Allocation of Public Improvement Costs

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁴	Benefit Per Lot
50'	580	1.00	580.00	100.00%	\$16,474,856	\$28,405

Table 14 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit)

Lot Width	Series 2017 Area Two B Project Principal	Benefit Per Lot	Debt Over/(Under) Benefit
50'	\$4,164	\$28,405	(\$24,241)

Assessment Area Two Project

Table 15- Allocation of Public Improvement Costs – AA Two Project

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit) ⁶	Benefit Per Lot
40	83	0.90	74.70	15.21%	\$3,027,105	\$36,471
50	294	1.00	294.00	59.87%	\$11,913,906	\$40,523
60	102	1.20	122.40	24.92%	\$4,960,075	\$48,628
Total	479.00		491.10	100.00%	\$19,901,086	

⁶ The public improvement costs listed above, include expenses and uses specific to the bond financing transaction, such as capitalized interest, debt service reserve fund deposit and cost of issuance. Refer to the Master Engineer's Report for public improvement cost details.

Table 16 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit) – AA Two Project

Lot Width	Series 2017A-1 Bonds (AA Two – A Project) Principal	Series 2017A-2 Bonds (AA Two – A Project) Principal	Total Principal	Benefit Per Lot	Debt Over/(Under) Benefit
40	\$13,644	\$16,730	\$30,374	\$36,471	(\$6,097)
50	\$15,009	\$20,913	\$35,921	\$40,523	(\$4,602)
60	\$16,373	\$20,913	\$37,285	\$48,628	(\$11,343)

P. Preliminary Assessment Roll

Table 17 - Summary of 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	\$2,415,000	\$7,996.69	\$170,338	\$564.03
Two Project	VK Avalon Groves, LLC	328.0	\$11,615,000	\$35,411.59	\$781,816	\$2,383.58
Total		630.0	\$14,030,000		\$952,153	

Footnotes:

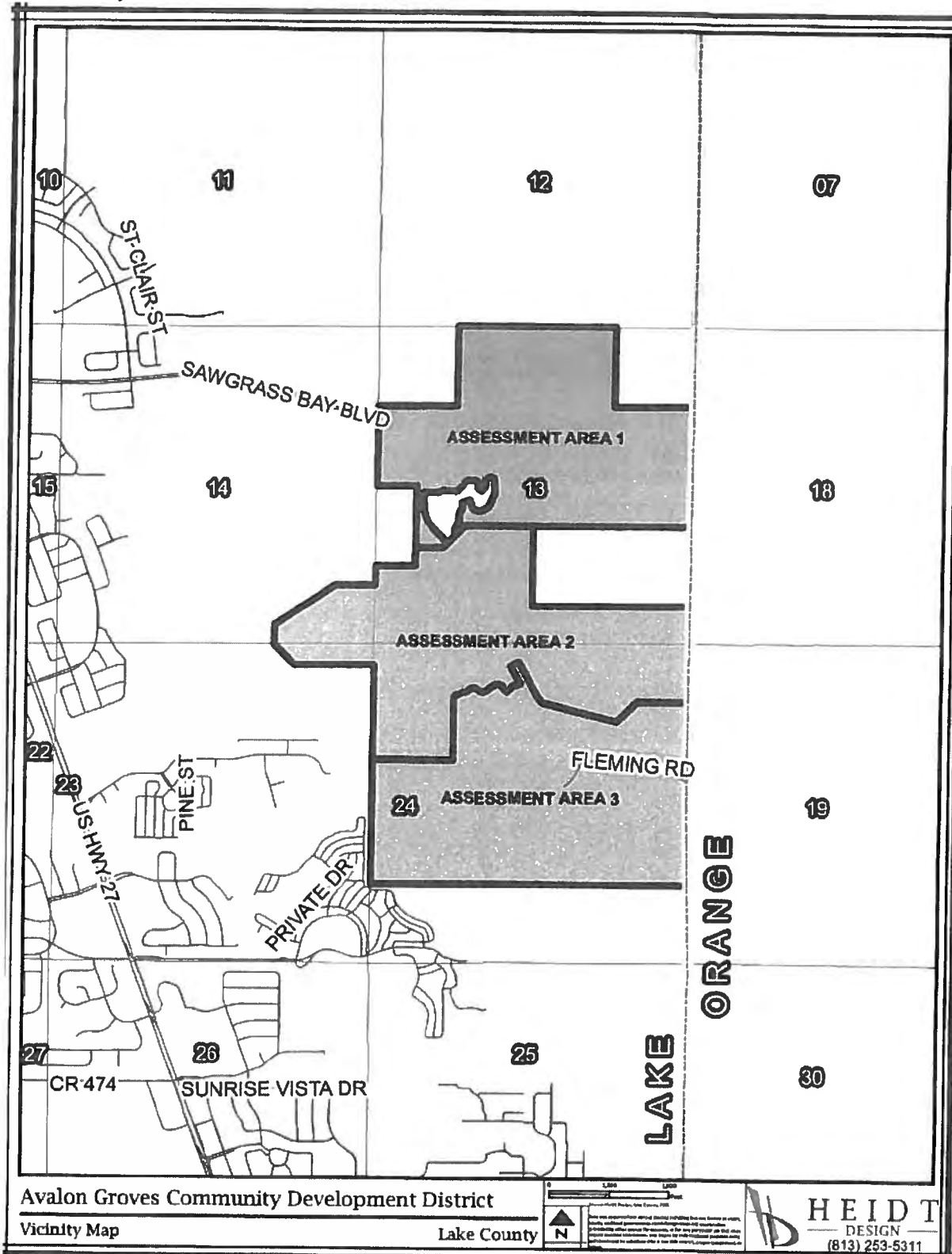
(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is approximately 971 acre.

(b) Refer to Engineer's Report and Appendix for sketch of the areas.

(c) The Assessments will remain assigned against Undeveloped Property on an equal acreage basis until the 2017 Assessable Property is platted.

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

Preliminary Site Plan



Legal Descriptions

Exhibit C

LEGAL DESCRIPTION

(PROPOSED ASSESSMENT AREA 2)

A PORTION OF SECTION 24, TOWNSHIP 24 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SOUTHWEST 1/4 OF SAID SECTION 24; THENCE NORTH 00°12'02" EAST, A DISTANCE OF 1,326.04 FEET; THENCE NORTH 00°08'53" EAST, A DISTANCE OF 746.33 FEET; THENCE SOUTH 89°51'14" EAST, A DISTANCE OF 1,346.23 FEET; THENCE NORTH, A DISTANCE OF 614.90 FEET; THENCE NORTH 61°29'31" EAST, A DISTANCE OF 1,297.85 FEET; THENCE NORTH 28°30'31" WEST, A DISTANCE OF 385.97 FEET; THENCE NORTH 61°29'31" EAST, A DISTANCE OF 140.99 FEET; THENCE SOUTH 28°30'28" EAST, A DISTANCE OF 559.34 FEET TO A POINT ON A NON TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 964.93 FEET, A CENTRAL ANGLE OF 14°09'29" AND A CHORD DISTANCE OF 237.83 FEET WHICH BEARS SOUTH 35°35'09" EAST; THENCE RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 238.44 FEET TO A POINT ON SAID CURVE; THENCE DEPARTING SAID CURVE, RUN SOUTH 76°14'27" EAST, A DISTANCE OF 1,265.24 FEET; THENCE NORTH 45°31'35" EAST, A DISTANCE OF 474.40 FEET; THENCE SOUTH 89°52'33" EAST, A DISTANCE OF 882.78 FEET; THENCE SOUTH 00°07'27" WEST, A DISTANCE OF 1,727.29 FEET; THENCE SOUTH 00°12'49" WEST, A DISTANCE OF 1,326.04 FEET; THENCE SOUTH 89°59'21" WEST, A DISTANCE OF 5,279.86 FEET TO THE POINT OF BEGINNING.

CONTAINING 14,573,001 SQUARE FEET OR 334.55 ACRES, MORE OR LESS.

Composite Exhibit D

BOND PRICING

Avalon Grove Community Development District Special Assessment Revenue Bonds, Series 2017

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Assessment Area 1 - Term 1:					
	05/01/2028	420,000	5.000%	5.119%	99.000
Assessment Area 1 - Term 2:					
	05/01/2048	1,995,000	5.750%	5.820%	99.000
Assessment Area 2 - A1, Term 1:					
	05/01/2028	1,205,000	5.375%	5.682%	97.500
Assessment Area 2 - A1, Term 2:					
	05/01/2048	6,010,000	6.000%	6.219%	97.000
Assessment Area 2 - A2:					
	05/01/2029	4,400,000	6.000%	6.238%	98.000
		14,030,000			

Dated Date	04/06/2017	
Delivery Date	04/06/2017	
First Coupon	11/01/2017	
Par Amount	14,030,000.00	
Original Issue Discount	-322,575.00	
Production	13,707,425.00	97.700820%
Underwriter's Discount	-280,600.00	-2.000000%
Purchase Price	13,426,825.00	95.700820%
Accrued Interest		
Net Proceeds	13,426,825.00	

SOURCES AND USES OF FUNDS

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017

Sources:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Bond Proceeds:				
Par Amount	2,415,000.00	7,215,000.00	4,400,000.00	14,030,000.00
Original Issue Discount	-24,150.00	-210,425.00	-88,000.00	-322,575.00
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00
Uses:	Special Assessment Revenue Bonds, Series 2017 (Assessment Area 1)	Special Assessment Revenue Bonds, Series 2017A (Assessment Area 2)	Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)	Total
Other Fund Deposits:				
Debt Service Reserve Fund - AA1	170,337.50			170,337.50
Capitalized Interest AA1	145,136.98			145,136.98
Reserve Fund - AA2 -- A1		517,815.63		517,815.63
Capitalized Interest AA2 -- A1		454,908.25		454,908.25
Reserve Fund - AA2 - A2			264,000.00	264,000.00
Capitalized Interest AA2 -- A2			282,333.33	282,333.33
	315,474.48	972,723.88	546,333.33	1,834,531.69
Delivery Date Expenses:				
Cost of Issuance	38,170.08	114,036.09	69,543.83	221,750.00
Underwriter's Discount	48,300.00	144,300.00	88,000.00	280,600.00
	86,470.08	258,336.09	157,543.83	502,350.00
Other Uses of Funds:				
Construction Fund	1,988,905.44	5,773,515.03	3,608,122.84	11,370,543.31
	2,390,850.00	7,004,575.00	4,312,000.00	13,707,425.00

BOND DEBT SERVICE

Avalon Grove Community Development District
Special Assessment Revenue Bonds, Series 2017A-2 (Assessment Area 2)

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
11/01/2017			150,333.33	150,333.33	4,400,000	4,400,000
11/01/2018			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2019			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2020			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2021			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2022			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2023			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2024			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2025			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2026			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2027			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2028			264,000.00	264,000.00	4,400,000	4,400,000
11/01/2029	4,400,000	6.000%	132,000.00	4,532,000.00		
	4,400,000		3,186,333.33	7,586,333.33		