

**PORTOFINO ISLES
COMMUNITY DEVELOPMENT DISTRICT
City of Port St. Lucie, Florida**

Special Assessment Methodology

Portofino Court

Prepared for the
Board of Supervisors

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SPECIAL ASSESSMENT METHODOLOGY
PORTOFINO ISLES COMMUNITY DEVELOPMENT DISTRICT
Portofino Court Project

1.0 Introduction

1.1 Purpose

The purpose of this report is to provide a methodology for allocating the debt to be incurred by the Portofino Isles Community Development District (“Portofino Isles CDD” or “District”) to properties within the expanded boundaries of the District known as Portofino Court. . The District’s debt will fund infrastructure improvements that will allow the development of the property in the District. The methodology allocates this debt to properties based upon the special benefits each receives from the infrastructure program. In this case the property located within the District includes approximately 23.16 acres within the Portofino Isles Planned Unit Development located within the city limits of Port St. Lucie, Florida. This report is designed to conform to the requirements of Chapters 190 and 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject. This report reflects the anticipated bond sizing, coupon rate, terms and structure of the proposed financing of the District’s infrastructure program.

1.2 Background

Portofino Court is within the Portofino Isles Community Development District and consists of approximately 23.16 acres in the City of Port St. Lucie, Florida (see Table 1). Portofino Courts is a Planned Unit Development Zoning District approved by the City of Port St. Lucie. The development will include 300 Multi Family Townhouse Units.

The assessment methodology is a four-step process. The District Engineer must first determine the costs for all District improvements needed for the build-out of the community. Second, the District Engineer determines the assessable acres that benefit from the District’s infrastructure improvements. Third, a calculation is made to determine the funding amounts necessary to acquire and/or construct the District infrastructure improvements. Fourth, this amount is initially divided equally among the benefited properties on a net assessable acreage basis. Ultimately, as land is platted, this amount will be allocated to each of the benefited properties based on certain characteristics accruing to each parcel.

1.3 Special Benefits and General Benefits

In the process of constructing infrastructure improvements which provide special benefits to properties within its boundaries, general benefits to the public at large are also created. These benefits are consequential and different than the special benefits provided to properties within the boundaries of the District. Without the infrastructure improvements of the District, properties within the District could not be developed.

Although the general public outside the District benefit from the District's infrastructure improvements, the benefits are incidental. The infrastructure program is designed to meet the needs to develop property within the District. Properties outside the boundaries do not depend upon the District's improvement program. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries.

1.4 Special Benefits Exceed the Costs Allocated to Pay for Them

In the case of Portofino Courts, the value of the special benefits conferred upon each of the assessed parcels by the District's infrastructure program is far greater than the amount to be assessed against each of such parcels. The amount of bonds to be issued by the District to fund its improvement program along with develop contributions is estimated to total \$6,375,000. It is the District's improvement program that makes it possible to develop and sell the land within its boundaries.

2.0 Assessment Methodology

2.1 Overview

The District anticipates issuance of \$6,375,000 in tax-exempt bonds, the "series 2005 Bonds" to fund the Districts infrastructure improvements, provide for capitalized interest, a debt service reserve account and cost of issuance. It is the purpose of this methodology to allocate the \$6,375,000 in debt to the properties benefiting from the improvements.

Table 1 identifies the master plan as identified by the Developer, Prime Homes at Portofino Court, Ltd. The District adopted the May 11, 2005 Engineer's Report for community wide capital improvements needed to support the Development, these construction costs are outlined in Table 2. The improvements needed to support the development are described in detail in the report and are estimated to cost \$7,171,546. These improvements will be funded through the issuance of the Series 2005 Bonds and other sources of revenue. Based on the estimated costs, and developer contributions, the size of the bond issue needed to generate funds to pay for the 2005 construction costs was determined by the District's Underwriter to total approximately \$6,375,000. The Series 2005 Bonds are anticipated to be issued with a par amount of \$6,375,000 at an interest rate of 5.6%, amortized over

30 years with a final maturity in 2036. Table 3 shows the breakdown of the Bond Sizing.

2.2 Master Improvement Program as a Total System

The District intends to undertake the responsibility of providing a portion of the infrastructure which will serve the Portofino Court addition to Portofino Isles CDD community. The Improvements are an integrated system of facilities. For example, a total system consists of not only the first mile of roadway or utility piping, but also the last few feet. All landowners benefit from the first mile of roadway pavement. Additionally, all landowners benefit from the last few feet of roadway pavement. Therefore, the Infrastructure program works as a total system, and each portion of the system provides special benefits for each land use, according to the development program. The Infrastructure program includes the public improvements required for development approval, the costs for which are allocated on a fair and equitable proportionate basis across all the assessable property in the District.

2.3 Allocation of Debt

The infrastructure program (the “Program”) benefits all developable acres within the additional area within District. The assessment methodology detailed herein provides for a fair and reasonable allocation of debt based on this premise.

Initially, the assessments will be levied on all assessable land on an equal acreage basis, because at this point every acre benefits equally from the Program.

The debt incurred by the District to fund the Program is allocated to the properties receiving special benefits on the basis of development intensity and density. The responsibility for the repayment of the District’s debt through assessments will ultimately be distributed in proportion to the special benefit peculiar to each parcel of land within the District, as it may be classified within each of the land use categories. In the case of Portofino Courts, the development is homogeneous; therefore all units will receive equal benefit from each of the different categories of Infrastructure Improvements. Since each unit receives the same benefit, an Equivalent Residential Unit of one (1) has been assigned to each unit. Table 5 allocates the benefit based on each unit receiving equal benefit from the improvements.

In accordance with the benefit allocation suggested by the Infrastructure costs allocated to townhomes shown in Table 5, Par Debt per Unit and an Annual Debt Assessment per Unit have been calculated for the townhome units as shown in Table 7. These amounts are based on the debt requirements outlined in Table 3, and represent the anticipated per unit debt allocation assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

2.4 Allocation of Benefit

The improvement program consists of water and sewer improvements, a stormwater management system, and roadways improvements. Due to the nature of the improvements and the similarity of the multifamily units all of the benefits are equitably allocated to the benefiting properties based on Equivalent Residential Units (ERU). The townhomes are used as the base unit against which other types of land use are measured. Table 5 shows the allocation of benefit to the particular land uses.

2.5 Special and Peculiar Benefit to the Property

As mentioned early, the improvement program to be constructed by the District includes water and sewer improvements, a stormwater management system, and roadways improvements. These improvements will provide peculiar and special benefit which flow from the logical relationship of the improvements to the properties. These peculiar and special benefits consist of; the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.

These special and peculiar benefits are real and ascertainable, but are not yet capable of being calculated as to value with mathematical certainty. However, each is by order of magnitude more valuable than either the cost of, or the actual non-ad valorem special assessment levied for the improvement or the debt as allocated.

2.6 Reasonable and Fair Apportionment of the Duty to Pay

A reasonable estimate of the proportion of special and peculiar benefits received from the Improvements is delineated in Table 5.

The determination has been made that the duty to pay the non-ad valorem special assessments is fairly and reasonably apportioned because the special and peculiar benefits to the property derived from the acquisition and/or construction of the District's Improvements (and the concomitant responsibility for the payment of the resultant and allocated debt) have been apportioned to the property according to reasonable estimates of the special and peculiar benefits provided consistent with each land use category.

Accordingly, no acre or parcel of property within the boundaries of the District will be liened for the payment of any non-ad valorem special assessment more

than the determined special benefit peculiar to that property and therefore, the debt allocation will not be increased more than the debt allocation set forth in this report.

In accordance with the benefit allocation suggested for the Multifamily units in Table 7, a Total Par Amount per Unit and an Annual Debt Assessment per Unit have been calculated for each unit. These amounts represent the preliminary anticipated per unit debt allocations assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

3.0 True Up

Although the District does not process plats, site plans or revisions for the Landowners, it does have an important role to play during the course of platting and site planning. Whenever a plat or site plan or revision is processed, the District must allocate a portion of its debt to the property according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on unsold land. Otherwise, the land could be fully conveyed and/or platted without all of the debt being allocated. To preclude this, at each plat or site plan approval or revision, the Landowners acknowledge that the District will determine the amount of debt per acre that remains on the unsold land, taking into account the proposed plat or site plan approval. If the debt per acre on the unsold property does not increase above its initial level, \$275,259 per acre, Table 8, then the Landowners may proceed to receive plat or site plan approval.

In order to assure that the District's debt will not build up on the unsold acres, the following true up test will be conducted with each plat submitted. Initially, the maximum level of debt per acre is calculated as the total amount of debt for the District's improvement program divided by the number of developable acres in the District. In this case it is the total par amount of \$6,375,000 divided by 23.16 assessable acres resulting in \$275,259 per acre. The debt on the land remaining after each plat or site plan approval must remain at or below \$275,259 per acre. If not, the Landowners agree that a density reduction payment to the District will be required so that the \$275,259 per acre debt level is not exceeded.

4.0 Preliminary Assessment Roll

The location of the assessable acres within the District has not been defined; therefore the debt associated with the District's improvement plan will be distributed evenly across the gross acres. As the development process occurs, the debt will be distributed evenly across the developable acres, and ultimately to the platted property as defined in this Assessment Methodology. The current assessment roll is depicted in Table 9.

Table 1
Portofino Court Project
Portofino Isles Community Development District
Development Plan

Land Use	No. of Units*	ERUs per Unit	Total ERUs
Townhomes	300	1	300
Totals	300		300

Gross Acres 23.16

* Subject to change

Table 2
Portofino Court Project
Portofino Isles Community Development District
Estimated Construction Costs

Category	Cost*
Water Distribution	\$507,990
Wastewater Collection	\$882,512
Stormwater Management	\$5,517,562
Technical Service	\$111,000
Offsite Improvements	\$152,482
Total	\$7,171,546

* From Engineer's Estimate of Costs

Table 4
Portofino Court Project
Portofino Isles Community Development District
Total Benefit - Capital Improvement Plan

Category	Benefit*
Water Distribution	\$574,213
Wastewater Collection	\$997,560
Stormwater Management	\$6,236,852
Technical Service	\$125,470
Offsite Improvements	\$172,360
Total	\$8,106,455

* Total benefit includes estimated construction cost and financing costs and developer contribution of \$1,731,455

Table 5
Portofino Court Project
Portofino Isles Community Development District
Allocation of Benefit to Final Land Uses.

Land Use	No. of Units*	Total ERUs	Percent of Total ERU's	Allocation of Total Benefit	Total Benefit Per Unit
Townhomes	300	300	100.00%	\$8,106,455	\$27,021.52
Totals	300	300	100.00%	\$8,106,455	

Table 6
Portofino Court Project
Portofino Isles Community Development District
Allocation of 2005 Par Debt

Land Use	No. of Units	Allocation of 2005 Par Debt	2005 Par Debt Per Unit
Townhomes	300	\$6,375,000	\$21,250.00
Totals	300		

Table 7
Portofino Court Project
Portofino Isles Community Development District
Per Unit Annual Assessment Series 2005

Land Use	No. of Units	Series 2005 Annual Debt Assessment ¹	Series 2005 Annual Debt Assessment (Gross) ²	Series 2005 Par Debt
Townhomes	300	\$1,500.86	\$1,563.40	\$21,250.00
Totals	300			

(1) Tax Bill amount if paid in November.
(2) Includes gross up of 2% for Tax Collector and Property Appraiser commissions, and 4% for early payment discount .

Table 8
Portofino Court Project
Portofino Isles Community Development District
Series 2005 True Up Test

	0%	25%	50%	75%	90%	100%
Percentage of Development	23.16	17.37	11.58	5.79	2.32	0.00
Undeveloped Acres	0	5.79	11.58	17.37	20.84	23.16
Debt Per Acre	\$275,259	\$275,259	\$275,259	\$275,259	\$275,259	\$275,259
Unplatted Units	300	225	150	75	30	0
Platted Units	0	75	150	225	270	300

Total Par Debt = \$6,375,000

Table 9
Portofino Court Project
Portofino Isles Community Development District
Preliminary Assessment Roll

Parcel ID #	Owner	Acres	Series 2005 Par Debt	Series 2005 Annual Assessment (Net)
4314-131-0001-000/6	Prime Homes at Portofino Court, Ltd.	23.16	\$6,375,000	\$440,880.00

Note: Annual Assessment will be grossed up 6% when collected on the St. Lucie Tax roll to cover collection fees and early payment discounts.