

**REUNION EAST
COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2002A
SPECIAL ASSESSMENT BONDS, SERIES 2005**

**FINAL
FIRST SUPPLEMENTAL
SPECIAL ASSESSMENT ALLOCATION REPORT**

OVERVIEW

This First Supplemental Special Assessment Allocation Report relates to the financing of Master Improvements for the Reunion East Community Development District. The District consists of approximately 996 Total Acres which is currently contemplated for single family, multi family, timeshare, commercial and hotel development. The total cost of the Master Improvements to be constructed by the District is estimated to be approximately \$56,520,000. The District previously issued Special Assessment Bond Anticipation Notes, Series 2001, in the amount of \$10,000,000 to finance a portion of the Master Improvements and has issued Special Assessment Bonds, Series 2002A, to retire the Notes and to fund additional Master Improvements within the development. The District now proposes to issue Special Assessment Bonds, Series 2005, to fund a portion of the balance of the Master Improvements. The Series 2005 Bonds will be secured by and repaid from special assessments levied on certain Benefited Parcels. The proposed development plan indicating the total number of units of each product type to be developed within the entire District, are shown on Page A - 1 of Exhibit A of this report.

DEFINED TERMS

"Benefited Parcels" – Parcels of land within the District that receives special benefit from the acquisition and/or construction of the Master Improvements.

"Bonds" – Special assessment bonds issued during the life of the project for the construction and/or acquisition of improvements that provide special benefit to the lands within the District.

"Bond Anticipation Notes" – (also referred to as "Notes") Special Assessment Bond Anticipation Notes issued in December of 2001 in the amount of \$10,000,000 to finance \$9,750,000 of construction.

"District" - Reunion East Community Development District

"Equivalent Assessment Unit" – (EAU) An estimate of the relationship between the product types, based on a comparison of the land area of each product, and is used as a comparison of the estimated benefit received by each product type.

"Master Improvements" – The acquisition and/or construction of certain infrastructure that

provides special benefit to all parcels within the District.

"Platted Units" – Residential, hotel, commercial or golf units which have been platted.

"Remaining Units" – Residential, hotel, commercial or golf units remaining to be platted.

"Series 2002A Assessments" - Annual assessments levied over a 30 year period to repay the Series 2002A Bonds. Assessments include principal, interest and applicable collection costs.

"Series 2002A Bonds" - Special Assessment Bonds issued in 2002 to fund the acquisition and/or construction of certain Master Improvements. The bonds will be repaid in 30 annual installments after the capitalized interest period has expired.

"Series 2005 Assessments" - Annual assessments levied over a 30 year period to repay the Series 2005 Bonds. Assessments include principal, interest and applicable collection costs.

"Series 2005 Bonds" - Special Assessment Bonds issued in 2005 to fund the acquisition and/or construction of certain Master Improvements. The bonds will be repaid in 30 annual installments after the capitalized interest period has expired.

"Total Project" - Acquisition and/or construction of approximately \$56,520,000 of Master Improvements, including onsite and offsite, that provide benefit to all Benefited Land within the District.

"Total Units" – Total number of units planned for the Benefited Parcels that make up the District.

REUNION MASTER IMPROVEMENTS

The Master Improvements will include major roads, water and wastewater facilities, landscaping, irrigation, parks and other amenities and associated professional fees. These improvements, which will provide special benefit to all parcels within the District, are estimated to cost, in total, approximately \$56,520,000 and are categorized on Page A - 2 of Exhibit A of this report.

The estimated acquisition and construction costs of the Master Improvements identified above were provided by the District Engineer. The plans & specifications are available at the office of the District Engineer. Rizzetta & Company, as Financial Advisor to the District, makes no representation regarding the accuracy or validity of those costs and did not undertake any analysis or verification regarding such costs or their allocation.

PLAN OF FINANCE- SERIES 2002A

The terms and financing assumptions for the Series 2002A Bonds have not changed. Proceeds of the Series 2002A Bonds were used to retire the Series 2001 Bond Anticipation Notes, consisting of principal

amount of \$10,000,000 plus accrued interest through August 7, 2002 of \$397,222 for a total of \$10,397,222 and to finance the construction and/or acquisition of an additional \$31,338,000 of Master Improvements described above. The Series 2002A Bonds had a par amount of \$54,145,000, and included the construction fund, amount to retire the Notes, capitalized interest, original issue discounts, if any, reserves and issue costs. These bonds are expected to be repaid by assessments levied on Benefited Parcels as identified on Page A - 5 of Exhibit A of this Report.

The annual debt service on the Series 2002A Bonds is \$4,507,581 and includes principal plus interest. This is based on an issue of \$54,145,000, an August 1, 2002 dated date, a 7.33% average coupon rate and 21 months of capitalized interest through the May 1, 2004 interest payment date. The annual debt service payment was then adjusted to allow for early payment discounts of 4% and collection fees for the Tax Collector' office of 2%, resulting in a total estimated annual assessment, including principal, interest, early payment discounts and collection costs of \$4,795,299.

PLAN OF FINANCE- SERIES 2005

Proceeds of the Series 2005 Bonds will be used to finance the construction and/or acquisition of approximately \$15,334,472 of Master Improvements described above. The Series 2005 Bonds will require a par amount of \$18,880,000, and includes the construction fund, capitalized interest, original issue discounts, if any, reserves and issue costs. These bonds are expected to be repaid by assessments levied on Benefited Parcels as identified on Page A - 5 of Exhibit A of this Report.

The annual debt service to retire the Series 2005 Bonds is estimated to be \$1,330,295 and includes principal plus interest. This is based on an issue size of \$18,880,000, a March 1, 2005 dated date, a 5.80% coupon rate, a May 1, 2036 maturity date and 20 months of capitalized interest through the November 1, 2006 interest payment date. The annual debt service payment was then adjusted to allow for early payment discounts of 4% resulting in a total estimated annual assessment, including principal, interest, early payment discounts and collection costs of \$1,385,724.

ALLOCATION METHODOLOGY

As described above, the District contemplates issuing Bonds to finance the construction and/or acquisition of the Master Improvements. This debt is to be allocated among the Benefited Parcels in proportion to the benefit received from the construction of the Master Improvements pursuant to the allocation methodology described herein.

The methodology will consist of a 2 step process as follows:

Step 1: Assessment Tables

Series 2002A:

The initial step was to establish a master assessment table that will serve as the basis for determining individual per unit assessments that will be levied on the Benefited Parcels of land within the District. This

assessment table has now been modified so that the principal amount per unit is calculated based on the present value of the adopted annual assessment using the actual pricing and financing terms of the Series 2002A Bonds.

Series 2005:

The assessment table for the Series 2005 Bonds reflects the adopted annual debt service assessment and an estimate of the principal per unit calculated using the present value of the adopted annual assessment using the estimated pricing and financing terms of the Series 2005 Bonds.

The assessment methodology remains unchanged and is based on an allocation factor using Equivalent Assessment Units for each land use as a percentage of total EAUs for all land use types planned for development within the District. The EAU factors for each product are listed below.

<u>Land Use</u>	<u>EAU Factor</u>
Commercial	1.00
Hotel/Condo less than 700 sf	1.00
Multi Family	1.50
Single Family	2.00
Golf	1.00

Step 2: Assignment Of Assessment To Parcels

As parcels of land are sold by the developer and land use is determined, an assessment equal to the per unit assessment will be assigned to each unit within the parcel. This will be done first using the Series 2002A assessment table until such time that the Series 2002A principal has been allocated completely. After the Series 2002A principal has been fully assigned, all future assignments for the balance of the development will be based on the Series 2005 assessment table.

MODIFICATIONS AND REVISIONS

Allocation of costs and benefit for the Master Improvements is based on the expected or planned number of units within each land use that will be achieved when the Benefited Parcels are platted into individual lots or units. In order to ensure sufficient revenue from such special assessments is received from the subsequent platting of the lands within the District into individual lots or units, the District will be required to perform a "true-up" analysis which would require a periodic computation to determine the total Platted Units and the planned number of Remaining Units within each product type.

As units are platted, if the assessment revenue anticipated to be generated from the sum of the Platted Units and the Remaining Units is equal to or greater than that of the Total Units, no action would be required at that time. However, if the assessment revenue anticipated to be generated from the sum of the Platted Units and the Remaining Units is less than that of the Total Units, the Developer will be obligated to immediately remit, to the Trustee, for deposit into the redemption account pursuant to the Trust Indenture, the total assessment for the difference between the Total Units and the sum of the Platted Units and the Remaining

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Units. This total assessment is the principal amount of the Bonds allocated to each unit based on the methodology described herein plus applicable interest and as shown on the Final Assessment Roll in Exhibit A of this report. The true-up computation will be required each time additional lots within the District are platted.

In the event that additional land not currently subject to the assessments as described herein is developed in such a manner as to receive special benefit from the Master Improvements also described herein, it is contemplated that this assessment methodology will be re-applied to include such additional land. The additional land will, as a result of re-applying this allocation methodology, then be allocated an appropriate share of the special assessments while all currently assessed lands will receive a relative reduction in their assessments.

If the total number of units developed in a particular parcel increases after assessments are assigned and fixed to that parcel, then additional assessments will be assigned to that parcel resulting in a higher assessment for the parcel as a whole but no change in per unit assessments.

EXHIBIT A

**REUNION EAST
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TABLE 1: REVISED OVERALL PROJECT STATISTICS

SUMMARY OF LAND USE

<u>Planned Use</u>	<u>EAU/Unit</u>	<u>Total Units</u>	<u>Total EAUs</u>	<u>Total Acres</u>
Commercial	1.00	404	404.00	18.94
Hotel/Condo	1.00	404	404.00	23.75
Multi Family	1.50	2,809	4213.50	176.40
Single Family	2.00	775	1550.00	176.23
Golf	1.00	2.90	2.90	2.90
Total		<u>4,395</u>	<u>6574.40</u>	<u>398.22</u>

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TABLE 2: TABLE OF ASSESSMENTS - SERIES 2002A BONDS (1)

<u>Land Use</u>	<u>Per Unit Assessment</u>		<u>Units</u>
	<u>Principal (1)</u>	<u>Annual Assessment</u>	
Commercial	\$10,664	\$925	1K Sf
Hotel/Condo	\$10,664	\$925	Room
Multi Family	\$16,001	\$1,388	Unit
Single Family	\$21,339	\$1,851	Lot
Golf	\$32,868	\$2,851	

(1) Estimated based on present value of adopted annual debt service assessments at Series 2002A bond terms.

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TABLE 3: FINANCING INFORMATION - SERIES 2002A BONDS

Average Coupon Rate		7.33%
Term (Years)		32
Principal Amortization Installments		30
ISSUE SIZE		\$54,145,000
Construction Fund		\$30,980,402 (2)
Retire Series 2001 Bond Anticipation Notes		\$10,397,222 (3)
Capitalized Interest (Months)	21 (1)	\$6,616,621 (2)
Debt Service Reserve Fund	8.79%	\$4,762,052
Underwriter's Discount	2.00%	\$1,082,900
+ Premium / - Discount		\$201,900
Cost of Issuance		\$102,500
Rounding		\$1,403
ANNUAL ASSESSMENT		
Annual Debt Service (Principal plus Interest)		\$4,507,581
Collection Costs and Discounts @	4.00%	\$187,816
TOTAL ANNUAL ASSESSMENT		<u><u>\$4,695,397</u></u>
 (1) Based on an August 1, 2002 dated date and capitalized through the May 1, 2004 interest payment date.		
(2) Net funded.		
(3) Calculated as follows:		
Par amount of Bond Anticipation Notes		\$10,000,000
Accrued Interest		\$397,222
Total Payoff		<u><u>\$10,397,222</u></u>

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TABLE 4: FINANCING INFORMATION - SERIES 2005 BONDS

Coupon Rate		5.80%
Term (Years)		32
Principal Amortization Installments		30
ISSUE SIZE		\$18,880,000
Construction Fund		\$15,334,472 (2)
Capitalized Interest (Months)	20 (1)	\$1,697,633 (2)
Debt Service Reserve Fund	7.05%	\$1,330,295 (3)
Underwriter's Discount	1.84%	\$347,600
+ Premium / - Discount		\$0
Cost of Issuance		\$170,000
Rounding		\$0
ANNUAL ASSESSMENT		
Annual Debt Service (Principal plus Interest)		\$1,330,295
Collection Costs and Discounts @	4.00%	\$55,429
TOTAL ANNUAL ASSESSMENT		<u>\$1,385,724</u>

(1) Based on a March 1, 2005 dated date and capitalized through the November 1, 2006 interest payment date.

(2) Net funded.

(3) Based on maximum annual debt service

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TABLE 5: TABLE OF ASSESSMENTS - SERIES 2005 BONDS

<u>Land Use</u>	Per Unit Assessment		
	<u>Principal (1)</u>	<u>Annual Assessment</u>	<u>Units</u>
Commercial	\$12,489	\$925	1K Sf
Hotel/Condo	\$12,489	\$925	Room
Multi Family	\$18,741	\$1,388	Unit
Single Family	\$24,992	\$1,851	Lot

(1) Estimated based on present value of adopted annual debt service assessments at Series 2005 bond terms.