

***FIRST SUPPLEMENTAL
SPECIAL ASSESSMENT ALLOCATION REPORT***

***REUNION WEST
COMMUNITY DEVELOPMENT DISTRICT***

SPECIAL ASSESSMENT BONDS, SERIES 2004

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**REUNION WEST
COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL
SPECIAL ASSESSMENT ALLOCATION REPORT**

I. OVERVIEW

This report relates to the proposed financing of Master Improvements for the Reunion West Community Development District. The District consists of approximately 780 Total Acres which is currently contemplated for single family, multi family, commercial and hotel development. The total cost of the Master Improvements to be constructed by the District is estimated to be \$43,742,231. The District has previously issued its Special Assessment Bond Anticipation Notes, Series 2003, with a par amount of \$17,815,000 to fund a portion of the Master Improvements. The District proposes to issue Special Assessment Bonds, Series 2004, to retire the Notes and to fund additional Master Improvements within the development. The Series 2004 Bonds will be secured by and repaid from special assessments levied on the Benefited Parcels as shown on Table 1 of Exhibit A of this report.

II. DEFINED TERMS

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

"Bond Anticipation Notes" – (also referred to as "Notes") Special assessment bond anticipation notes dated October 30, 2003 in the amount of \$17,815,000 to finance \$17,510,000 of construction, consisting of \$15,510,000 in Master Improvements. It is anticipated that the Notes will be retired, in part, with proceeds of the Series 2004 Bonds and in part by the developer.

"District" - Reunion West 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 development. The total estimated cost of the Master Improvements, including on-site and off-site, is \$45,598,097. The Master Improvements will provide special benefit to all Benefited Parcels within the District.

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

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

"Series 2004 Assessments" - Annual assessments required to repay the Series 2004 Bonds. Series 2004 Assessments include principal, interest and collection costs.

"Series 2004 Bonds" – Special Assessment Bonds issued in 2004 to retire, in part, the Bond Anticipation Notes and to fund the construction and/or acquisition of the balance of the Master Improvements not funded with the Notes.

"Total Acres" - Gross acres consisting of all land within the boundaries of the District.

"Total Units" – Total number of units planned for the Benefited Parcels within the District.

III. MASTER IMPROVEMENTS

The Master Improvements include major roads, water and wastewater facilities, electrical, landscaping, irrigation and parks and other amenities and associated professional fees. These improvements, which will provide special benefit to all parcels of land within the District, are estimated to cost, in total, approximately \$45,598,097.

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.

IV. PLAN OF FINANCE

Proceeds of the Series 2004 Bonds will be used to retire the Notes in the amount of \$16,509,667 and to finance the construction and/or acquisition of approximately \$30,088,097 of the Master Improvements described above. The par amount is estimated to be \$59,960,000 and includes 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 the series 2004 Assessments levied on land use types as identified on Page A - 4 of Exhibit A of this Report.

The annual debt service for the Bonds is estimated at \$4,427,656 and includes principal plus interest. This is based on an issue of \$59,960,000 with a 6.25% coupon rate, 30 annual installments and 26 months of capitalized interest through the November 1, 2006 interest payment. The annual

debt service payment was then adjusted to allow for early payment discounts of 4% resulting in a total Series 2004 annual assessment, including principal, interest and collection costs of \$4,612,142.

V. ALLOCATION METHODOLOGY

As described above, the District contemplates issuing Series 2004 Bonds in the amount of \$59,960,000 to retire the Notes and to finance the construction and/or acquisition of the balance of the Master Improvements not funded with the Notes. The Series 2004 Assessments will 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 that will be utilized for the Reunion West Community Development District will be the same methodology that was adopted by the Board of Supervisors of the Reunion East Community Development District in connection with the issuance of its Series 2002 Special Assessment Bonds.

The initial allocation of the assessments will be to each of the various land use types planned for development. It was determined that each platted unit within these land use types will receive a similar amount of benefit from the Master Improvements. Therefore, a standard allocation will be computed for each such land use type 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 land use type are listed below.

<u>Land Use</u>	<u>EAU Factor</u>
Commercial	1.00
Hotel	1.00
Multi Family	1.50
Single Family	2.00
Golf	1.00

The subsequent allocation to each lot or unit within each land use will be on a pro-rata basis. (i.e., total assessment allocated to a land use divided by the number of units in that land use) This allocation is made because it was determined that there is no material difference in the benefit received, from the construction and/or acquisition of the Master Improvements among the units within each land use because all units are expected to be of generally similar size.

If the future platting of units results in a significant or material difference in unit sizes within the development, this allocation among lots or units within such land uses may not be applicable. See Modifications and Revisions section of this report below.

An example of the allocation methodology is shown on Exhibit A of this report.

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 type 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 Units. This total assessment is the principal amount of the Bonds allocated to each unit based on the methodology described herein plus applicable interest. The true-up computation will be required each time additional lots or units 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.

EXHIBIT A

ALLOCATION METHODOLOGY

AND

FINAL ASSESSMENT ROLL

**REUNION WEST
COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2004**

TABLE 1: PROJECT STATISTICS

<u>Phase / Parcel</u>	<u>Planned Use</u>	<u># Units</u>	<u>Unit</u>	<u>Developable Acres</u>	<u>% of Acres</u>
Phase 2 Parcel 12	Hotel	1,000	Rooms	55.30	12.49%
Phase 3 Parcel 1	Multi Family	120	Units	11.20	2.53%
Phase 3 Parcel 2	Multi Family	192	Units	25.20	5.69%
Phase 3 Parcel 3	Single Family	175	Lots	45.50	10.28%
Phase 3 Parcel 5	Single Family	127	Lots	29.10	6.57%
Phase 3 Parcel 6	Multi Family	156	Units	13.63	3.08%
Phase 3 Parcel 6B	Commercial	15	1K SF	1.67	0.38%
Phase 3 Parcel 7	Single Family	72	Lots	31.30	7.07%
Phase 3 Parcel 8	Single Family	236	Lots	39.30	8.88%
Phase 3 Parcel 9	Single Family	89	Lots	29.40	6.64%
Phase 3 Parcel 10	Commercial	90	1K SF	9.00	2.03%
Golf Course	Golf	25	1K SF	2.70	0.61%
K-Hills A (1)	Multi Family	933	Units	73.99	16.72%
K-Hills B (1)	Commercial	80	1K SF	75.31	17.02%
Total		<u>3,310</u>		<u>442.60</u>	<u>100.00%</u>

SUMMARY OF LAND USE

<u>Planned Use</u>	<u>EAU/Unit</u>	<u>Total Units</u>	<u>Total Acres</u>
Commercial	1.00	185	85.98
Hotel/Condo	1.00	1,000	55.30
Multi Family	1.50	1,401	124.02
Single Family	2.00	699	174.60
Golf	1.00	25.00	2.70
Total		<u>3,310</u>	<u>442.60</u>

(1) K-Hills tract to be annexed into the District.

**REUNION WEST
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TABLE 2: ESTIMATED CONSTRUCTION COSTS

<u>Description</u>	<u>Total Costs</u>
Roadways & Drainage	\$8,977,097
Potable Water	\$2,030,000
Electrical, Communications & Lighting	\$1,250,000
Wetlands Crossing	\$3,500,000
Mass Grading / Storm water Facilities	\$3,000,000
Landscaping, Hardscape, Sidewalks and Irrigation	\$4,100,000
Parks, Recreation and Entrance/Gatehouse	\$1,700,000
Land for ROW, Conservation Areas & Storm water Ponds	\$5,000,000
I-4 Overpass	\$2,100,000
Sinclair Road 4 Lining	\$1,231,000
Sinclair Road/Beltway 4 Lane Bridge	\$1,260,000
I 4/CR 532 Interchange	\$630,000
Existing City of Kissimmee Water/Wastewater Mains	\$840,000
RCID Connection Fee	\$420,000
Landscaping, Hardscape, Sidewalks and Irrigation	\$5,460,000
Community Buildings and Other Amenities	\$4,100,000
Total Construction Costs	<u><u>\$45,598,097</u></u>

SUMMARY OF FUNDING BY BOND ISSUE:

Costs funded with Series 2003 Bond Anticipation Notes	\$15,510,000
Costs funded with Special Assessment Bonds, Series 2004	\$30,088,097
Total Construction Costs	<u><u>\$45,598,097</u></u>

SOURCE: Cost estimates provided by District engineer.

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TABLE 3: FINANCING INFORMATION - SERIES 2004 LONG TERM BONDS		
Coupon Rate		6.25%
Term (Years)		32
Principal Amortization Installments		30
ISSUE SIZE		\$59,960,000
Construction Fund		\$29,865,495 (2)
Retire Series 2003 Bond Anticipation Notes		\$16,509,667 (3)
Capitalized Interest (Months)	26 (1)	\$7,757,983 (2)
Debt Service Reserve Fund	7.38%	\$4,427,656 (4)
Underwriter's Discount	1.9166%	\$1,149,200
+ Premium / - Discount		\$0
Cost of Issuance		\$250,000
Rounding		\$0
ANNUAL ASSESSMENT		
Annual Debt Service (Principal plus Interest)		\$4,427,656
Collection Costs and Discounts @	4.00%	\$184,486
TOTAL ANNUAL ASSESSMENT		<u><u>\$4,612,142</u></u>
 (1) Based on A September 1, 2004 dated date with capitalized interest through the November 1, 2006 payment date.		
(2) Net funded		
(3) Calculated as follows:		
Outstanding Principal		\$17,815,000
Accrued Interest		\$823,573
Total BAN Retirement Due		<u>\$18,638,573</u>
LESS: Balance in Construction Account for Subdivision		(\$140,000)
LESS: Contribution From Developer for Note Retirement		(\$1,988,906)
Net Amount to Retire Series 2003 BANs		<u><u>\$16,509,667</u></u>
(4) Maximum annual debt service		

**REUNION WEST
COMMUNITY DEVELOPMENT DISTRICT
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TABLE 4: ALLOCATION METHODOLOGY - SERIES 2004 LONG TERM BONDS (1)

<u>Land Use</u>	<u>EAU Factor</u>	<u>Total EAU</u>	<u>% of EAU</u>	<u>Total Assessable Units</u>	<u>Assessment By Land Use</u>		<u>Per Unit Assessment</u>		
					<u>Principal</u>	<u>Annual Assessment</u>	<u>Principal</u>	<u>Annual Assessment</u>	<u>Units</u>
Commercial	1.00	185.00	3.93%	185	\$2,355,367	\$181,176	\$12,732	\$979	1K Sf
Hotel/Condo	1.00	1,000.00	21.23%	1,000	\$12,731,712	\$979,327	\$12,732	\$979	Room
Multi Family	1.50	2,101.50	44.62%	1,401	\$26,755,694	\$2,058,056	\$19,098	\$1,469	Unit
Single Family	2.00	1,398.00	29.68%	699	\$17,798,934	\$1,369,100	\$25,463	\$1,959	Lot
Golf	1.00	25.00	0.53%	25.00	\$318,293	\$24,483	\$12,732	\$979	1K Sf
Total		<u>4,709.50</u>	<u>100.00%</u>	<u>3,310</u>	<u>\$59,960,000</u>	<u>\$4,612,142</u>			

(1) Allocation of total maximum bond principal and assessments to each parcel is based on percentage of total Equivalent Assessment Units (EAU).
Allocation to individual unit is on a pro-rata basis.

NOTE: Retail based on EAUs per 1,000 square feet of commercial space.

**REUNION WEST
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SPECIAL ASSESSMENT BONDS, SERIES 2004**

FINAL ASSESSMENT ROLL

<u>Phase / Parcel</u>	<u>Planned Use</u>	<u>Units/ Acres</u>	<u>% of Assessment</u>	<u>Assessment</u>	
				<u>Total</u>	<u>Annual</u>
Phase 2 Parcel 12	Hotel	55.30	12.49%	\$7,491,613	\$576,257
Phase 3 Parcel 1	Multi Family	11.20	2.53%	\$1,517,289	\$116,710
Phase 3 Parcel 2	Multi Family	25.20	5.69%	\$3,413,900	\$262,598
Phase 3 Parcel 3	Single Family	45.50	10.28%	\$6,163,986	\$474,136
Phase 3 Parcel 5	Single Family	29.10	6.57%	\$3,942,241	\$303,238
Phase 3 Parcel 6	Multi Family	13.63	3.08%	\$1,846,486	\$142,032
Phase 3 Parcel 6B	Commercial	1.67	0.38%	\$226,239	\$17,402
Phase 3 Parcel 7	Single Family	31.30	7.07%	\$4,240,280	\$326,164
Phase 3 Parcel 8	Single Family	39.30	8.88%	\$5,324,058	\$409,528
Phase 3 Parcel 9	Single Family	29.40	6.64%	\$3,982,883	\$306,365
Phase 3 Parcel 10	Commercial	9.00	2.03%	\$1,219,250	\$93,785
Golf Course	Golf	2.70	0.61%	\$365,775	\$28,136
K-Hills A (1)	Multi Family	73.99	16.72%	\$10,023,589	\$771,018
K-Hills B (1)	Commercial	75.31	17.02%	\$10,202,412	\$784,773
Total		<u>442.60</u>	<u>100.00%</u>	<u>\$59,960,000</u>	<u>\$4,612,142</u>

- 1. The total assessment represents the principal amount of the bonds only.
Principal and annual assessments are allocated to each parcel on a per acre basis.**
- 2. The annual assessment is the amount necessary to repay the bonds including principal, interest, collection fees and early payment discounts.**
- 3. Repayment of principal and interest will be in 30 annual installments.**

(1) K-Hills tract to be annexed into the District.