



MASTER SPECIAL ASSESSMENT METHODOLOGY REPORT

PREPARED FOR THE
TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
BOARD OF SUPERVISORS
(2024 Project)

June 12, 2024

SPECIAL DISTRICT SERVICES, INC

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1.0 INTRODUCTION

The Two Lakes Community Development District (the “District”) is a local unit of special purpose government located in the City of Hialeah (the “City”) in Miami-Dade County, Florida (the “County”). The District was established on September 17, 2016, by Ordinance No. 16-78 and expanded on September 15, 2018 by Ordinance No. 18-90 enacted by the Board of County Commissioners of the City to provide for the construction, and/or acquisition, financing, long-term administration and management of certain infrastructure of the Development, as defined below. This Master Special Assessment Methodology Report (the “Master Report”) addresses the financing of the 2024 Project (as defined below) for the benefit of the development which currently contains 1,669 residential dwelling units.

The District anticipates issuing approximately \$40,000,000.00 of Special Assessment Bonds in one or more series (the “Bonds”) for the purpose of financing all of the purchase of the club property consisting of two clubhouse buildings and related facilities (the “Club Property”), as more specifically described in the Two Lakes Community Development District 2nd Supplemental Engineer’s Report, dated June 12, 2024 (the “2nd Supplemental Engineer’s Report”), prepared by Alvarez Engineers, Inc. (the “District’s Engineer”) and to pay operation and maintenance expenses relating thereto (collectively, the “2024 Project”).

This Master Special Assessment Methodology Report (the “Report”) will equitably allocate the costs being incurred by the District to provide public infrastructure improvements to all of the assessable lands within the District. The purchase and financing of the public improvements will convey direct, special and peculiar benefits to the assessable properties in the District. The Bonds issued to finance the 2024 Project will be repaid through the levy of non-ad valorem special assessments on all assessable property within the District.

2.0 2024 PROJECT TO BE FUNDED BY THE DISTRICT

The District intends to finance the 2024 Project which includes the purchase of the Club Property and the payment of operation and maintenance expenses relating thereto (“O&M” Expenses). The 2024 Project provides special and peculiar benefits to all of the assessable lands within the District. The total cost of the 2024 Project is currently estimated to be \$30,042,000.00, plus related costs including operation and maintenance expenses relating thereto. A detail of the estimated 2024 Project costs is included herein on **Table A**.

The 2024 Project will confer special benefits to all the assessable lands in the District.

The costs identified in this Report were provided by the District Engineer, and the District Manager with respect to the O&M Expenses. Special District Services, Inc., as District Manager, makes no representation regarding the accuracy or validity of those costs and did not undertake any analysis or verification regarding such costs.

3.0 FUNDING OF IMPROVEMENTS

To defray the costs of acquisition, operation and maintenance of all or a portion of the 2024 Project, the District will impose non-ad valorem special assessments on all benefited real property in the District. These assessments are based on the direct, special and peculiar benefits accruing to such

property from the 2024 Project. The improvements and payment of the O&M Expenses, which will be funded through these special assessments, include only facilities which may be undertaken by a community development district under Chapter 190, *F.S.* This Master Report is designed to meet the requirements of Chapters 170, 190 and 197, *F.S.*; and will be supplemented with one or more Supplemental Methodology Reports, as needed, to describe the actual terms and conditions at the time of issuance of one or more series of the proposed Bonds.

In summary, special assessments may be made only: (1) for facilities which provide special benefits to property as distinct from general benefits, (2) against property which receives that special benefit, (3) in proportion to the benefits received by the properties, and (4) according to methods that the governing body of the jurisdiction determines. The assessments placed upon all benefited properties in the District must be sufficient to cover the debt service of the Bonds that will be issued for financing the 2024 Project. In addition to the special assessments imposed for debt service, the District will also levy an annual operations and maintenance special assessment to pay the costs to maintain those portions of the infrastructure that remain under the ownership of the District. The special assessments must be fairly and reasonably allocated to the properties being assessed.

4.0 ALLOCATION OF BENEFIT AND ASSESSMENTS

In developing the methodology used for special assessments within the District, two (2) interrelated factors were used:

- A. Allocation of Benefit: Each residential unit within the District benefits from the proposed improvements on an equal basis.
- B. Cost/Benefit: The special assessments imposed on each residential unit within the District cannot exceed the value of the benefits provided to such parcel.

The planned acquisition and financing of the 2024 Project is designed to provide benefits to the assessable property within the District as a whole. The fair and reasonable method of allocating the benefit to each planned residential unit has been accomplished by assigning an *equivalent residential unit* (“ERU”) to each unit. Therefore, for the purpose of this Master Report each residential unit will be assigned one (1) ERU.

The Assessments will initially be levied across all the residential units within the District as represented in **Table F**.

5.0 COLLECTION OF SPECIAL ASSESSMENTS

The proposed special assessments relating to the 2024 Project will be collected through the Uniform Method of Collection described in Chapter 197, Section 197.3632; *F.S.* or any other legal means available to the District.

Since there are costs associated with the collection of the special assessments (whether by uniform method of collection as authorized under Chapter 197.3632, *F.S.* or other methods allowed by Florida law), these costs must also be included in the special assessment levy. These costs generally include the 1% collection fee of the County Tax Collector, a 1% service fee of the County Property Appraiser and a 4% discount for early payment of taxes. These additional costs may be reflected by dividing the

annual debt service and operation and maintenance assessment amounts by 0.94. Certain of these costs may not be applicable if the uniform method is not used.

6.0 FINANCING STRUCTURE

The estimated cost of the 2024 Project is approximately \$32,042,000.00. The estimated costs associated therewith are identified herein on **Table A**. The 2024 Project will be financed by the Bonds, which, when issued will be payable from and secured by special assessments levied annually on all assessable properties within the District. Based on the current market conditions, the total aggregate principal amount of the Bonds proposed to be issued for the 2024 Project is anticipated to be approximately \$40,000,000.00 as shown herein on **Table B**. The proceeds of the Bonds will provide approximately \$32,042,000.00 for the 2024 Project and related costs. The sizing of the Bonds is assumed to include capitalized interest, real estate closing costs, an operations & maintenance deposit, a debt service reserve fund equal to the maximum annual net debt service and other costs as shown herein on **Table B**.

7.0 ANNUAL DEBT SERVICE AND REVISIONS

Allocation of costs and benefits, shown herein on **Table C** and **Table D**, for the infrastructure improvements financed by the District (estimated at \$32,042,000.00) is based on the number of residential dwelling units (1,669 units) and benefited by the 2024 Project. Based on an anticipated Bond size of approximately \$40,000,000.00 at an assumed interest rate of 7.5%, the maximum annual debt service for the Bonds as shown herein on **Table E**, is estimated to be approximately \$3,386,849.43, which has not been grossed up to include the 1% County Tax Collector fee, 1% County Property Appraiser fee, and 4% discount for early payment of taxes.

In the event that additional land is annexed into the District which is currently not subject to the assessments and is developed in such a manner as to receive special benefit from the 2024 Project described herein, it will be necessary for this assessment methodology to be re-applied to include such parcels. 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 parcels will receive a relative reduction in their assessments.

8.0 PRELIMINARY ASSESSMENT ROLL

As described above, the debt associated with the District's 2024 Project plan will be distributed equally on the 1,669 residential units as outlined herein on **Table F**.

9.0 ADDITIONAL STIPULATIONS

Certain financing and engineering data was provided by members of District staff and consultants. The allocation methodology described herein was based on information provided by those professionals. Special District Services, Inc. makes no representations regarding said information beyond restatement of the factual information necessary for compilation of this report.

Special District Services, Inc. does not represent the Two Lakes Community Development District as a Municipal Advisor or Securities Broker nor is Special District Services, Inc. registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended.

Similarly, Special District Services, Inc. does not provide the Two Lakes Community Development District with financial advisory services or offer investment advice in any form.

TABLE A

PROJECT COST ESTIMATES

**TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT**

	TOTAL
CLUB PROPERTY	\$ 30,042,000
TOTAL	\$ 30,042,000

TABLE B

BOND SIZING

**TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT**

	BOND SIZING
Par Amount*	\$ 40,000,000 *
Debt Service Reserve Fund (DSRF)	\$ (3,386,849)
Capitalized Interest	\$ (3,750,000)
Real Estate Closing Costs	\$ (250,000)
O&M Deposit Subaccount	\$ (1,400,000)
Issuance Costs	\$ (1,171,151)
Purchase Price	\$ 30,042,000
Bond Interest Rate	7.50%
Principal Amortization Period (Years)	30

*Subject to change at final bond pricing

TABLE C

ALLOCATION OF PROJECT COSTS

**TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT**

Product	Number of Units by Type	ERU Factor*	Total ERUs*	Project Cost Allocation Per Type	Project Cost Allocation Per Unit*
Residential Units	1,669	1.000	1,669.00	\$ 30,042,000	\$ 18,000
TOTAL	1,669	N/A	1,669.00	\$ 30,042,000	N/A

*Rounded

TABLE D
ALLOCATION OF BOND DEBT
TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT

Product	Number of Units by Type	ERU Factor*	Total ERUs*	Bond Debt Allocation Per Unit Type*	Bond Debt Allocation Per Unit*
Residential Units	1,669	1.000	1,669.00	\$ 40,000,000	\$ 23,966
TOTAL	1,669	N/A	1,669.00	\$ 40,000,000	N/A

*Preliminary, subject to change

TABLE E
CALCULATION OF ANNUAL DEBT SERVICE
TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT

	2024 Series Bond Debt
1 Maximum Annual Debt Service	\$ 3,386,849.43
2 Maximum Annual Debt Service Assessment to be Collected	\$ 3,603,031.31 *
3 Total Number of Residential Units	1,669
4 Maximum Annual Debt Service per Unit Type	See Table F

*Grossed up to include 1% collection fee of the County Tax Collector, 1% service fee of the County Property Appraiser and 4% for early payment of taxes.

TABLE F
ALLOCATION OF DEBT SERVICE ASSESSMENTS
TWO LAKES COMMUNITY DEVELOPMENT DISTRICT
2024 PROJECT

Product	Number of Units by Type	ERU Factor	Total ERUs	**Maximum Annual Debt Assessment Per Unit*	**Maximum Annual Debt Assessment Per Unit Type*
Residential Units	1,669	1.000	1,669.00	\$ 2,159	\$ 3,603,031
TOTAL	1,669	N/A	1,669.00	N/A	\$ 3,603,031

*Rounded

**Grossed up to include 1% collection fee of the County Tax Collector, 1% service fee of the County Property Appraiser and 4% for early payment of taxes.